

BERNARDS PUBLIC SCHOOLS

Township of Bernards
Board of Education
Basking Ridge
County of Somerset
New Jersey

*Comprehensive Annual Financial Report
For the Year Ended
June 30, 2011*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

Prepared by:

Business Office

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October 11, 2011

Members of the Board of Education
Bernards Township School District
101 Peachtree Road
Basking Ridge, N.J. 07920

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Bernards Township School District (District) as of and for the year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended. 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 (designed to complement Management's discussion and analysis and should be read in conjunction with it), the District's organizational chart, a list of principal officials and professionals. The financial section includes Management's discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section, which is unaudited, 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 Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non Profit Organizations," and the New Jersey State Treasury Circular Letter O4-04 OMB, "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 internal control over compliance and on compliance and a separate report on internal control over financial reporting and related findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Bernards Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this year's report. The Bernards Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through twelve. These include regular, as well as, special education for handicapped youngsters. The District completed the 2010/11 fiscal year with an average daily enrollment of 5,665 students, which is 38 students less than the previous year's enrollment. The following details the changes in average daily enrollment in the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	5,665	(0.67)%
2009-10	5,703	1.26%
2008-09	5,632	2.08%
2007-08	5,517	0.95%
2006-07	5,465	1.03%

2. ECONOMIC CONDITIONS AND OUTLOOK:

All indications are that Bernards Township School District is coming to the end of a period of substantial commercial and residential development. New housing starts have dramatically decreased over the last year and a significant portion of growth is directly attributed to housing inflation.

Student enrollment is expected to continue to grow for the next several years at the high school, while middle school enrollments are expected to peak and level off in 2011-2012. Simultaneously slow declines in elementary enrollments are expected in correlation with the end of residential development.

Clearly, the School District has not been unaffected by the financial times. The immediate future would seem to hold continuing financial and budgeting challenges for the District.

3. MAJOR INITIATIVES:

2010-11 was a successful year in student achievement, fiscal stability, and personnel development and retention, although the District experienced several highly charged issues including proposed programmatic changes.

The Board of Education Goals for the 2010-11 school year addressed the development of a budgeting model which enables a thorough analysis of priorities in light of changes in funding levels and mandates, increasing community awareness, and a focus on drug and alcohol prevention. A model was developed that projects three years of revenue and expenditures, while assuming that the state aid projection is an extreme variable. To gain a deeper understanding of school life in all schools, the Community Relations Committee attended most PTO meetings over the course of the year, as well as meeting monthly with PTO leadership and the administration. The Superintendent highlights critical Board agenda items on the website prior to Board meetings, and summaries of Board meetings will be posted on the District website following each Board meeting. A report on the bi-annual American Drug and Alcohol Survey was presented in May which also addressed the issue of random drug testing in the high school. The Township's Municipal Alliance, which includes a representative from the Board of Education, held Neighborhood Coffees in which substance abuse was discussed. A report on these meetings will be presented to the Board in the fall.

The multi-year District Goal is to understand the philosophy of differentiated instruction through the examination of learning styles of students and their teachers, instructional strategies, and assessments. Students come to school with different family environments, learning experiences, and readiness levels. The differentiated instruction process requires teachers to ascertain how each student learns, and how a student shows that he/she has mastery of a concept. Throughout the summer and school year, staff development during faculty meetings and departmental meetings, as well as individual coaching by Curriculum Supervisors stressed the essential elements of differentiated instruction. Staff College courses such as *Teaching Styles*, *Learning Styles* and *Differentiation of Instruction for the Special Needs Child* also advanced differentiated strategies and teaching modifications.

FINANCE

At the conclusion of the 2010-11 budget building cycle, the administration, with the Board's support, announced that its intent to conduct a thorough program review in response to continued limited state funding for the 2011-12 school year. Areas to be researched included: the middle school team model, high school scheduling, full vs. part time kindergarten, guidance, special education, and administrative organization. The report was presented to the public at the November 2 meeting of the Board of Education, and was followed by a Q & A in response to general questions posed by the public at that meeting, and another Q & A responding to high school science scheduling inquiries specifically.

Anticipating multi-year funding shortfalls totaling approximately \$2.5M, several recommendations were made to right-size the budget to within a 2% growth level matching the newly imposed NJDOE cap of that amount. Among these recommendations for the 2011-12 budget was a reduction from a nine period schedule of 42 minute classes at Ridge High School to an eight period schedule of 50 minutes each. It was also recommended that kindergarten be pared back to a part-time rather than full-time program, and that an enrichment wrap-around program be provided by the YMCA in District classrooms on a parent paid basis. The special education model of providing in-class support in grades 3-5 science and social studies classes was slated to be modified to the general education teacher taking on that responsibility.

These recommendations were adopted by the Board based upon their worth, but predicated on financial necessity. Another recommendation for the 2011-12 school year was the transfer of a high school guidance counselor to the middle school during the next few years as the large enrollment bubble moves through the middle grades. Other areas considered for elimination, depending on the severity of state aid shortfall, were the following: extra section classes at Annin, the elimination of two elementary assistant positions despite all four schools' enrollment well above the 500 student mark, and implementation of student activity fees at Ridge High School.

As the winter unfolded, two things happened that affected the changes in high school and kindergarten scheduling approved by the Board in November. Parents of kindergarten students who strongly disagreed with the programmatic shift to part-time formed the *Bernards Township Public School Initiative* and raised over \$420,000 to support the continuation of a full day program. State aid was announced in early March, and the District was awarded an increase equal to 1% of its 2010-11 budget in the amount of \$777,421. The Board discussed the best use of the additional funding throughout the month of March in Finance, Personnel, and Facilities Committee meetings. The consensus was the reinstatement of the nine period schedule at the high school, the acceptance of the parental support of full time kindergarten, and the addition of a new middle school guidance counselor position rather than the transfer of a high school counselor away from that level.

The Board will use this additional aid to fund full, rather than half day kindergarten, and reinstate nine coaching positions which had been eliminated last year. The Public School Initiative will return all funds collected to donors, and the implementation of an activity fee at Ridge High School has been postponed. The balance of the aid was appropriated for high school staffing needed to maintain class size and for capital improvements.

The community of Bernards Township approved the tax levy that will support the 2011-12 budget at the annual election on April 27, 2011. One incumbent and two new members were elected to the Board of Education: Susan McGowan, Priti Shah, and Linda Wooldridge.

CURRICULUM

In addition to the adoption of some new curricula and textbooks, several programmatic changes occurred. Along with 46 other states, New Jersey adopted the Common Core Standards for Language Arts and Math. These standards will be phased in over the next three years. The largest change to the District's current language arts standards is the inclusion of more non-fiction readings. In math, the major change is a more in-depth teaching of concepts initially, rather than re-teaching the same concepts in subsequent years. 2010-11 was a busy year in curricular revisions.

- ❖ Partially based on the tremendous pressure placed on students in our society to achieve at a high level, and also because of the availability of electronic resources, we have witnessed an increase in cheating. A high school committee was formed to study academic stress and student integrity. The committee is considering the possibility of eliminating midterm exams, resulting in at least two weeks of additional instructional time.
- ❖ In the past, community service was only required in honors sections of American Studies or American History. Because of the value it could bring to all students, the requirement was extended to all College Prep American History students as well, beginning with the 2011-12 school year.
- ❖ Science lab reports in grades 6-12 differed in past years, based on various lab formats used by individual teachers. This necessitated taking time each year to explain and reinforce a particular teacher's format. As a result of teacher and student interest, a Science Lab Report Committee studied various formats and recommended standardizing the report in both the middle and high schools. It developed report criteria and an assessment rubric. The committee also examined the new technology standards contained in the revised New Jersey Core Curriculum Content Standards (NJCCCS) and identified selected technology strands suitable for integration into required laboratory science courses in grades 6-12.
- ❖ In the past, students studied American History in 5th grade, switched to Ancient Civilizations in 6th, Geography in 7th, returning to American History in 8th, World History in 9th, and again returning to American History in 11th grade. This random order of learning, coupled with the NJ Social Studies Standards changed emphasis on 21st century skills, necessitated a scope and sequence (i.e. the periods of history and the order in which they are taught) revision, which will provide a better transition from 5th to 6th grade and from 8th to 9th grade.

- ❖ A modification was made in the autism program which previously utilized a one-to-one student-to-aide ratio. A transition program which moves away from the one-to-one model in order to prepare students for a mainstreamed setting was implemented. Approximately 15 students were identified as likely to achieve success with more independence. The resultant transitional classes were received well by students and faculty. The District accepted 13 students from out-of-district into its special education classes realizing almost \$1M in additional revenue to offset the cost of the programs. This was an increase of one student from the 2009-10 school year. There are 16 students scheduled to attend in 2011-12 for an additional \$183,000.

Notwithstanding compliance with state legislated anti-bullying policies, an administrative goal was the education of faculty and support staff in the area of recognizing, reporting, and preventing bullying behavior in the classroom, athletic field, school bus, or cafeteria. A report on the Olweus anti-bullying instruction was presented to the public at the April 25 Board of Education meeting.

Academic student achievement as measured by standardized testing can be viewed in District testing reports. Because the state releases testing data at different times throughout the year, it can be difficult to compare results. As an example, general NJASK data is released in July, but the more detailed testing results including NCLB status are not released until the fall. The Department of Education releases comparative results for all districts' AP results in its School Report Card in December of the year following the testing.

The fall 2010 Testing Report examines results from testing in the 2009-10 school year. The Post Secondary Report analyzes the most recent data received in each of the specific areas, so that some slides in the report will show 2010 results while others will reflect 2011 scores. The report shows a rise in SAT scores in both Language Arts and Math, as well as an increase in the use of the District's online SAT Review program. College acceptances were up in the Ivy schools and Baron's top 65, while there was a slight decrease in the amount of acceptances to state schools as a result of more students applying out of state than in prior years.

A customized addition to the student record software utilized by teachers and other professional staff entitled *Performance Tracker* was introduced to enhance the recording of and access to student achievement, especially helpful during Intervention & Referral Services (I&RS) meetings with parents.

Student achievement in the extracurricular aspects of the District were numerous, most notably the tenth straight state championship for the Ridge Forensics Team and subsequent national recognition for many students who vied in the yearly competitions hosted by the National Forensics League and Catholic Forensics League. Several student teams Involved in Destination Imagination won their state competition and then qualified to compete at the Global level within the organization. The Ridge Girls Golf Team won the New Jersey Tournament of Champions, and Ridge Latin students took first place in the New Jersey Junior Classical League State Convention. There were many sectional and regional victories for middle and high school athletic teams as well.

FACILITIES

A Feasibility Study Review and attending cost estimates were developed and presented to the public at the February 14 meeting of the Board of Education. The study conducted by the Spiezle Architectural Group considered enrollment and capacity, educational space and program, physical plant and systems, and budgets by school. The work deemed necessary was rated within four priority tiers, and totaled almost \$14M worth of repair and replacement projects. Monies were appropriated from the 2010-11 and 2011-12 budgets to address the most critical areas, notably the roofs. Projects were scheduled for the summers of 2011 and 2012. Work performed in 2011 included:

- ❖ Roofing restoration, repairs, and replacement at all schools except Mount Prospect.
- ❖ Electrical panel upgrades at Cedar Hill to accommodate increased electrical needs for District network servers.
- ❖ Cedar Hill School library was completely renovated through PTO funding.
- ❖ Lighting and air conditioning equipment was replaced with more energy efficient systems at Liberty Corner and Cedar Hill Schools.
- ❖ Private fiber network for data circuits was installed throughout the District, and phone service was migrated to the Internet (voiceover IP).
- ❖ A new patio is being installed outside of the cafeteria to provide overflow seating for the large classes currently moving through the middle school.
- ❖ Oak Street PTO funded the installation of additional playground equipment.
- ❖ Potential solar projects and energy savings improvement programs will be evaluated in the fall while planning project work for summer 2012.

Several operational initiatives were instituted this year, including energy conservation, and exploring savings within health insurance.

The Board worked for the greater part of two years to develop an energy conservation plan that addressed both physical plant components as well as behavior. Energy for America (EFA) was retained to begin the first phase of the mechanical side by monitoring the boilers at Annin, and based on the success of this phase, EFA has been retained to expand its monitoring in Ridge High School in 2011-12. Schools for Energy Efficiency (SEE) was brought in to begin a three year behavior modification plan for students and staff. The utility cost avoidance realized for both initiatives for the first year of implementation is approximated at \$120,000. Cumulative cost avoidance for the coming year is projected to reach \$214,000.

Requests for proposal (RFPs) were solicited from several health insurance brokerage firms with three intents: reduction in commission fees, enhanced coverage at a lower cost, and creation of wellness programs to limit future liability. Proposals were received from nine firms. The brokerage was awarded to Wells Fargo at an annual savings of \$100,000. The discounted brokerage fee will be held constant for three years.

POLICY

Several Board of Education policies were adopted or revised during the school year, mostly as a result of state mandates. Those policies are as follows:

Policy M2422 Health Education - - Reflects state mandate that health education is now required to include suicide and bullying prevention.

Policy M2423 Bilingual and ESL Education - - Reflects state law updates.

Policy 2430 Extracurricular Attendance - - Addresses attendance expectations and time commitments and clarifies obligation surrounding the start of preseason practices/try-outs.

Policy M3160 Teaching Staff Members' Physical Examination - - Reflects state law updates.

Policy M4160 Support Staff Members' Physical Examination - - Reflects state law updates.

Policy M5338 Diabetes Care of Students - - New policy reflecting state mandate.

Policy M5460 High School Graduation - - Updated to include use of Option II.

Policy 5470 Photographs of Pupils - - Added language to state Board does not endorse distribution of photographs taken by parents.

Policy 5701 Cheating - - Updated to include electronic devices.

Policy 7230 Gifts, Grants and Donations -- Clarifies conditions on receipt of gifts.

Policy 7460 Energy Conservation -- New policy, statement of intent, electrical/HVAC schedules, etc.

Policy M8462 Reporting Potentially Missing or Abused Children - - Reflects state law updates.

Policy M8660 Use of Privately Owned Vehicles in Pupil Transportation - - Clarifies language regarding attendance obligations at extracurricular activities.

HUMAN RESOURCES

During the 2010-2011 school year, the District hired 42 teachers, 23 veterans and 19 people new to the profession of teaching. The openings occurred as a result of six teachers whose contracts were not renewed, seven teachers whose positions were eliminated, 20 maternity leave openings, five retirements, two transfers, two medical issues, one transition to administration, and six resignations due to other opportunities.

To recruit new staff, curriculum supervisors attend the job fairs at The College of New Jersey (TCNJ) and Rutgers. Because of the strong education programs at these colleges, their graduates have been found to be well prepared to teach. Of the 42 new teachers hired last year, nine were Rutgers graduates and five attended TCNJ. Other draws for us include: Montclair State, Drew, Caldwell and Kean. Approximately \$15,000 or 16% of the Human Resources budget, is spent on advertising. The Sunday Star Ledger (NJ.com) and NJhire.com generate the greatest number of resumes. The District website has also proven very effective in listing vacancies. Many candidates reported that they found openings on our website along with much useful information about the District.

New staff had varying educational and professional backgrounds and levels of teaching experience. 22 teachers holding bachelor's degrees had up to 13 years of experience. 18 teachers holding master's degrees had up to 12 years of experience, and two teachers holding master's degrees with an additional 30 graduate credits each had 15 years of teaching experience.

Last year, 29 staff advanced in their degree attainment: seven attained 30 credits beyond their bachelor's degree; ten received a master's, ten attained 30 credits beyond their master's degree and two administrators attained their doctorates. For these advancements the District contributed \$287,000 in tuition reimbursement.

Sadly, three staff members passed away during the school year after heroic battles with diseases: Kathy Bubser, Liberty Corner School speech teacher, Phyllis Blackwell, a long time secretary from Cedar Hill, and Andrew Brasno, business teacher at Ridge High School. They served the students of Bernards Township well, and they will be missed.

The administrative team changed during the 2010-11 school year, welcoming Sloan Scully as the new Assistant Principal at Cedar Hill School who replaced Lori Savas, and David Hunscher who replaced Janet Ankiel as the Language Arts Supervisor, K-12.

The in-house professional development program continued to flourish in 2010-11. 145 courses were offered to staff during the school year. While some teachers took one class, others took as many as five. In 2010, the District provided an extensive New Teacher Orientation. Four days during the last week of August, the Assistant Superintendent, Directors of Curriculum and Special Education, Assistant Principals and the Technology Manager met with new staff to review curriculum and teaching strategies. New staff attended workshops on classroom management, technology, special education, crisis management, lesson planning, and observation and evaluation. Time was also provided for new teachers to visit their individual schools and to work with principals and assistant principals. During the school year, curriculum supervisors, directors and building administrators continued New Teacher Orientation by working with our new teachers on Monday afternoons from September through November. Topics included: preparation for Back to School Night, completing progress reports and report cards, lesson planning, curriculum pacing, developing and administering assessments, technology, special education, character education, goal setting, differentiation of instruction, constructing open ended questions with rubrics, and the writing process.

The Local Professional Development Committee (LPDC) created, implemented and facilitated a mentoring program for the 19 new teachers, five of whom were certified through the New Jersey Department of Education's alternate route program. Six mentoring workshops were held from August through April and included topics as: The "Why of Mentoring," roles and responsibility of mentors and mentorees, N.J. Professional Standards for Teachers, beginning teacher needs, self-reflective journals, pre-conferencing, adult learners, observing and post conferencing and an end of the year reflection.

The 18 month negotiating process concluded with a contract between the Board of Education and the Bernards Township Education Association which was ratified in June, 2011 retroactively effective to July 1, 2010 and running through June 30, 2013.

The Personnel Committee of the Bernards Township Board of Education including the Superintendent, Assistant Superintendent and Business Administrator met with the members of the Bernards Township Education Association Negotiating Committee on several occasions. After seven formal meetings and numerous informal discussions, impasse was declared in April, 2010. In October and November 2010, a mediator from PERC came to the District to attempt to facilitate a settlement. At the conclusion of these sessions, both parties agreed to move on to the next level of New Jersey public school negotiations, a process known as fact finding. The state appointed fact finder worked for two full days with the Board and BTEA teams, and reached a settlement that included salary increases of 1.5%, 2.0%, 2.0% for the respective years of a 2010-2013 contract. The settlement also included several language and working condition modifications, as well as a reduction in the amount of tuition reimbursement paid for by the District and a freeze on all athletic and extracurricular activity stipends for three years. It is noted that the average three year contract settlements in 2010 and 2011 for the region were reported as just over 6 %.

END OF YEAR

Ridge High School held graduation for its 409 members of the Class of 2011 in a wonderful commencement on June 23, 2011. Graduates received numerous academic awards and hundreds of scholarships. 23 Ridge students were named National Merit Society commended students. Seven were named semi-finalists, and all seven then rose to finalist status. In three ceremonies on the evening before high school graduation, William Annin Middle School promoted 473 students to the ninth grade. The middle school also produced its first literary magazine in June, entitled WAMS Ink. At its June 13 and 20 meetings, the Board of Education recognized several groups of staff and students:

Retirees

Margaret Alexander	Bookkeeper/Assistant Board Secretary
Janet Ankiel	Supervisor Language Arts
Robert Cherdak	Ridge High School Science Teacher
John Clark	William Annin Middle School Language Arts Teacher
Judy Green	Ridge High School Media Center Aide
Ken LeCour	William Annin Middle School Social Studies Teacher
Robert VanWageninge	Cedar Hill/Liberty Corner Schools Music Teacher
Alexis Wintel	William Annin Middle School Instructional Aide

Teachers of the Year

Carley Aroldi	Cedar Hill School Guidance Counselor
Barbara House-Quigley	Liberty Corner School 5 th Grade Teacher
John Gullifer	Mount Prospect School 3 rd Grade Teacher
Glen Denys	Oak Street School 5 th Grade Teacher
Josh Gebhardt	Ridge High School Latin Teacher
Janet Marino	William Annin Middle School Language Arts Teacher

Student Championships

Destination ImagiNation Global Qualifiers
New Jersey State Girls Golf Tournament of Champions
New Jersey Junior Classical League State Convention
New Jersey State Champion Forensics Team

PARENTAL SUPPORT

The PTOs and parents were again very generous in their fund raising attempts to support school activities. A great deal of financial support was provided by parents at the middle and high school for individual athletic teams and school clubs.

- ❖ As a result of a budget defeat 20 years ago, the District was unable to fund middle school athletics. There was no organized middle school program for many years. In 2006, parents organized the William Annin Middle School Athletics Organization (WAMS AO) and assumed full responsibility for the funding and

operation of middle school sports. This past year, 13 sports were offered, with a total participation of 324 students. In addition to organizing and operating car pools for interscholastic competitions, the parents contributed \$71,000 for coaching stipends, uniforms, and fees.

- ❖ Cedar Hill PTO raised over \$120,000 to completely renovate the Cedar Hill media center. They also succeeded in winning a grant from Lowe's for up to \$100,000 in matching funds.
- ❖ Mount Prospect PTO gifted \$42,000 for classroom technology.
- ❖ Parents of Exceptional Children donated \$28,000 for software and supplies.
- ❖ Liberty Corner PTO contributed \$40,000 to air condition the classrooms that were in the oldest sections of the school, some exceeding 90 degrees on even temperate days. They also donated \$4,500 to the media center.
- ❖ William Annin PTO dedicated \$29,000 towards classroom technology.
- ❖ All PTOs funded numerous student assemblies and field trips. Without their financial backing, most of these opportunities could not have been provided using District funds. Elementary parents also gave liberally of their time and effort in working with students in the classrooms, media centers, and at outdoor field days.

The District wishes to thank the community of Bernards Township for its support, and renews the commitment to provide services that are in concert with the District philosophy.

- ❖ Education is our first priority.
- ❖ Intellectual, social, physical and emotional developments are essential to a student's education.
- ❖ Children learn in different ways; we have a responsibility to help all students maximize their potential. Students will benefit from a challenging curriculum with high standards.
- ❖ Individual student achievement is maximized by high expectations.
- ❖ Co-curricular and community service activities are important components of effective education.
- ❖ Education provides a foundation for life-long learning, critical and analytical thinking, problem solving, decision-making and respect for the individual.

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

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

As part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal awards 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 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS: The District's financial statements are presented in conformity with generally accepted accounting principles in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and a district-wide presentation is also included. These funds and district-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. 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 Government 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.

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. For the 2010-11 fiscal year, the District commenced participation in the Blue Cross / Blue Shield Cash Management / Minimum Premium Program for its health insurance.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and 1996 Amendments and the related OMB Circular A-133 and New Jersey State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bernards Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

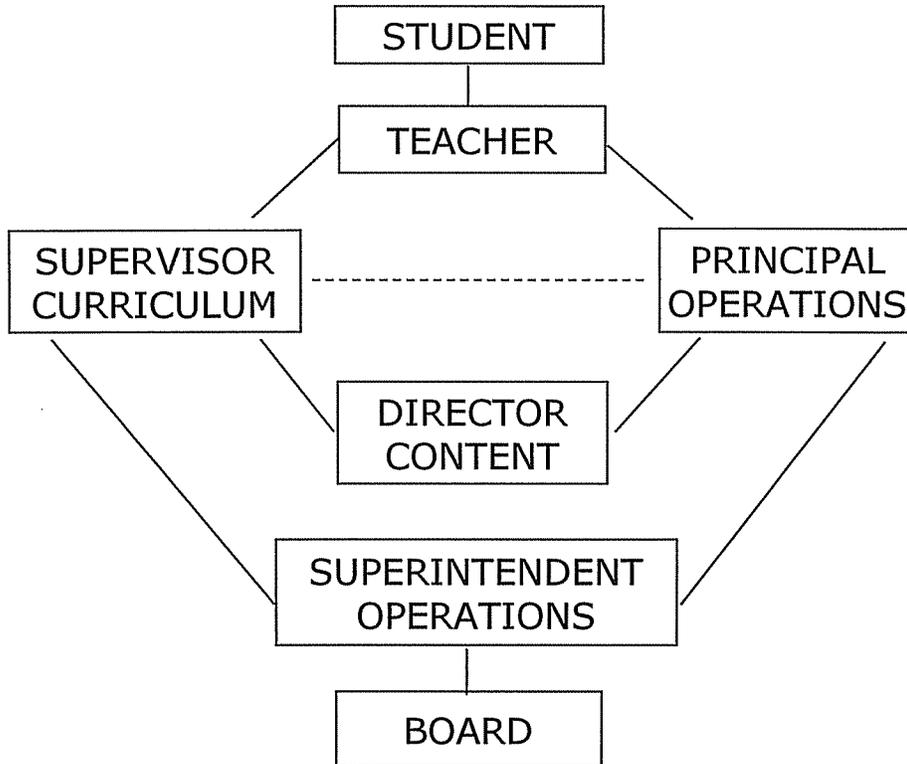
Respectfully submitted,



NICK MARKARIAN
BUSINESS ADMINISTRATOR/BOARD SECRETARY

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Basking Ridge, New Jersey
Organizational Chart

June 30, 2011



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Susan Carlson, President	2012
Susan McGowan, Vice President	2014
Michael Byrne	2013
William Koch	2013
Elaine Kusel	2013
Robin McKeon	2012
Priti Shah	2014
Audrey Cohen Sherwyn	2012
Linda Wooldridge	2014

Other Officials

Valerie A. Goger, Superintendent

Regina Rudolph, Assistant Superintendent

Nick Markarian, School Business Administrator/Board Secretary

Michael Petrizzo, Treasurer

Phil Stern, Attorney

Township of Bernards Board of Education
Basking Ridge, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss & Company, LLP
485C Route 1 South
Iselin, NJ 08830

Attorney

Phillip Stern, Esq.
Adams, Stern, Gutierrez, & Lattiboudere, LLC
744 Broad Street, Suite 1600
Newark, NJ 07102

Official Depository

Wells Fargo
59 South Finley Avenue
Basking Ridge, NJ 07920

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Financial Section



Independent Auditors' Report

Honorable President and Members
of the Board of Education
Bernards Township School District
County of Somerset
Basking Ridge, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bernards Township School District, County of Somerset, New Jersey (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

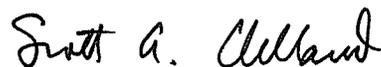
In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

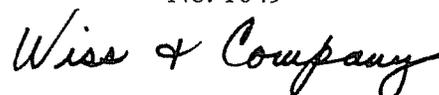
Management's discussion and analysis and budgetary comparison information on pages 20 through 29 and 69 through 75 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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 on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are 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, respectively*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

October 11, 2011
Iselin, New Jersey

Required Supplementary Information – Part I
Management's Discussion and Analysis

Township of Bernards Board of Education

Management's Discussion and Analysis Year Ended June 30, 2011 (Unaudited)

As management of the Bernards Township School District (the "District"), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2011. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis ("MD&A") is Required Supplementary Information as required by the Governmental Accounting Standards Board. Certain comparative information between the current year and the prior year is presented in this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The district-wide financial statements can be found on pages 30-31 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-34 of this report.

Proprietary funds. The District maintains one proprietary fund type. Proprietary funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses enterprise funds to account for the operations of its food service, after school enrichment, project jump start, and before and after school care programs, each of which are considered major funds of the District.

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 40-68 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 69-86 of this report.

Financial Highlights

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$13,459,121 (net assets) at the close of 2011 and our overall financial position has remained stable in the current year. Of this amount, the District currently has an unrestricted balance of net assets in the amount of \$5,236,643.

Key financial highlights for the 2010-2011 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2011.
- The State decreased the approved state aid to the District for 2010/11 by approximately \$2.3 million from the final amount awarded to the District in 2009/10.

The following table provides a summary of net assets relating to the District's governmental and business-type activities as of June 30, 2011 and 2010:

**Township of Bernards Board of Education
Basking Ridge, New Jersey**

Net Assets

June 30,

	2011			2010		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$14,642,266	\$ 1,225,539	\$ 15,867,805	\$ 9,809,897	\$ 1,006,504	\$ 10,816,401
Capital assets, net	86,462,390	109,708	86,572,098	88,565,635	126,112	88,691,747
Total assets	101,104,656	1,335,247	102,439,903	98,375,532	1,132,616	99,508,148
Current liabilities	8,258,846	292,054	8,550,900	5,722,094	287,711	6,009,805
Long-term liabilities outstanding	80,395,520	34,362	80,429,882	82,532,270	52,758	82,585,028
Total liabilities	88,654,366	326,416	88,980,782	88,254,364	340,469	88,594,833
Net assets:						
Invested in capital assets, net of related debt	4,266,351	56,950	4,323,301	4,504,723	54,958	4,559,681
Restricted	3,899,177		3,899,177	3,780,705		3,780,705
Unrestricted	4,284,762	951,881	5,236,643	1,835,740	737,189	2,572,929
Total net assets, as restated	\$ 12,450,290	\$ 1,008,831	\$ 13,459,121	\$ 10,121,168	\$ 792,147	\$ 10,913,315

A large portion of the District's net assets is the amount invested in capital assets net of related debt (e.g. land, building and building improvements and machinery, vehicles and equipment), net of related debt. The balance of invested in capital assets, net of related debt is the carrying value of capital assets less the amount of the outstanding debt used to finance those assets.

The balance of restricted net assets consists of the excess surplus-current year of \$1,648,001, excess surplus-designated for subsequent year's expenditures of \$623,615, \$1,000,000 of the maintenance reserve, of the District's capital reserve of \$62,246, \$565,314 of a reserve for capital projects and \$1 is reserved for debt service. The remaining balance represents an unrestricted balance of \$5,236,643.

The increase in current and other assets is mainly attributable to the increase in cash that was generated from excess revenues received and unexpended appropriations due to conservative budget management. A portion of the funds were placed into a maintenance reserve and \$1,648,001 is recorded as excess fund balance to be used in subsequent years' budgets. The increase in current liabilities is mainly attributable to the District entering into a minimum premium policy for its health insurance claims that resulted in an accrued liability for incurred but not reported claims in the amount of \$1,561,424 at June 30, 2011 and the timing of CBA contract settlements.

District activities. The key elements of the District's changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

**Township of Bernards Board of Education
Basking Ridge, New Jersey
Changes in Net Assets**

Year ended June 30,

	2011			2010		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,250,067	\$ 3,398,304	\$ 4,648,371	\$ 963,684	\$ 3,508,622	\$ 4,472,306
Operating grants and contributions	1,446,222	134,876	1,581,098	2,706,434	119,882	2,826,316
Capital grants and contributions	1,765		1,765			
General revenues:						
Property taxes	78,501,965		78,501,965	75,657,632		75,657,632
Federal and State aid not restricted to specific purposes	8,622,247		8,622,247	10,864,349		10,864,349
Investment income	42,182		42,182	63,067		63,067
Miscellaneous	154,079		154,079	267,986		267,986
Total revenues	90,018,527	3,533,180	93,551,707	90,523,152	3,628,504	94,151,656
Expenses:						
Instructional services	48,795,613		48,795,613	51,366,325		51,366,325
Support services	35,048,055		35,048,055	34,415,010		34,415,010
Interest and other charges on Long term debt	3,845,737		3,845,737	3,926,665		3,926,665
Business type activities		3,316,496	3,316,496		3,296,313	3,296,313
Total expenses	87,689,405	3,316,496	91,005,901	89,708,000	3,296,313	93,004,313
Increase in net assets	2,329,122	216,684	2,545,806	815,152	332,191	1,147,343
Net assets – beginning of year	10,121,168	792,147	10,913,315	9,306,016	459,956	9,765,972
Net assets – end of year	\$ 12,450,290	\$ 1,008,831	\$ 13,459,121	\$ 10,121,168	\$ 792,147	\$ 10,913,315

The decrease in governmental revenues of \$504,625 is mainly the result of the increase in the local tax levy of \$2,844,333 offset by a decrease in operating grants and contributions of \$1,260,212 which is the result of the District receiving and expending federal funds in the prior year relating to the American Recovery and Reinvestment Act, and a decrease of \$2,242,102 in federal and state aid which is the result of the State of New Jersey's reduction of the District's 2010/11 general state aid.

Business-type revenues decreased by approximately 2.7% and expenses increased by approximately 0.6%. These fluctuations are minimal and current year activity is comparable to the prior year.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain district-wide liabilities that are not recognized in the governmental funds.

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. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the year ended June 30, 2011, and the increases and decreases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 80,079,736	89.0%	\$ 3,035,739	3.9%
State sources	8,860,537	9.8%	(2,232,825)	(20.1)%
Federal sources	1,076,407	1.2%	(1,309,177)	(54.9)%
Total	<u>\$ 90,016,680</u>	<u>100.0%</u>	<u>\$ (506,263)</u>	<u>0.6%</u>

The decrease in state sources is mainly attributable to the State of New Jersey's reduction of the District's general state aid during 2010/11 in the amount of \$2,257,827.

The decrease in federal sources is mainly attributable the District receiving and expending federal funds in prior years relating to the American Recovery and Reinvestment Act.

Local sources increased from the prior year mainly due to an increase in the taxes levied as a direct result of the State reducing State aid.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the year ended June 30, 2011 and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	(Decrease) Increase from 2010	Percent of (Decrease) Increase
Current expenditures:				
Instruction	\$ 35,471,963	40.4%	\$ (1,313,656)	(3.6)%
Undistributed	45,185,828	51.6%	(1,470,629)	(3.2)%
Capital outlay	1,068,084	1.2%	756,488	239.7%
Debt service:				
Principal	2,075,000	2.4%	135,000	7.0%
Interest and other charges	3,833,315	4.4%	(94,537)	(2.2)%
Total	<u>\$ 87,634,190</u>	<u>100.0%</u>	<u>\$ (1,987,334)</u>	<u>(2.2)%</u>

The decrease in instruction and undistributed expenditures is mainly the result of the District reductions in state aid forcing the District to eliminate several employment positions and lay off several employees. The increase in capital outlay expenditures is mainly attributable to timing of funds expended for capital purposes, for which the District began, completed and paid for certain capital projects during 2010/11. Additionally, during 2010/11, the District entered into capital leases for several copiers totaling \$209,080. The increase in principal and decrease in interest payments are attributed to the principal repayment schedule for outstanding debt and the overall reduction in the outstanding debt balances resulting from the current year debt payments.

Business-Type Activities. The focus of the District's business-type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service and other enterprise fund programs.

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. The following schedule presents a summary of the enterprise fund revenues for the year ended June 30, 2011, and the increases and decreases in relation to the prior year:

Revenue	Amount	Percent of Total	(Decrease) Increase from 2010	Percent of (Decrease) Increase
Local sources	\$ 3,398,304	96.2%	\$ (110,318)	(3.1)%
State sources	9,907	0.3%	248	2.6%
Federal sources	124,969	3.5%	14,746	13.4%
Total	<u>\$ 3,533,180</u>	<u>100.0%</u>	<u>\$ (95,324)</u>	<u>(2.6)%</u>

The revenues for Business Type Services are comparable to the prior year.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2011, and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Salaries	\$ 2,170,046	65.4%	\$ 71,577	3.4%
Employee benefits	33,375	1.0%	(9,516)	(0.5)%
Other purchased services	196,598	5.9%	55,207	2.6%
Supplies and materials	51,760	1.6%	(93,834)	(4.5)%
Depreciation	29,145	0.9%	17,827	0.8%
Cost of sales	694,679	20.9%	22,648	1.1%
Management Fee	61,940	1.9%	(76,669)	(3.7)%
Miscellaneous expenses	78,953	2.4%	32,943	71.6%
Total	\$ 3,316,496	100.0%	\$ 20,183	0.6%

The increase in miscellaneous expenditures is the result of several one-time expenses made during 2010/11 required in order to maintain sufficient operations.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2011, the District's governmental funds had capital assets of \$86,462,390 (net of accumulated depreciation), including land, school buildings and improvements, machinery, equipment and vehicles. The District's governmental funds' capital assets, net of depreciation consisted of the following at June 30, 2011 and 2010:

	June 30	
	2011	2010
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	-	5,867
Buildings and building improvements	79,192,090	81,216,077
Machinery, equipment and vehicles	1,992,900	2,066,291
Total capital assets, net	\$ 86,462,390	\$ 88,565,635

The decrease in capital assets is mainly due to the increase in current year depreciation expense exceeding the costs of current year additions. Business-type activity capital assets, net of accumulated depreciation were \$109,708 and \$126,112 at June 30, 2011 and 2010, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities.

At June 30, 2011 and 2010, the District's governmental activity long-term liabilities consisted of:

	June 30	
	2011	2010
Bonds payable (net)	\$ 82,017,369	\$ 84,060,043
Obligations under capital leases	178,670	869
Compensated absences payable	589,377	533,825
Total long-term liabilities	<u>\$ 82,785,416</u>	<u>\$ 84,594,737</u>

Additionally, the District has business-type long term liabilities relating to a purchase agreement payable for equipment of \$52,758 and \$71,154 at June 30, 2011 and 2010, respectively.

Additional information on the Districts long- term liabilities can be found in Note 5 to the basic financial statements.

General Fund Budgetary Highlights

Budgetary transfers were made between budgetary line items and approved by the Board for various reasons including the following more significant transfers:

- Special education instruction – Autism – an increase of \$557,126 and Special education instruction – Preschool Disabilities – Full Time – a decrease of \$569,450 is the result of the movement of students from one program to the other due to age, as certain of the preschool disabled students have moved up into the autism program.
- Undistributed Expenditures – Required Maintenance for School Facilities – an increase of \$1,453,192, Undistributed Expenditures – Custodial Services – a decrease of \$924,866, and Undistributed Expenditures – Care and Upkeep of Grounds – a decrease of \$70,500 is the result of the reallocation of funds to the required maintenance for school facilities budget lines to cover costs associated with a Roofing project awarded during 2010/11 of approximately \$1.5 million.
- Unallocated benefits were decreased by \$649,411 mainly due to budgeted unemployment funds that were no longer needed and were utilized for other appropriations.

Economic Factors and Next Year's Budget

- The District budgeted \$3,059,078 of its 2011 fund balance to partially fund the 2011/12 operations, an increase of \$820,965 from the prior year.
- The 2012 tax levy was increased in accordance with state regulations.

All of these factors were considered in preparing the District's budget for the 2011/12 fiscal year.

Requests for Information

This financial report is designed to provide 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 any questions regarding this report or need additional information, please contact Mr. Nick Markarian, School Business Administrator/Board Secretary at Township of Bernards Board of Education, 101 Peachtree Road, Basking Ridge, NJ 07920 or email at nmarkarian@bernardsboe.com.

Basic Financial Statements

District-wide Financial Statements

The district-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2011.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,820,391	\$ 1,184,736	\$ 11,005,127
Receivables, Net	2,876,136	18,347	2,894,483
Deferred Charges	114,240		114,240
Inventories		22,456	22,456
Restricted assets:			
Cash Held with Fiscal Agents	769,253		769,253
Cash and Cash Equivalents	1,062,246		1,062,246
Capital Assets, Non-Depreciable	5,277,400		5,277,400
Capital Assets, Depreciable, Net	81,184,990	109,708	81,294,698
Total Assets	<u>101,104,656</u>	<u>1,335,247</u>	<u>102,439,903</u>
LIABILITIES			
Accounts Payable	2,169,568	170,028	2,339,596
Accrued Liability for Insurance Claims	1,561,424		1,561,424
Accrued Interest Payable	1,748,459		1,748,459
Payable to State Government	32,908		32,908
Unearned Revenue	356,591	103,630	460,221
Noncurrent Liabilities:			
Due Within One Year	2,389,896	18,396	2,408,292
Due Beyond One Year	80,395,520	34,362	80,429,882
Total Liabilities	<u>88,654,366</u>	<u>326,416</u>	<u>88,980,782</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,266,351	56,950	4,323,301
Restricted For:			
Debt Service	1		1
Capital Projects	565,314		565,314
Other Purposes	3,333,862		3,333,862
Unrestricted	4,284,762	951,881	5,236,643
Total Net Assets	<u>\$ 12,450,290</u>	<u>\$ 1,008,831</u>	<u>\$ 13,459,121</u>

See independent auditors' report and accompanying notes to the basic financial statements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 33,204,783		\$ 242,232		\$ (32,962,551)		\$ (32,962,551)
Special Education	12,209,009		404,334		(11,804,675)		(11,804,675)
Other Special Instruction	1,711,885				(1,711,885)		(1,711,885)
School Sponsored/Other Instructional	1,669,936				(1,669,936)		(1,669,936)
Support Services:							
Tuition	3,109,736	\$ 1,020,789			(2,088,947)		(2,088,947)
Student and Instruction Related Services	12,125,105		799,656		(11,325,449)		(11,325,449)
General Administrative Services	986,457				(986,457)		(986,457)
School Administrative Services	4,268,077				(4,268,077)		(4,268,077)
Central Administrative Services	706,896				(706,896)		(706,896)
Administrative Information Technology	772,235				(772,235)		(772,235)
Plant Operations and Maintenance	8,107,321			\$ 1,765	(8,105,556)		(8,105,556)
Pupil Transportation	4,972,228	229,278			(4,742,950)		(4,742,950)
Interest and Other Charges on Long-Term Debt	3,845,737				(3,845,737)		(3,845,737)
Total Governmental Activities	87,689,405	1,250,067	1,446,222	1,765	(84,991,351)		(84,991,351)
Business-type Activities:							
Food Service	1,944,455	1,970,688	134,876		\$ 161,109		161,109
After School Enrichment	204,180	186,759			(17,421)		(17,421)
Project Jump Start	82,501	112,105			29,604		29,604
Before and After School Care	1,085,360	1,128,752			43,392		43,392
Total Business-type Activities	3,316,496	3,398,304	134,876	-	216,684		216,684
Total Primary Government	\$ 91,005,901	\$ 4,648,371	\$ 1,581,098	\$ 1,765	(84,991,351)	216,684	(84,774,667)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					72,910,723		72,910,723
Property Taxes Levied for Debt Service					5,591,242		5,591,242
State Aid Not Restricted					8,622,247		8,622,247
Interest on Investments					42,182		42,182
Miscellaneous					154,079		154,079
Total General Revenues					87,320,473	-	87,320,473
Changes in Net Assets					2,329,122	216,684	2,545,806
Net Assets - Beginning					10,121,168	792,147	10,913,315
Net Assets - Ending					\$ 12,450,290	\$ 1,008,831	\$ 13,459,121

See Independent auditors' report and accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 9,574,733	\$ 16,613	\$ 229,044	\$ 1	\$ 9,820,391
Intergovernmental Receivable - State	2,126,340		336,270		2,462,610
Intergovernmental Receivable - Federal		400,723			400,723
Intergovernmental Receivable - Local	7,447				7,447
Other Accounts Receivable	5,356				5,356
Restricted assets:					
Cash Held With Fiscal Agents	769,253				769,253
Cash and Cash Equivalents	1,062,246				1,062,246
Total Assets	\$ 13,545,375	\$ 417,336	\$ 565,314	\$ 1	\$ 14,528,026
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,969,221	\$ 200,347			\$ 2,169,568
Accrued Liability for Insurance Claims	1,561,424				1,561,424
Payable to State Government		32,908			32,908
Deferred Revenue	172,510	184,081			356,591
Total Liabilities	3,703,155	417,336			4,120,491
Fund Balances:					
Restricted for:					
Excess Surplus-current year	1,648,001				1,648,001
Excess Surplus - Designated for					
Subsequent Year's Expenditures	623,615				623,615
Capital Reserve	62,246				62,246
Maintenance Reserve	1,000,000				1,000,000
Capital Projects Fund			\$ 565,314		565,314
Debt Service Fund				\$ 1	1
Assigned to:					
Designated for Subsequent Year's					
Expenditures	2,435,463				2,435,463
Other Purposes	2,357,990				2,357,990
Unassigned Fund Balance Reported In:					
General Fund	1,714,905				1,714,905
Total Fund Balances	9,842,220	-	565,314	1	10,407,535
Total Liabilities and Fund Balances	\$ 13,545,375	\$ 417,336	\$ 565,314	\$ 1	

Amounts reported for *governmental activities* in the Statement of Net Assets (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 net assets is \$114,679,409 and the accumulated depreciation is \$28,217,019 (See Note 4).	86,462,390
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(1,748,459)
Unamortized portion of debt issuance costs is not reported as an asset in the funds.	114,240
Long-term liabilities, including bonds payable and related unamortized premiums, and deferred interest costs, capital leases, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5).	(82,785,416)
Net Assets of Governmental Activities	\$ 12,450,290

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 72,910,723			\$ 5,591,242	\$ 78,501,965
Tuition from Other LEA's	967,664				967,664
Tuition from Other Sources	53,125				53,125
Transportation Fees from Individuals	229,278				229,278
Interest Earned on Capital Reserve Funds	500		\$ 82		582
Interest Revenue	41,600				41,600
Miscellaneous	154,079	\$ 131,525			285,604
Total - Local Sources	74,356,969	131,525	82	5,591,242	80,079,818
State Sources	8,305,173	238,290	1,765	317,074	8,862,302
Federal Sources		1,076,407			1,076,407
Total Revenues	82,662,142	1,446,222	1,847	5,908,316	90,018,527
EXPENDITURES					
Current:					
Regular Instruction	23,828,505	242,232			24,070,737
Special Education Instruction	8,489,606	404,334			8,893,940
Other Special Instruction	1,217,099				1,217,099
School Sponsored	1,290,187				1,290,187
Support Services and Undistributed Costs:					
Tuition	3,109,736				3,109,736
Student and Instruction Related Services	8,503,190	755,952			9,259,142
General Administrative Services	832,971				832,971
School Administrative Services	3,137,486				3,137,486
Central Administrative Services	532,298				532,298
Administrative Information Technology	571,542				571,542
Plant Operations and Required Maintenance	7,089,634				7,089,634
Pupil Transportation	4,784,527				4,784,527
Unallocated Benefits	10,788,353				10,788,353
On-behalf TPAF FICA and Pension	5,080,139				5,080,139
Debt Service:					
Principal				2,075,000	2,075,000
Interest				3,833,315	3,833,315
Capital Outlay	1,024,380	43,704			1,068,084
Total Expenditures	80,279,653	1,446,222	-	5,908,315	87,634,190
Excess of Revenues Over Expenditures	2,382,489	-	1,847	1	2,384,337
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	209,080				209,080
Transfers In	82				82
Transfers Out			(82)		(82)
Total Other Financing Sources (Uses)	209,162	-	(82)	-	209,080
Net Change in Fund Balances	2,591,651	-	1,765	1	2,593,417
Fund Balance - July 1	7,250,569		563,549	-	7,814,118
Fund Balance - June 30	\$ 9,842,220	\$ -	\$ 565,314	\$ 1	\$ 10,407,535

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the statement of activities is presented in the accompanying schedule (B-3).

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 2,593,417

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

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

	Depreciation Expense	\$ (2,419,742)	
	Capital Asset Additions	<u>316,497</u>	
			(2,103,245)

Repayments of bond principal and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

	Serial Bonds Payable	2,075,000	
	Obligations Under Capital Leases	<u>31,279</u>	
			2,106,279

Governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

	Amortization of Premiums on Bonds	2,686	
	Amortization of Deferred Interest Costs	(35,012)	
	Amortization of Deferred Issuance Costs	<u>(5,884)</u>	
			(38,210)

Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; capital leases increase long-term liabilities in the statement of net assets.

(209,080)

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

35,513

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

(55,552)

Change in Net Assets of Governmental Activities (A-2)

\$ 2,329,122

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Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Major Funds				Totals
	Business-type Activities - Enterprise Funds				
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 541,723	\$ 658	\$223,245	\$419,110	\$ 1,184,736
Intergovernmental Accounts Receivable:					
Federal	16,211				16,211
State	2,136				2,136
Inventories	22,456				22,456
Total Current Assets	582,526	658	223,245	419,110	1,225,539
Noncurrent Assets:					
Furniture, Machinery and Equipment	243,301				243,301
Less Accumulated Depreciation	(133,593)				(133,593)
Total Noncurrent Assets	109,708	-	-	-	109,708
Total Assets	692,234	658	223,245	419,110	1,335,247
LIABILITIES					
Current Liabilities:					
Accounts Payable	157,782	2,528		9,718	170,028
Unearned Revenue	3,455		100,175		103,630
Purchase Agreement Payable	18,396				18,396
Total Current Liabilities	179,633	2,528	100,175	9,718	292,054
Noncurrent Liabilities:					
Purchase Agreement Payable	34,362				34,362
Total Noncurrent Liabilities	34,362				34,362
Total Liabilities	213,995	2,528	100,175	9,718	326,416
NET ASSETS					
Invested in Capital Assets, net of related debt	56,950				56,950
Unrestricted, (Deficit)	421,289	(1,870)	123,070	409,392	951,881
Total Net Assets	\$ 478,239	\$ (1,870)	\$123,070	\$409,392	\$ 1,008,831

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Major Funds				Totals
	Business-type Activities - Enterprise Funds				
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$1,970,688				\$1,970,688
Tuition and fees		\$ 186,759	\$ 112,105	\$ 1,128,752	1,427,616
Total Operating Revenues	1,970,688	186,759	112,105	1,128,752	3,398,304
Operating Expenses:					
Salaries	882,665	174,860	72,845	1,039,676	2,170,046
Employee Benefits	33,375				33,375
Other Purchased Services	127,701	15,869	8,403	44,625	196,598
Supplies and Materials	42,946	7,561	1,253		51,760
Depreciation	29,145				29,145
Cost of Sales	694,679				694,679
Management Fee	61,940				61,940
Miscellaneous	72,004	5,890		1,059	78,953
Total Operating Expenses	1,944,455	204,180	82,501	1,085,360	3,316,496
Operating Income (Loss)	26,233	(17,421)	29,604	43,392	81,808
Nonoperating Revenues:					
State Sources:					
State School Lunch Program	9,907				9,907
Federal Sources:					
National School Lunch Program	81,031				81,031
Food Donation Program	43,938				43,938
Total Nonoperating Revenues	134,876	-	-	-	134,876
Change in net assets	161,109	(17,421)	29,604	43,392	216,684
Total Net Assets - Beginning	317,130	15,551	93,466	366,000	792,147
Total Net Assets (Deficit) - Ending	\$ 478,239	\$ (1,870)	\$ 123,070	\$ 409,392	\$1,008,831

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

	Major Funds				Totals
	Business-type Activities - Enterprise Funds			Before and After School Care	
	Food Service	After School Enrichment	Project Jump Start		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,970,688	\$ 186,759	\$ 101,875	\$ 1,128,752	\$ 3,388,074
Payments to employees	(882,665)	(174,860)	(72,845)	(1,039,676)	(2,170,046)
Payments for employee benefits	(33,375)				(33,375)
Payments to suppliers	(989,307)	(27,811)	(14,762)	(37,617)	(1,069,497)
Net Cash Provided By (Used for) Operating Activities	<u>65,341</u>	<u>(15,912)</u>	<u>14,268</u>	<u>51,459</u>	<u>115,156</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash received from state and federal reimbursements	79,473				79,473
Receipts from Food Donation Program	41,814				41,814
Net cash provided by non-capital financing activities	<u>121,287</u>				<u>121,287</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment of purchase agreement payable	(18,396)				(18,396)
Purchases of capital assets	(12,741)				(12,741)
Net cash (used for) capital and related financing activities	<u>(31,137)</u>				<u>(31,137)</u>
Net increase (decrease) in cash and cash equivalents	155,491	(15,912)	14,268	51,459	205,306
Cash and cash equivalents, beginning of year	386,232	16,570	208,977	367,651	979,430
Cash and cash equivalents, end of year	<u>\$ 541,723</u>	<u>\$ 658</u>	<u>\$ 223,245</u>	<u>\$ 419,110</u>	<u>\$ 1,184,736</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 26,233	\$ (17,421)	\$ 29,604	\$ 43,392	\$ 81,808
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	29,145				29,145
(Increase) in inventories	(2,264)				(2,264)
(Decrease) Increase in unearned revenue			(10,230)		(10,230)
Increase (Decrease) in accounts payable	12,227	1,509	(5,106)	8,067	16,697
Net cash provided by (used for) operating activities	<u>\$ 65,341</u>	<u>\$ (15,912)</u>	<u>\$ 14,268</u>	<u>\$ 51,459</u>	<u>\$ 115,156</u>

Noncash noncapital financing activities:

The District received \$41,814 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2011.

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Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Service Fund Scholarship</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 627,981	\$ 4,693	\$ 895,786
Interfunds Receivable	<u>22,369</u>	<u> </u>	<u> </u>
Total Current Assets	<u>650,350</u>	<u>4,693</u>	<u>\$ 895,786</u>
LIABILITIES			
Accounts Payable	19,189		
Interfunds Payable			\$ 22,369
Due to Student Groups			594,928
Payroll Deductions and Withholdings Payable	<u> </u>	<u> </u>	<u>278,489</u>
Total Liabilities	<u>19,189</u>	<u>-</u>	<u>\$ 895,786</u>
NET ASSETS			
Held in Trust for Unemployment Claims	<u>\$ 631,161</u>		
Held in Trust for Scholarship Awards		<u>\$ 4,693</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Service Fund Scholarship
ADDITIONS		
Contributions:		
Plan Members	\$ 62,503	
Contributions		\$ 2,415
Total Additions	<u>62,503</u>	<u>2,415</u>
DEDUCTIONS		
Payment of Unemployment Claims	444,781	
Scholarship Awards Paid		1,012
Total Deductions	<u>444,781</u>	<u>1,012</u>
Change in Net Assets	(382,278)	1,403
Net Assets - Beginning of the Year	<u>1,013,439</u>	<u>3,290</u>
Net Assets - End of the Year	<u>\$ 631,161</u>	<u>\$ 4,693</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2011

1. Summary of Significant Accounting Policies

The financial statements of the Bernards Township School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Bernards Township School District in Basking Ridge, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency amongst the school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, claims, and postemployment healthcare benefits, are recorded only when payment is due.

Property taxes, interest and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major 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.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid 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 accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary fund:

Enterprise Funds: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of the Food Service Fund, After School Enrichment Program, Project Jump Start and Before and After School Care.

Additionally, the District reports the following fiduciary fund types:

Trust Funds: The unemployment compensation trust fund is used to account for contributions from the District, employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private-purpose scholarship trust fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): 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.

In its accounting and financial reporting, the District follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's business-type and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for sales of food, tuition and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets, if applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports deferred/unearned revenue on its balance sheets and statements of net assets. Deferred/unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred/unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue/unearned is removed from the balance sheet and statements of net assets and revenue is recognized.

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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties, and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

D. 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 voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution and certain others require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations. The over-expenditures related to on-behalf payments in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last two state aid payments 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.

E. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

F. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expense during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2011, the District had inventories in the Food Service Fund of \$22,456, of which, the portion of unused Food Donation Program commodities in the amount of \$3,455 is reported as unearned revenue.

G. Tuition

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the 2010-2011 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (Continued)

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Athletic Equipment	10
Audio Visual Equipment	10
School Buildings	50
Business Machines (Other than Copiers)	10
Carpeting	7
Communications Equipment	10
Computer Hardware	5
Computer Software (Administrative)	15
Computer Software (Instructional)	7.5
Copiers	5
Custodial Equipment	15
Fire Suppression/Sprinklers	25
Classroom and Office Furniture	20
Grounds Equipment	15
Construction Equipment	10
HVAC Systems	20
Interior Construction	25
Kitchen Equipment	15
Library Books	6
Machinery and Shop Tools	15
Musical Instruments	10
Outdoor Equipment	20
Plumbing and Electrical	30
Portable Classrooms	25
Roofing	20
Science and Laboratory Equipment	10
Site Improvements	20
On-Road Vehicles	8

Township of Bernards Board of Education
Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (Continued)

Depreciation of all exhaustive capital assets used by enterprise funds is charged as an expense against their operations. Accumulated depreciation is reported in the enterprise fund statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Enterprise Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

I. Compensated Absences

A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated 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.

Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification.

The liability for vested compensated absences of the District is recorded in the district-wide financial statements and includes salary related payments.

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, 2011, a liability existed for compensated absences in the district-wide financial statements in the amount of \$589,377 and no liability existed for compensated absences in the enterprise funds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

J. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned and outstanding encumbrances.

K. Long-Term Obligations

In the district-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and unamortized loss on a refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

The District has no arbitrage rebate liability at June 30, 2011.

L. Fund Balances

In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$9,842,220 of fund balances in the General Fund, \$2,357,990 of encumbrances is assigned to other purposes, \$1,648,001 has been restricted for excess surplus-current year, \$623,615 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$62,246 has been restricted for the capital reserve, \$1,000,000 has been restricted for the maintenance reserve, \$2,435,463 has been classified as assigned fund balance designated for subsequent years expenditures and \$1,714,905 is classified as unassigned.

M. Net Assets

Net assets represent the difference between assets and liabilities in the district-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the district-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

N. Management Estimates

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

O. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

P. 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, 2011 was \$2,271,616. Of this amount, \$623,615 has been appropriated in the 2011/12 budget and the remaining \$1,648,001 will be appropriated in the 2012/13 budget.

Q. Reclassification

Certain prior year amounts have been reclassified to conform with the current fiscal year presentation. Such reclassifications had no impact on the net assets or fund balances.

R. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2011 and October 11, 2011, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

2. Reconciliation of District-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the District-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable and related deferred charges and un-amortized premiums, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$82,785,416 difference are as follows:

Bonds payable	\$ 82,575,000
Unamortized deferred interest costs	(609,793)
Unamortized premium on bonds	52,162
Capital leases payable	178,670
Compensated absences payable	<u>589,377</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities	<u>\$ 82,785,416</u>

3. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund, M.B.I.A. CLASS and the New Jersey Arbitrage Rebate Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

At June 30, 2011, the carrying amount of the District's deposits for all funds was \$13,595,833 and the bank balance was \$14,117,231. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2011 were secured by federal depository insurance and \$13,617,231 was covered by GUDPA. In addition, there is cash held with CIGNA for health insurance claims in the amount of \$769,253, which is classified as cash held by fiscal agents.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJCMF") as one of its investments. The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. During the fiscal year 2011, the District closed all accounts held with the New Jersey Cash Management Fund, and had no outstanding balances at June 30, 2011.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2011, the District had no investments.

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,277,400			\$ 5,277,400
Construction in progress	5,867	\$ 1,933	\$ (7,800)	-
Total capital assets, not being depreciated	<u>5,283,267</u>	<u>1,933</u>	<u>(7,800)</u>	<u>5,277,400</u>
Capital assets, being depreciated:				
Buildings and building improvements	102,883,587		7,800	102,891,387
Machinery, equipment and vehicles	6,196,058	314,564		6,510,622
Total capital assets, being depreciated	<u>109,079,645</u>	<u>314,564</u>	<u>7,800</u>	<u>109,402,009</u>
Less accumulated depreciation for:				
Buildings and building improvements	(21,667,510)	(2,031,787)		(23,699,297)
Machinery, equipment and vehicles	(4,129,767)	(387,955)		(4,517,722)
Total accumulated depreciation	<u>(25,797,277)</u>	<u>(2,419,742)</u>	<u>-</u>	<u>(28,217,019)</u>
Total capital assets, being depreciated, net	<u>82,282,368</u>	<u>(2,105,178)</u>	<u>7,800</u>	<u>81,184,990</u>
Governmental activities capital assets, net	<u>\$ 88,565,635</u>	<u>\$ (2,103,245)</u>	<u>\$ -</u>	<u>\$ 86,462,390</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2011 as follows:

Instruction:		
Regular	\$	944,316
Special education		348,917
Other special instruction		47,748
School sponsored/ other instructional		50,615
Support Services:		
Student and instruction related services		363,244
General administrative services		32,678
School administrative services		123,086
Central administrative services		20,883
Administrative information technology		22,422
Plant operations and maintenance		278,132
Pupil transportation		187,701
Total	\$	<u>2,419,742</u>

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2011:

	Beginning Balance	Additions	Ending Balance
Business-type activities:			
Capital assets, being depreciation:			
Machinery and equipment	\$ 230,560	\$12,741	\$243,301
Less accumulated depreciation for:			
Machinery and equipment	(104,448)	(29,145)	(133,593)
Total business-type activities capital assets, net	<u>\$ 126,112</u>	<u>(\$16,404)</u>	<u>\$109,708</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

5. Long-Term Liabilities

During the year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 84,650,000		\$ (2,075,000)	\$ 82,575,000	\$ 2,380,000
Unamortized premium on bonds	54,848		(2,686)	52,162	2,686
Unamortized deferred interest costs	(644,805)		35,012	(609,793)	(35,012)
Obligations under capital leases	869	\$ 209,080	(31,279)	178,670	39,172
Compensated absences payable	533,825	186,183	(130,631)	589,377	3,050
Total governmental activity long-term liabilities	\$ 84,594,737	\$ 395,263	\$ (2,204,584)	\$ 82,785,416	\$ 2,389,896
Business-Type Activities					
Purchase agreement payable	\$ 71,154		\$ (18,396)	\$ 52,758	\$ 18,396
Total BusinessType activity long-term liabilities	\$ 71,154		\$ (18,396)	\$ 52,758	\$ 18,396

The District expects to liquidate the compensated absences and capital leases with payments made from the District's general fund and the bonds payable from the debt service fund. The District expects to liquidate the purchase agreement payable with payments made from a District's enterprise fund – food service.

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. Principal and interest due on all bonds outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 2,380,000	\$ 3,728,621	\$ 6,108,621
2013	2,485,000	3,610,728	6,095,728
2014	2,595,000	3,485,952	6,080,952
2015	2,730,000	3,354,304	6,084,304
2016	2,860,000	3,453,279	6,313,279
2017 - 2021	16,560,000	16,213,495	32,773,495
2022 - 2026	22,890,000	11,826,173	34,716,173
2027 - 2031	30,075,000	5,329,508	35,404,508
	\$ 82,575,000	\$ 51,002,060	\$ 133,577,060

All bonds outstanding are presented on schedule I-1 in this report.

5. Long-Term Liabilities (continued)

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

5. Long-Term Liabilities (continued)

In December 2006, the District issued \$10,000,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2011, \$9,343,000 of defeased debt remains outstanding.

Capital Leases Payable

The District is leasing several copiers totaling \$209,080 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2011:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 39,172	\$ 8,563	\$ 47,735
2013	41,315	6,420	47,735
2014	43,585	4,150	47,735
2015	45,963	1,772	47,735
2016	8,635	72	8,707
Total	<u>\$ 178,670</u>	<u>\$ 20,977</u>	<u>\$ 199,647</u>

All capital leases outstanding are presented on schedule I-2 in this report.

Assets capitalized through capital leases at June 30, 2011 are as follows:

Machinery, equipment and vehicles	\$ 209,080
Less accumulated depreciation	<u>(41,816)</u>
Total	<u>\$ 167,264</u>

Purchase Agreement Payable – Enterprise Fund

During the fiscal year ended June 30, 2009, the District contracted with Aramark, a third-party food management company, to operate the District's food service program. As part of the contract, Aramark agreed to expend up to \$125,000 for facility renovations and food service equipment to be used on the District's premises. After completion of the purchase of the renovations and equipment, the District is required to reimburse Aramark on a straight line monthly basis for a term of five years interest free.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

5. Long-Term Liabilities (continued)

The following is a schedule of payments due related to the purchase agreement:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Payments</u>
2012	\$ 18,396
2013	18,396
2014	<u>15,966</u>
	<u>\$ 52,758</u>

6. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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 Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2011, the State of New Jersey contributed \$2,469,008 to the TPAF for on-behalf medical and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,611,131 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide and fund financial statements.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2011, 2010 and 2009 were \$771,245, \$532,933 and \$440,507, respectively, equal to the required contributions for each year.

Post-Retirement Benefits

Plan Description

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, Chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and 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, Chapter 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. 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 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 or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

Post-Retirement Benefits (continued)

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$2,357,992, \$2,212,875, and \$2,098,542 respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

7. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Unemployment Compensation Trust Fund	\$ 22,369	
Trust & Agency Fund		\$ 22,369
	<u>\$ 22,369</u>	<u>\$ 22,369</u>

The interfund between the Unemployment Compensation Trust Fund and the Trust and Agency Fund represents payroll withholdings not turned over at year end. All interfunds are expected to be liquidated within one year.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

8. Economic Dependency

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

9. Contingent Liabilities

The District is a defendant in several legal proceedings that are in various stages of litigation. In the opinion of management and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its capital projects. The costs associated with the funding received from the NJSDA are subject to final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible requirements, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired.

In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

10. Capital Reserve Account

A capital reserve account was established by the Township of Bernards Board of Education by inclusion of \$1 on September 25, 2000 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

10. Capital Reserve Account (continued)

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 the transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A 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-14.1(g) the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 61,746
Interest earnings	<u>500</u>
Ending balance, June 30, 2011	<u>\$ 62,246</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

11. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

11. Risk Management (continued)

Health Insurance

During the 2011 fiscal year, the District commenced participation in the Blue Cross / Blue Shield Cash (BC/BS) Management/Minimum Premium Program, which provides for the Board's employees' health benefits. Under the program, annual rates are established with the insurance carrier based on expenses, projected claims and a margin for fluctuation, thereby providing a predictable monthly premium. The claims are filed with and paid by BC/BS and on a weekly basis BC/BS bills the District for actual claims paid.

This activity is reported in the General Fund and includes an accrual for health insurance claims incurred but not reported in the amount of \$1,561,424 at June 30, 2011. This represents the maximum amount of liability that the District could be liable for based on the 2011 fiscal year Minimum Premium Policy Plan.

Changes in the funds incurred but not reported claims liability amount for health insurance in fiscal year 2011 was:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2010-11	\$ -	\$ 9,841,680	\$ 8,280,256	\$ 1,561,424

12. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2011 fiscal year:

	In	Out
General Fund	\$ 82	
Capital Projects Fund		\$ 82
	<u>\$ 82</u>	<u>\$ 82</u>

The transfer from the capital projects fund to the general fund represents interest earned in the capital projects fund due to the general fund.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

13. Deferred Compensation

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Lincoln Investment Planning, VALIC, Thomas Seely Agency, Security First Group and the Equitable, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Since the District does not hold the assets in a trustee capacity, the related assets are not included in the District's fiduciary fund financial statements.

14. Commitments

The District has contractual commitments at June 30, 2011 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$2,357,990.

15. Deferred Charges

The deferred charges recorded in the district-wide statement of net assets represents debt issuance costs that are being amortized using the straight line method over the life of the related bonds. The unamortized costs associated with the issues of the various bonds amounts to \$114,240 at June 30, 2011. The amortization expense for the year ended June 30, 2011 amounted to \$5,884. In governmental funds, debt issuance costs are recognized in the current period.

16. Excess of Expenditures over Appropriations

The District did not have any excess expenditures over appropriations of budgetary line-items as part of its June 30, 2011 Board Secretary Report. However, the financial statements reflect an excess of expenditures over appropriations in the general fund (capital outlay) for Facilities Acquisition and Construction Services – Construction Services in the amount of \$176,013. The excess expenditures are a result of the District's required adjustment to reclassify certain expenditures that were charged to operation and maintenance of plant services – required maintenance. These charges were determined to represent valid capital outlay charges for which the District had not anticipated at the time the District adopted its 2010-11 fiscal year budget and does not represent the intentional overspending of appropriations.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

17. Deficit Net Assets

The District has a deficit in net assets in the After School Enrichment Enterprise Fund in the amount of \$1,870, as reported in the proprietary fund financial statements. The District plans to raise the funds to cover this deficit through various tuition and fee increases during the 2011-12 fiscal year.

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Required Supplementary Information – Part II

Budgetary Comparison Schedules

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Revenues					
Local Sources:					
Local Tax Levy	\$ 72,910,723		\$ 72,910,723	\$ 72,910,723	
Tuition from Other LEA's	810,104		810,104	967,664	\$ 157,560
Tuition from Other Sources				53,125	53,125
Transportation Fees from Individuals	270,000		270,000	229,278	(40,722)
Interest Earned on Capital Reserve Funds	500		500	500	
Interest Revenue	47,620		47,620	41,600	6,020
Miscellaneous				154,079	154,079
Total - Local Sources	<u>74,038,947</u>		<u>74,038,947</u>	<u>74,356,969</u>	<u>318,022</u>
State Sources:					
Special Education Aid	847,891		847,891	847,891	
Extraordinary Aid	1,716,760		1,716,760	1,963,835	247,075
Additional Nonpublic Transportation Aid				33,450	33,450
Other State Aid				1,718	1,718
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,469,008	2,469,008
TPAF Social Security (Reimbursed - Non-Budgeted)				2,611,131	2,611,131
Total - State Sources	<u>2,564,651</u>		<u>2,564,651</u>	<u>7,927,033</u>	<u>5,362,382</u>
Total Revenues	<u>76,603,598</u>		<u>76,603,598</u>	<u>82,284,002</u>	<u>5,680,404</u>
Expenditures					
Current Expenditures:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	46,663	\$ 1,310	47,973	47,973	
Kindergarten	958,623	(31,013)	927,610	927,610	
Grades 1-5	7,569,193	(116,360)	7,452,833	7,452,833	
Grades 6-8	6,324,676		6,369,686	6,369,686	
Grades 9-12	7,323,646	(7,988)	7,315,658	7,315,658	
Home Instruction:					
Salaries of Teachers	62,400	(380)	62,020	62,020	
Purchased Professional-Educational Services	28,184		28,184	14,975	13,209
Undistributed Instruction:					
Other Salaries for Instruction		25,127	25,127	25,127	
Purchased Professional-Educational Services	8,100		8,100	6,350	1,750
Other Purchased Services	259,897	2,286	262,183	213,322	48,861
General Supplies	1,337,096	254,780	1,591,876	1,169,682	422,194
Textbooks	238,890	(5,485)	233,405	223,269	10,136
Total Regular Programs - Instruction	<u>24,157,368</u>	<u>167,287</u>	<u>24,324,655</u>	<u>23,828,505</u>	<u>496,150</u>
Special Education:					
Cognitive - Moderate:					
Salaries of Teachers	240,220	5,227	245,447	245,447	
Other Salaries for Instruction	293,447	5,872	299,319	299,319	
General Supplies	8,200	160	8,360	8,011	349
Textbooks	4,000	(160)	3,840	1,527	2,313
Total Cognitive - Moderate	<u>545,867</u>	<u>11,099</u>	<u>556,966</u>	<u>554,304</u>	<u>2,662</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	403,915	38,824	442,739	442,739	
Other Salaries for Instruction	451,160	10,494	461,654	461,654	
General Supplies	6,000		6,000	3,956	2,044
Textbooks	1,500		1,500	439	1,061
Total Learning and/or Language Disabilities	<u>862,575</u>	<u>49,318</u>	<u>911,893</u>	<u>908,788</u>	<u>3,105</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,091,058	(194,631)	3,896,427	3,896,427	
Other Salaries for Instruction	379,146	(72,735)	306,411	306,411	
General Supplies	6,000		6,000	5,533	467
Total Resource Room/Resource Center	<u>4,476,204</u>	<u>(267,366)</u>	<u>4,208,838</u>	<u>4,208,371</u>	<u>467</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2011

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Expenditures (continued)					
Current Expenditures (continued):					
Autism:					
Salaries of Teachers	\$ 456,682	\$ 131,186	\$ 587,868	\$ 587,868	
Other Salaries for Instruction	1,371,401	429,940	1,801,341	1,801,341	
General Supplies	17,000	(4,000)	13,000	8,568	\$ 4,432
Total Autism	1,845,083	557,126	2,402,209	2,397,777	4,432
Preschool Disabilities-Part-Time:					
Salaries of Teachers	102,511	585	103,096	103,096	
Other Salaries for Instruction	102,749	9,146	111,895	111,895	
General Supplies	3,000		3,000	2,657	343
Total Preschool Disabilities-Part-Time	208,260	9,731	217,991	217,648	343
Preschool Disabilities-Full-Time:					
Salaries of Teachers	272,762	(136,454)	136,308	136,308	
Other Salaries for Instruction	502,406	(439,996)	62,410	62,410	
General Supplies	7,000	7,000	7,000	4,000	3,000
Total Preschool Disabilities-Full-Time	775,168	(569,450)	205,718	202,718	3,000
Total Special Education - Instruction	8,713,157	(209,542)	8,503,615	8,489,606	14,009
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	564,709	(43,505)	521,204	521,204	
General Supplies		500	500	446	54
Total Basic Skills/Remedial - Instruction	564,709	(43,005)	521,704	521,650	54
Bilingual Education - Instruction:					
Salaries of Teachers	150,940	769	151,709	151,709	
Other Purchased Services		700	700	636	64
General Supplies		200	200	125	75
Total Bilingual Education - Instruction	150,940	1,669	152,609	152,470	139
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	307,456	(19,175)	288,281	288,281	
Supplies and Materials	37,350	19,403	56,753	34,625	22,128
Total School-Sponsored Cocurricular Activities - Instruction	344,806	228	345,034	322,906	22,128
School-Sponsored Athletics - Instruction:					
Salaries	697,734	(2,290)	695,444	695,444	
Purchased Services	42,000	(6,000)	36,000	32,140	3,860
Supplies and Materials	123,240	(489)	122,751	121,243	1,508
Other Objects	25,000	5,000	30,000	28,454	1,546
Transfers to Cover Deficit (Agency Funds)	100,000	20,000	120,000	90,000	30,000
Total School-Sponsored Athletics - Instruction	987,974	16,221	1,004,195	967,281	36,914
Other Supplemental / At-Risk Programs - Instruction:					
Salaries of Reading Specialists	560,232	(17,253)	542,979	542,979	
Total Other Supplemental / At Risk Programs - Instruction	560,232	(17,253)	542,979	542,979	
Total Instruction	35,479,186	(84,395)	35,394,791	34,825,397	569,394
Undistributed Expenditures - Instruction					
Instruction:					
Tuition To Other LEAs Within the State - Regular	77,200	(25,000)	52,200	51,753	447
Tuition To Other LEAs Within the State - Special	462,225	72,398	534,623	525,755	8,868
Tuition To Private Schools for the Disabled Within State	1,830,651	220,081	2,050,732	1,999,664	51,068
Tuition To Private Schools for the Disabled and Other LEAs -	557,464	(13,481)	543,983	532,564	11,419
Total Undistributed Instruction	2,927,540	253,998	3,181,538	3,109,736	71,802
Health Services:					
Salaries	614,041	(18,033)	596,008	596,008	
Purchased Professional and Technical Services	13,300		13,300	11,540	1,760
Other Purchased Services	2,267	(450)	1,817	1,680	137
Supplies and Materials	19,473	450	19,923	19,892	31
Total Health Services	649,081	(18,033)	631,048	629,120	1,928
Other Support Services Students - Related Services:					
Salaries	908,978	(435)	908,543	908,543	
Purchased Professional-Educational Services	55,000	72,400	127,400	125,999	1,401
Supplies and Materials	5,434		5,434	3,974	1,460
Total Other Support Services Students - Related Services	969,412	71,965	1,041,377	1,038,516	2,861

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2011

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Expenditures (continued)					
Current Expenditures (continued):					
Undistributed Expenditures (continued):					
Other Support Services Students - Extra Services:					
Salaries	\$ 485,007	\$ 45,408	\$ 530,415	\$ 530,415	
Purchased Professional-Educational Services	50,000		50,000	40,600	\$ 9,400
Supplies and Materials	2,375		2,375	1,180	1,195
Total Other Support Services Students - Extra Services	537,382	45,408	582,790	572,195	10,595
Guidance:					
Salaries of Other Professional Staff	1,473,875	(21,363)	1,452,512	1,452,512	
Salaries of Secretarial and Clerical Assistants	310,231	93,696	403,927	403,927	
Purchased Professional-Educational Services	10,400		10,400	9,758	642
Other Purchased Prof. and Tech. Services	70,520	20,000	90,520	87,739	2,781
Other Purchased Services	2,850		2,850	2,850	
Supplies and Materials	16,000	(8,000)	8,000	7,486	514
Other Objects	500		500	281	219
Total Guidance	1,884,376	84,333	1,968,709	1,961,703	7,006
Child Study Teams:					
Salaries of Other Professional Staff	1,663,417	(129,146)	1,534,271	1,534,271	
Salaries of Secretarial and Clerical Assistants	97,262	(38)	97,224	97,224	
Other Purchased Prof. and Tech. Services	60,000	75,000	135,000	122,345	12,655
Misc. Purchased Services	12,000	(5,000)	7,000	5,510	1,490
Supplies and Materials	33,000		33,000	29,812	3,188
Other Objects	2,500		2,500	2,003	497
Total Child Study Teams	1,868,179	(59,184)	1,808,995	1,791,165	17,830
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	438,218	20,192	458,410	458,410	
Salaries of Secretarial and Clerical Assistants	132,329	(35,445)	96,884	96,884	
Other Salaries	118,158	14,340	132,498	132,498	
Other Purchased Services	1,040	(100)	940	22	918
Supplies and Materials	20,345	(10,000)	10,345	10,275	70
Other Objects	7,000	(300)	6,700	6,619	81
Total Improvement of Instructional Services	717,090	(11,313)	705,777	704,708	1,069
Educational Media Serv./School Library:					
Salaries	680,030	(57,575)	622,455	622,455	
Salaries of Technology Coordinators	62,172	6,362	68,534	68,534	
Purchased Professional and Technical Services	118,762	(878)	117,884	107,516	10,368
Supplies and Materials	12,100	22,098	34,198	32,111	2,087
Total Educational Media Serv./School Library	873,064	(29,993)	843,071	830,616	12,455
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	564,044	43,674	607,718	607,718	
Salaries of Secretarial and Clerical Assistants	281,073	(19,333)	261,740	261,740	
Other Salaries	41,500	378	41,878	39,057	2,821
Purchased Professional-Educational Services	12,700	(12,695)	5	5	
Other Purchased Prof. and Tech. Services	15,000	7,000	22,000	20,487	1,513
Other Purchased Services	44,650	(7,000)	37,650	14,329	23,321
Supplies and Materials	57,795	(18,305)	39,490	30,747	8,743
Other Objects	5,730		5,730	1,089	4,641
Total Instructional Staff Training Services	1,022,492	(6,281)	1,016,211	975,167	41,044
Support Services - General Administration:					
Salaries	466,641	(90,135)	376,506	376,506	
Professional Services	116,600	80,500	197,100	148,922	48,178
Other Purchased Professional Services	22,240	91,000	113,240	92,686	20,554
Communications/Telephone	101,000	9,300	110,300	99,550	10,750
Other Purchased Services	101,000	2,137	103,137	94,495	8,642
General Supplies	7,178	7,248	14,426	10,853	3,573
Judgments Against the District		5,500	5,500	5,500	
Miscellaneous Expenditures	55,000	(43,637)	11,363	4,459	6,904
Total Support Services - General Administration	869,659	61,913	931,572	832,971	98,601

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Undistributed Expenditures (continued):					
Support Services - School Administration:					
Salaries of Principals/Asst. Principals	\$ 1,972,240	\$ (80,061)	\$ 1,892,179	\$ 1,892,179	
Salaries of Other Professional Staff	137,874		137,874	137,874	
Salaries of Secretarial and Clerical Assistants	894,513	36,910	931,423	931,423	
Other Purchased Services	64,728	102,633	167,361	147,718	\$ 19,643
Supplies and Materials	12,820	6,872	19,692	17,608	2,084
Other Objects	13,310	(1,037)	12,273	10,684	1,589
Total Support Services - School Administration	3,095,485	65,317	3,160,802	3,137,486	23,316
Central Services:					
Salaries	512,780	(56,761)	456,019	456,019	
Purchased Professional Services	30,600	7,353	37,953	36,184	1,769
Miscellaneous Purchased Services	25,360	660	26,020	23,086	2,934
Supplies and Materials	13,480	4,300	17,780	16,019	1,761
Miscellaneous Expenditures	4,160	(2,000)	2,160	990	1,170
Total Central Services	586,380	(46,448)	539,932	532,298	7,634
Admin. Info. Technology:					
Salaries	556,195	(601)	555,594	555,594	
Purchased Technical Services	12,000		12,000	8,099	3,901
Supplies and Materials	9,000		9,000	7,849	1,151
Total Admin. Info. Technology:	577,195	(601)	576,594	571,542	5,052
Required Maint. For School Facilities:					
Cleaning, Repair, and Maintenance Services	2,060,060	1,498,193	3,558,253	1,514,143	2,044,110
General Supplies	265,160	(45,001)	220,159	214,067	6,092
Total Required Maint. For School Facilities	2,325,220	1,453,192	3,778,412	1,728,210	2,050,202
Custodial Services:					
Purchased Professional and Technical Services	150,000	(8,492)	141,508	71,205	70,303
Cleaning, Repair, and Maintenance Services	2,441,060	(146,978)	2,294,082	2,294,082	
Other Purchased Property Services	202,800	(17,925)	184,875	184,875	
Insurance	325,854	(10,592)	315,262	315,262	
General Supplies	115,794	1,727	117,521	108,504	9,017
Energy (Electricity)	1,474,903	(328,262)	1,146,641	1,114,506	32,135
Salaries of Non-Instructional Aides	294,503	16,249	310,752	310,752	
Energy (Natural Gas)	873,151	(430,593)	442,558	388,718	53,840
Total Custodial Services	5,878,065	(924,866)	4,953,199	4,787,904	165,295
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	645,389	(70,500)	574,889	573,520	1,369
Total Care and Upkeep of Grounds	645,389	(70,500)	574,889	573,520	1,369
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Prog.	142,656		142,656	129,428	13,228
Cleaning, Repair and Maint. Services	1,000	7,000	8,000	5,701	2,299
Contracted Services (Between Home and School)-Vendors	2,602,693	(59,000)	2,543,693	2,522,210	21,483
Contracted Services (Other Than Between Home and School) - Vendors	255,271	16,899	272,170	252,234	19,936
Contracted Services (Spec. Ed. Students)-Vendors	26,000		26,000	1,428	24,572
Contracted Services (Spec. Ed. Students)-ESCs and CTSA:	1,800,000	(100,000)	1,700,000	1,690,500	9,500
Contracted Services-Aid in Lieu of Payments	182,000		182,000	182,000	
Miscellaneous Purchased Services-Transportation	15,288		15,288		15,288
Other objects	2,080		2,080	1,026	1,054
Total Student Transportation Services	5,026,988	(135,101)	4,891,887	4,784,527	107,360
Unallocated Benefits:					
Social Security Contributions	879,800		879,800	850,913	28,887
Other Retirement Contributions - Regular	650,000	121,382	771,382	771,245	137
Unemployment Compensation	681,200	(658,781)	22,419	22,419	22,419
Workmen's Compensation	221,520		221,520	192,020	29,500
Health Benefits	9,718,500	(117,834)	9,600,666	8,507,273	1,093,393
Tuition Reimbursement	590,290	7,318	597,608	354,686	242,922
Other Employee Benefits	177,359	(1,496)	175,863	112,216	63,647
Total Unallocated Benefits	12,918,669	(649,411)	12,269,258	10,788,353	1,480,905
On-Behalf TPAF Pension Contributions					
Reimbursed TPAF Social Security Contributions				2,469,008	(2,469,008)
Total On-Behalf Contributions				2,611,131	(2,611,131)
Total Undistributed Expenditures	43,371,666	84,395	43,456,061	44,429,876	(973,815)
Total Current Expenditures	78,850,852	-	78,850,852	79,255,273	(404,421)

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Expenditures (continued)					
Current Expenditures (continued):					
Capital Outlay:					
Interest Deposit to Capital Reserve	\$ 500		\$ 500		\$ 500
Equipment:					
Undistributed Expenditures					
Grade 9-12	184,633		184,633	\$ 125,477	59,156
Custodial Services	60,000		60,000		60,000
Total Equipment	<u>244,633</u>	-	<u>244,633</u>	<u>125,477</u>	<u>119,156</u>
Facilities Acquisition and Construction Services:					
Other Objects	9,725		9,725	9,725	
Construction Services	504,085	-	504,085	680,098	(176,013)
Total Facilities Acquisition and Construction Services	<u>513,810</u>	-	<u>513,810</u>	<u>689,823</u>	<u>(176,013)</u>
Assets Acquired Under Capital leases (non-budgeted)				<u>209,080</u>	<u>(209,080)</u>
Total Expenditures - Capital Outlay	<u>758,943</u>	-	<u>758,943</u>	<u>1,024,380</u>	<u>(265,437)</u>
Total Expenditures	<u>79,609,795</u>	-	<u>79,609,795</u>	<u>80,279,653</u>	<u>(669,858)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,006,197)	-	(3,006,197)	2,004,349	5,010,546
Other Financing Sources:					
Capital Leases (non-budgeted)				209,080	209,080
Transfers In - Capital Projects Fund				82	82
Total Other Financing Sources				<u>209,162</u>	<u>209,162</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures	(3,006,197)	-	(3,006,197)	2,213,511	5,219,708
Fund Balances, July 1	7,694,138		7,694,138	7,694,138	
Fund Balances, June 30	<u>\$ 4,687,941</u>	<u>\$ -</u>	<u>\$ 4,687,941</u>	<u>\$ 9,907,649</u>	<u>\$ 5,219,708</u>
Recapitulation:					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 623,615	
Reserved - Excess Surplus				1,648,001	
Capital Reserve				62,246	
Maintenance Reserve				1,000,000	
Assigned to:					
Designated for Subsequent Year's Expenditures				2,435,463	
Year End Encumbrances				2,357,990	
Unassigned Fund Balance				<u>1,780,334</u>	
				<u>9,907,649</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(65,429)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,842,220</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 261,630	\$ 261,630	\$ 187,715	\$ (73,915)
State Sources		311,918	311,918	238,290	(73,628)
Federal Sources	\$ 1,050,000	1,107,234	2,157,234	1,078,420	(1,078,814)
Total Revenues	<u>1,050,000</u>	<u>1,680,782</u>	<u>2,730,782</u>	<u>1,504,425</u>	<u>(1,226,357)</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers		602,526	602,526	219,709	382,817
Purchased Professional and Technical Services		237,414	237,414	204,243	33,171
Purchased Professional-Educational Services		235,505	235,505	81,626	153,879
Other Purchased Services		442	442		442
General Supplies		228,366	228,366	130,531	97,835
Textbooks		34,047	34,047	34,047	
Other Objects		1,283	1,283		1,283
Total Instruction		<u>1,339,583</u>	<u>1,339,583</u>	<u>670,156</u>	<u>669,427</u>
Support Services:					
Salaries of Other Professional Staff	1,050,000	(568,658)	481,342	394,925	86,417
Personal Services - Employee Benefits		136,613	136,613	66,584	70,029
Purchased Professional and Technical Services		129,532	129,532	115,548	13,984
Other Purchased Services		66,485	66,485	34,345	32,140
Supplies and Materials		237,141	237,141	163,445	73,696
Total Support Services	<u>1,050,000</u>	<u>1,113</u>	<u>1,051,113</u>	<u>774,847</u>	<u>276,266</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		340,086	340,086	59,422	280,664
Total Facilities Acquisition and Construction Services		<u>340,086</u>	<u>340,086</u>	<u>59,422</u>	<u>280,664</u>
Total Expenditures	<u>1,050,000</u>	<u>1,680,782</u>	<u>2,730,782</u>	<u>1,504,425</u>	<u>1,226,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2011

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules (C-1, C-2).	\$ 82,284,002	\$ 1,504,425
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(67,992)
Prior Year (net of cancellations)		9,789
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	443,569	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(65,429)</u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 82,662,142</u>	<u>\$ 1,446,222</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 80,279,653	\$ 1,504,425
Difference - 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.		
Current Year		(67,992)
Prior Year (net of Cancellations)		9,789
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 80,279,653</u>	<u>\$ 1,446,222</u>

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Special Revenue Fund Detail Statements

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2011

	Nonpublic Textbooks	NJ Nonpublic Auxiliary Services, Ch. 192		NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services
		Nonpublic Comp. Education	E.S.L.	Nonpublic Exam and Class.	Nonpublic Corrective Speech	Nonpublic Suppl. Instruction	
REVENUES:							
State Sources	\$ 34,047	\$ 29,974	\$ 4,799	\$ 55,003	\$ 52,545	\$ 21,579	\$ 40,343
Federal Sources							
Other Sources							
Total Revenues	<u>\$ 34,047</u>	<u>\$ 29,974</u>	<u>\$ 4,799</u>	<u>\$ 55,003</u>	<u>\$ 52,545</u>	<u>\$ 21,579</u>	<u>\$ 40,343</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Prof. - Educ. Services		\$ 29,974	\$ 4,799	\$ 55,003	\$ 52,545	\$ 21,579	\$ 40,343
Purchased Prof. and Tech. Services							
General Supplies							
Textbooks	\$ 34,047						
Total Instruction	<u>34,047</u>	<u>29,974</u>	<u>4,799</u>	<u>55,003</u>	<u>52,545</u>	<u>21,579</u>	<u>40,343</u>
Support Services:							
Salaries of Other Professional Staff							
Personal Svcs. - Employee Benefits							
Purchased Prof. - Ed Services							
Other Purchased Services							
Supplies and Materials							
Total Support Services							
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	<u>\$ 34,047</u>	<u>\$ 29,974</u>	<u>\$ 4,799</u>	<u>\$ 55,003</u>	<u>\$ 52,545</u>	<u>\$ 21,579</u>	<u>\$ 40,343</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2011

	I.D.E.I.A. Part B Basic	I.D.E.I.A. Part B Basic, Carryover	I.D.E.I.A. Part B Basic, Carryover	I.D.E.I.A. Part B Preschool	I.D.E.I.A. Part B Preschool, Carryover	Title III	Title IIA	Local Grants	Totals
REVENUES:									
State Sources									\$ 238,290
Federal Sources	\$703,514	\$266,940	\$ 1,640	\$ 660	\$ 25,052	\$ 15,032	\$ 65,582		1,078,420
Other Sources								\$ 187,715	187,715
Total Revenues	<u>\$703,514</u>	<u>\$266,940</u>	<u>\$ 1,640</u>	<u>\$ 660</u>	<u>\$ 25,052</u>	<u>\$ 15,032</u>	<u>\$ 65,582</u>	<u>\$ 187,715</u>	<u>\$ 1,504,425</u>
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 8,205	\$188,376			\$ 23,128				\$ 219,709
Purchased Prof. - Educ. Services									204,243
Purchased Prof. and Tech. Svcs.	54,464	27,162							81,626
General Supplies	88,395	1,293				151	\$ 15,032	\$ 25,660	130,531
Textbooks									34,047
Total Instruction	<u>151,064</u>	<u>216,831</u>			<u>23,279</u>	<u>15,032</u>		<u>25,660</u>	<u>670,156</u>
Support Services:									
Salaries of Other Prof. Staff	382,217	12,708							394,925
Personal Svcs-Employee Benefits	35,695	29,116			1,773				66,584
Purchased Prof. and Tech. Svcs.	114,888			\$ 660					115,548
Other Purchased Services	9,022	519					\$ 23,684	1,120	34,345
Supplies and Materials	10,628	7,766	\$ 1,640				41,898	101,513	163,445
Total Support Services	<u>552,450</u>	<u>50,109</u>	<u>1,640</u>	<u>660</u>	<u>1,773</u>		<u>65,582</u>	<u>102,633</u>	<u>774,847</u>
Facilities Acquisition and Construction Services:									
Noninstructional Equipment								59,422	59,422
Total Facilities Acquisition and Construction Services								<u>59,422</u>	<u>59,422</u>
Total Expenditures	<u>\$703,514</u>	<u>\$266,940</u>	<u>\$ 1,640</u>	<u>\$ 660</u>	<u>\$ 25,052</u>	<u>\$ 15,032</u>	<u>\$ 65,582</u>	<u>\$ 187,715</u>	<u>\$ 1,504,425</u>

Capital Projects Fund Detail Statement

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgetary Basis
Year Ended June 30, 2011

Revenues:	
Local Sources:	
Interest on Investments	\$ 82
Total Local Source	<u>82</u>
State Sources:	
SDA Grant	1,765
Total State Sources	<u>1,765</u>
Total Revenues	<u>1,847</u>
Expenditures:	
Construction Services	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues Over Expenditures	<u>1,847</u>
Other Financing (Uses):	
Transfers Out	<u>(82)</u>
Total Other Financing (Uses)	<u>(82)</u>
Excess of Revenues Over Expenditures and Other Financing Uses	1,765
Fund Balance - Beginning of Year	<u>563,549</u>
Fund Balance - End of Year	<u>\$ 565,314</u>

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Fiduciary Funds Detail Statements

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Service Fund Scholarship</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 627,981	\$ 4,693	\$ 895,786
Interfund Receivable	<u>22,369</u>	<u> </u>	<u> </u>
Total Current Assets	<u>650,350</u>	<u>4,693</u>	<u>\$ 895,786</u>
LIABILITIES			
Accounts Payable	19,189		
Interfund Payable			\$ 22,369
Due to Student Groups			594,928
Payroll Deductions and Withholdings Payable	<u> </u>		<u>278,489</u>
Total Liabilities	<u>19,189</u>	<u>-</u>	<u>\$ 895,786</u>
NET ASSETS			
Held in Trust for Unemployment Claims	<u>\$ 631,161</u>		
Held in Trust for Scholarship Awards		<u>\$ 4,693</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Service Fund Scholarship
ADDITIONS		
Contributions: Plan Members Contributions	\$ 62,503	\$ 2,415
Total Additions	<u>62,503</u>	<u>2,415</u>
DEDUCTIONS		
Payment of Unemployment Claims Scholarship Awards Paid	444,781	1,012
Total Deductions	<u>444,781</u>	<u>1,012</u>
Change in Net Assets	(382,278)	1,403
Net Assets - Beginning of the Year	<u>1,013,439</u>	<u>3,290</u>
Net Assets - End of the Year	<u>\$ 631,161</u>	<u>\$ 4,693</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2011

	<u>Balance</u> <u>June 30,2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30,2011</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$469,447</u>	<u>\$ 1,448,624</u>	<u>\$ 1,323,143</u>	<u>\$ 594,928</u>
Total Assets	<u>\$469,447</u>	<u>\$ 1,448,624</u>	<u>\$ 1,323,143</u>	<u>\$ 594,928</u>
LIABILITIES:				
Due to Student Groups	<u>\$469,447</u>	<u>\$ 1,448,624</u>	<u>\$ 1,323,143</u>	<u>\$ 594,928</u>
Total Liabilities	<u>\$469,447</u>	<u>\$ 1,448,624</u>	<u>\$ 1,323,143</u>	<u>\$ 594,928</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2011

	<u>Balance</u> <u>June 30,2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30,2011</u>
Elementary Schools:				
Liberty Corner	\$ 9,071	\$ 40,297	\$ 39,803	\$ 9,565
Oak Street	15,145	31,449	27,271	19,323
Cedar Hill	19,762	63,997	66,685	17,074
Mount Prospect	<u>9,997</u>	<u>41,816</u>	<u>44,593</u>	<u>7,220</u>
Total Elementary Schools	<u>53,975</u>	<u>177,559</u>	<u>178,352</u>	<u>53,182</u>
Middle School:				
William Annin	<u>74,882</u>	<u>262,162</u>	<u>272,713</u>	<u>64,331</u>
Senior High School:				
Athletic Fund	14,166	136,928	138,260	12,834
Performing Arts	3,073	108,202	66,926	44,349
Ridge High School	<u>323,351</u>	<u>763,773</u>	<u>666,892</u>	<u>420,232</u>
Total Ridge High School	<u>340,590</u>	<u>1,008,903</u>	<u>872,078</u>	<u>477,415</u>
Totals	<u><u>\$469,447</u></u>	<u><u>\$1,448,624</u></u>	<u><u>\$ 1,323,143</u></u>	<u><u>\$ 594,928</u></u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 300,126	\$50,875,134	\$50,874,402	\$ 300,858
Interfund Receivable	<u>11,600</u>	<u> </u>	<u>11,600</u>	<u> </u>
Total Assets	<u>\$ 311,726</u>	<u>\$50,875,134</u>	<u>\$50,886,002</u>	<u>\$ 300,858</u>
LIABILITIES:				
Interfund Payable		\$ 22,369		\$ 22,369
Payroll Deductions and Withholdings Payable	<u>\$ 311,726</u>	<u>50,852,765</u>	<u>\$50,886,002</u>	<u>278,489</u>
Total Liabilities	<u>\$ 311,726</u>	<u>\$50,875,134</u>	<u>\$50,886,002</u>	<u>\$ 300,858</u>

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Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011
			Date	Amount				
Refunding School Bonds	03/15/02	\$ 15,035,000	02/01/12	\$ 1,870,000	5.250%	\$ 7,710,000	\$ 1,780,000	\$ 5,930,000
			02/01/13	1,975,000	5.375			
			02/01/14	2,085,000	5.375			
Refunding School Bonds	03/15/04	25,955,000	01/01/13	45,000	3.250	25,955,000		25,955,000
			01/01/14	120,000	3.400			
			01/01/15	2,345,000	5.000			
			01/01/16	2,465,000	5.000			
			01/01/17	2,590,000	5.000			
			01/01/18	2,720,000	5.000			
			01/01/19	2,860,000	5.000			
			01/01/20	3,005,000	4.100			
			01/01/21	3,130,000	4.200			
			01/01/22	3,265,000	4.250			
			01/01/23	3,410,000	4.300			
			School Bonds	12/01/05	44,648,000			
07/15/12	420,000	4.000						
07/15/13	360,000	4.000						
07/15/14	355,000	4.000						
07/15/15	365,000	4.000						
07/15/16	380,000	4.000						
07/15/17	400,000	4.000						
07/15/18	415,000	4.000						
07/15/19	430,000	4.125						
07/15/20	450,000	4.250						
07/15/21	465,000	4.250						
07/15/22	480,000	4.500						
07/15/23	4,145,000	4.500						
07/15/24	4,335,000	4.500						
07/15/25	4,540,000	4.500						
07/15/26	4,750,000	4.500						
07/15/27	4,970,000	4.500						
07/15/28	5,200,000	4.500						
07/15/30	1,865,000	5.000						
Refunding School Bonds	12/1/06	10,000,000	07/15/13	30,000	4.000	9,955,000		9,955,000
			07/15/14	30,000	4.000			
			07/15/15	30,000	4.000			
			07/15/16	35,000	4.000			
			07/15/17	35,000	4.000			
			07/15/18	35,000	4.000			
			07/15/19	35,000	4.000			
			07/15/20	40,000	4.000			
			07/15/21	40,000	4.000			
			07/15/22	40,000	4.000			
			07/15/23	45,000	4.000			
			07/15/24	45,000	4.000			
			07/15/25	50,000	4.000			
			07/15/26	50,000	4.000			
			07/15/27	50,000	4.000			
07/15/28	55,000	4.000						
07/15/29	3,615,000	4.000						
07/15/30	5,695,000	4.375						
School Bonds	7/31/08	6,500,000	07/15/11	130,000	4.250	6,075,000	45,000	6,030,000
			07/15/12	45,000	4.250			
			07/15/23	870,000	4.250			
			07/15/24	330,000	4.250			
			07/15/25	830,000	4.250			
			07/15/26	670,000	4.250			
			07/15/27	745,000	4.250			
			07/15/28	750,000	4.250			
			07/15/29	790,000	4.250			
			07/15/30	870,000	4.250			
						<u>\$ 84,650,000</u>	<u>\$ 2,075,000</u>	<u>\$ 82,575,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2011

Series	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2010	Additions	Retired	Balance June 30, 2011
			Principal	Interest					
2010 Savin Copier - William Annin Middle School	7/1/2010	5 Years	\$ 153,873	\$ 20,264	13.20 %		\$ 153,873	\$ 20,715	\$ 133,158
2010 Savin Copier - Oak Street School	7/1/2010	5 Years	13,911	2,352	17.00		13,911	2,443	11,468
2010 Savin Copier - Ridge High School	7/1/2010	5 Years	14,026	2,369	17.00		14,026	2,463	11,563
2010 Savin Copier - William Annin Middle School 2	7/1/2010	5 Years	14,378	2,429	17.00		14,378	2,524	11,854
2010 Savin Copier - Cedar Hill School	7/1/2010	5 Years	12,892	2,181	17.00		12,892	2,265	10,627
2005 Savin Copier	07/19/05	5 Years	13,188	3,192	8.88	\$ 271		271	
2005 Savin Copier	07/19/05	5 Years	14,928	3,612	8.88	306		306	
2005 Savin Copier	07/19/05	5 Years	14,155	3,425	8.88	292		292	
						<u>\$ 869</u>	<u>\$ 209,080</u>	<u>\$ 31,279</u>	<u>\$ 178,670</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Local Tax Levy	<u>\$5,591,242</u>	<u>\$5,591,242</u>	<u>\$ 5,591,242</u>	
Total Local Source Revenues	5,591,242	5,591,242	5,591,242	
State Sources-Debt Service Aid	<u>317,074</u>	<u>317,074</u>	<u>317,074</u>	
Total Revenue Sources	5,908,316	5,908,316	5,908,316	
EXPENDITURES:				
Regular Debt Service:				
Redemption of Principal	2,075,000	2,075,000	2,075,000	
Interest	<u>3,833,316</u>	<u>3,833,316</u>	<u>3,833,315</u>	<u>\$ 1</u>
Total Regular Debt Service- Expenditures	<u>5,908,316</u>	<u>5,908,316</u>	<u>5,908,315</u>	<u>1</u>
Excess of Revenues Over Expenditures	-	-	1	1
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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Tab

Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

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.

Revenue Capacity

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

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.

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.

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.

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 ended June 30, 2003; schedules pre GASB Statement 34.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Net Assets By Component
Last Nine Fiscal Years
 (Accrual Basis of Accounting)
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009 (as Restated)	2010	2011
Governmental Activities:									
Invested in capital assets,									
Net of Related Debt	\$ 20,195,411	\$ 19,389,614	\$ 17,575,118	\$ 11,045	\$ 2,569,015	\$ 2,812,148	\$ 4,996,379	\$ 4,504,723	\$ 4,266,351
Restricted	478,783	963,522	729,716	2,767,502	4,501,931	4,229,149	2,934,632	3,780,705	3,899,177
Unrestricted (deficit)	665,121	943,266	1,127,309	(922,252)	(372,787)	1,606,902	1,375,005	1,835,740	4,284,762
Total Governmental Activities Net Assets	<u>\$ 21,339,315</u>	<u>\$ 21,296,402</u>	<u>\$ 19,432,143</u>	<u>\$ 1,856,295</u>	<u>\$ 6,698,159</u>	<u>\$ 8,648,199</u>	<u>\$ 9,306,016</u>	<u>\$ 10,121,168</u>	<u>\$ 12,450,290</u>
Business-type Activities:									
Invested in capital assets,									
Net of Related Debt	\$ 119,228	\$ 100,939	\$ 91,914	\$ 73,287	\$ 77,357	\$ 69,094	\$ 52,700	\$ 54,958	\$ 56,950
Unrestricted	88,198	127,453	170,798	179,670	225,616	323,954	407,256	737,189	951,881
Total Business-type Activities Net Assets	<u>\$ 207,426</u>	<u>\$ 228,392</u>	<u>\$ 262,712</u>	<u>\$ 252,957</u>	<u>\$ 302,973</u>	<u>\$ 393,048</u>	<u>\$ 459,956</u>	<u>\$ 792,147</u>	<u>\$ 1,008,831</u>
District-wide:									
Invested in capital assets,									
Net of Related Debt	\$ 20,314,639	\$ 19,490,553	\$ 17,667,032	\$ 84,332	\$ 2,646,372	\$ 2,881,242	\$ 5,049,079	\$ 4,559,681	\$ 4,323,301
Restricted	478,783	963,522	729,716	2,767,502	4,501,931	4,229,149	2,934,632	3,780,705	3,899,177
Unrestricted (deficit)	753,319	1,070,719	1,298,107	(742,582)	(147,171)	1,930,856	1,782,261	2,572,929	5,236,643
Total District Net Assets	<u>\$ 21,546,741</u>	<u>\$ 21,524,794</u>	<u>\$ 19,694,855</u>	<u>\$ 2,109,252</u>	<u>\$ 7,001,132</u>	<u>\$ 9,041,247</u>	<u>\$ 9,765,972</u>	<u>\$ 10,913,315</u>	<u>\$ 13,459,121</u>

Source: District CAFR A-1

This schedule was prepared with the implementation of GASB 44 and is prepared back to the implementation of GASB 34. Information prior to 2003 was not available. Additional years will be added until 10 are reached.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
Instruction:									
Regular	\$ 25,096,406	\$ 26,925,528	\$ 28,765,765	\$ 28,741,378	\$ 30,534,516	\$ 32,110,702	\$ 33,905,897	\$ 34,797,822	\$ 33,204,783
Special Education	5,467,155	6,259,900	7,746,670	8,975,858	10,102,520	11,336,917	11,539,915	13,146,006	12,209,009
Other Special Instruction				947,528	1,320,658	1,309,818	1,280,227	1,753,775	1,711,885
Other Instruction	2,225,638	2,360,657	2,468,799	1,537,578	1,416,919	1,711,342	1,963,708	1,668,722	1,669,936
Support Services:									
Tuition	1,590,499	1,802,592	1,910,583	2,029,238	2,199,570	2,362,867	2,303,699	2,680,778	3,109,736
Related Services	8,687,915	9,733,382	10,707,833	9,984,617	11,058,793	11,098,225	11,776,754	13,480,530	12,125,105
General Administration Services	996,442	910,478	1,041,458	983,963	1,113,947	1,088,805	1,101,854	1,078,925	986,457
School Administration Services	3,357,684	3,303,266	3,401,405	3,697,976	3,787,151	3,740,792	3,749,775	4,170,456	4,268,077
Central Services			721,843	637,512	678,965	626,904	641,946	692,996	706,896
Administrative Information Technology			374,101	423,631	551,973	504,806	669,800	754,135	772,235
Plant Operations and Maintenance	5,693,922	5,919,187	6,558,595	7,372,857	7,794,911	9,205,253	8,950,358	7,444,538	8,107,321
Pupil Transportation	3,127,991	3,579,070	3,591,818	3,686,570	4,012,105	4,212,269	5,049,825	4,112,652	4,972,228
Capital outlay						265,159			
Other Support Services	381,886	403,831							
Interest and other charges on Long-Term Debt	2,158,963	2,186,187	1,756,113	1,941,100	3,696,376	4,051,794	4,009,003	3,926,665	3,845,737
Total Governmental Activities Expenses	58,784,501	63,384,078	69,044,983	70,959,806	78,268,404	83,625,653	86,942,761	89,708,000	87,689,405
Business-type Activities:									
Food Service	1,198,956	1,281,619	1,471,187	1,703,726	1,788,270	1,972,075	1,962,215	1,911,960	1,944,455
After School Enrichment	70,509	108,436	135,192	163,693	148,688	216,126	210,271	258,311	204,180
Project Jump Start		3,996	33,112	63,326	50,325	52,215	76,115	91,640	82,501
Camp Bridge				10,096	20,611	43,783			
Before and After School Care			43,858	358,657	446,502	434,770	545,341	1,034,402	1,085,360
Total Business-type Activities Expense	1,269,465	1,394,051	1,683,349	2,299,498	2,454,396	2,718,969	2,793,942	3,296,313	3,316,496
Total District Expenses	\$ 60,053,966	\$ 64,778,129	\$ 70,728,332	\$ 73,259,304	\$ 80,722,800	\$ 86,344,622	\$ 89,736,703	\$ 93,004,313	\$ 91,005,901
Program Revenues									
Governmental Activities:									
Changes for Services:									
Instruction (Tuition)	\$ 254,468	\$ 316,600	\$ 305,283	\$ 499,848	\$ 860,467	\$ 502,434	\$ 748,296	\$ 691,186	\$ 1,020,789
Pupil Transportation	217,947	226,553	228,985	273,825	205,974	251,257	235,341	272,498	229,278
Operating Grants and Contributions	3,763,525	4,129,763	4,446,311	5,101,146	1,486,333	1,536,043	1,489,669	2,706,434	1,446,222
Capital Grants and Contributions							145,287	-	1,765
Total Governmental Activities Program Revenues	4,235,940	4,672,916	4,980,579	5,874,819	2,552,774	2,289,734	2,618,593	3,670,118	2,698,054
Business-type Activities:									
Charges for Services:									
Food Service	1,083,057	1,200,534	1,362,213	1,561,470	1,581,523	1,749,572	1,876,347	2,007,314	1,970,688
After School Enrichment	105,881	79,845	128,088	150,855	161,235	231,969	216,580	233,410	186,759
Project Jump Start		27,525	77,945	72,370	52,448	120,604	119,946	112,687	112,105
Camp Bridge			9,350	10,450	48,319	1,075			
Before and After School Care			48,836	359,065	483,347	534,432	648,639	1,155,211	1,128,752
Operating Grants and Contributions	66,929	93,844	91,237	135,533	123,447	131,197	118,668	119,882	134,876
Total Business-type Activities Program Revenues	1,255,867	1,401,748	1,717,669	2,289,743	2,450,319	2,768,849	2,980,180	3,628,504	3,533,180
Total District Program Revenues	\$ 5,491,807	\$ 6,074,664	\$ 6,698,248	\$ 8,164,562	\$ 5,003,093	\$ 5,058,583	\$ 5,598,773	\$ 7,298,622	\$ 6,231,234
Net (Expense) Revenue									
Governmental Activities	\$ (54,548,561)	\$ (58,711,162)	\$ (64,064,404)	\$ (65,084,987)	\$ (75,715,630)	\$ (81,335,919)	\$ (84,324,168)	\$ (86,037,882)	\$ (84,991,351)
Business-type Activities	(13,598)	7,697	34,320	(9,755)	(4,077)	49,880	186,238	332,191	216,684
Total District-wide Net Expense	\$ (54,562,159)	\$ (58,703,465)	\$ (64,030,084)	\$ (65,094,742)	\$ (75,719,707)	\$ (81,286,039)	\$ (84,137,930)	\$ (85,705,691)	\$ (84,774,667)

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied for General Purposes	\$ 46,138,805	\$ 49,846,708	\$ 54,373,909	\$ 58,065,146	\$ 61,313,765	\$ 63,779,923	\$ 66,837,438	\$ 70,156,926	\$ 72,910,723
Taxes Levied for Debt Service	3,388,024	3,444,720	3,104,825	3,361,148	5,661,267	5,461,181	5,243,925	5,500,706	5,591,242
Unrestricted Grants and Contributions	3,097,334	4,321,373	4,217,473	13,368,307	10,488,375	10,878,874	12,539,127	10,864,349	8,622,247
Investment Earnings	81,449	48,352	163,098	978,574	3,040,622	1,036,083	129,895	63,067	42,182
Miscellaneous Income	429,808	925,197	340,840	452,088	53,466	2,799,935	231,600	267,986	154,079
Transfers						(40,195)			
Prior Year Adjustment	(158,481)	81,899							
Total Governmental Activities	52,976,939	58,668,249	62,200,145	76,225,263	80,557,495	83,915,801	84,981,985	86,853,034	87,320,473
Business-type Activities:									
Miscellaneous Income	6,413	13,269			54,093				
Transfers						40,195			
Total Business-type Activities	6,413	13,269	-	-	54,093	40,195	-	-	-
Prior Period Restatement				(28,716,125)					
Total District-wide	\$ 52,983,352	\$ 58,681,518	\$ 62,200,145	\$ 47,509,138	\$ 80,611,588	\$ 83,955,996	\$ 84,981,985	\$ 86,853,034	\$ 87,320,473
Change in Net Assets									
Governmental Activities	\$ (1,571,622)	\$ (42,913)	\$ (1,864,259)	\$ (17,575,849)	\$ 4,841,865	\$ 2,579,882	\$ 657,817	\$ 815,152	\$ 2,329,122
Business-type Activities	(7,185)	20,966	34,320	(9,755)	50,016	90,075	186,238	332,191	216,684
Total District	\$ (1,578,807)	\$ (21,947)	\$ (1,829,939)	\$ (17,585,604)	\$ 4,891,881	\$ 2,669,957	\$ 844,055	\$ 1,147,343	\$ 2,545,806

Source: District CAFR A-2

This schedule was required with the implementation of GASB 44 and is prepared back to the implementation of GASB 34. Information prior to 2003 is not available. Additional years will be added until 10 are reached.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fund Balances - Governmental Funds
Last Nine Fiscal Years
 (Modified Accrual Basis of Accounting)
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Reserved	\$ 209,707	\$ 430,837	\$ 55,067	\$ 1,543,118	\$ 4,771,640	\$ 4,250,314	\$ 3,192,027	\$ 3,985,240	
Unreserved	1,647,904	1,970,220	2,207,652	1,529,902	1,538,095	3,947,427	3,156,914	3,265,329	
Restricted for									\$ 3,333,862
Assigned to									4,793,453
Unassigned									1,714,905
Total General Fund	<u>\$ 1,857,611</u>	<u>\$ 2,401,057</u>	<u>\$ 2,262,719</u>	<u>\$ 3,073,020</u>	<u>\$ 6,309,735</u>	<u>\$ 8,197,741</u>	<u>\$ 6,348,941</u>	<u>\$ 7,250,569</u>	<u>\$ 9,842,220</u>
All Other Governmental Funds:									
Reserved						\$ 2,839,671	\$ 4,000		
Unreserved, Reported In:									
Special Revenue Fund (deficit)	\$ (9,921)								
Capital Projects Fund ^a	220,967	\$ 503,805	\$ 664,696	\$ 51,014,766	\$ 24,207,584	237,506	563,549	\$ 563,549	
Debt Service Fund	58,030	28,880	9,953	1	1	1			
Restricted for									
Capital Projects Fund ^a									\$ 565,314
Debt Service Fund									1
Total All Other Governmental Funds	<u>\$ 269,076</u>	<u>\$ 532,685</u>	<u>\$ 674,649</u>	<u>\$ 51,014,767</u>	<u>\$ 24,207,585</u>	<u>\$ 3,077,178</u>	<u>\$ 567,549</u>	<u>\$ 563,549</u>	<u>\$ 565,315</u>

Source: District CAFR B-1

^a The substantial increases and decreases in the Capital Projects Fund fund balance are due to a construction bond referendum.

This schedule was required with the implementation of GASB 44 and is prepared back to the implementation of GASB 34. Additional years will be added until 10 are reached.

GASB # 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1.L. in the basic financial statements). Prior years have not been restated above.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
Unaudited

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax Levy	\$ 46,369,816	\$ 49,526,829	\$ 53,291,428	\$ 57,478,734	\$ 61,426,294	\$ 66,975,032	\$ 69,241,104	\$ 72,081,363	\$ 75,657,632	\$ 78,501,965
Tuition Charges	113,743	254,468	316,600	305,283	499,848	860,467	502,434	748,296	691,186	1,020,789
Interest Earnings	110,455	81,449	48,352	163,098	978,574	3,040,622	1,036,083	129,895	63,067	42,182
Miscellaneous	1,547,248	360,567	1,151,750	502,184	650,371	327,757	3,184,338	565,167	632,321	514,882
State Sources	6,275,503	6,081,770	7,607,853	7,708,853	17,534,132	10,723,172	11,131,142	12,931,937	11,093,362	8,862,302
Federal Sources	454,648	779,089	843,283	954,643	935,321	1,183,219	1,150,629	1,143,920	2,385,584	1,076,407
Total Revenues	54,871,413	57,084,172	63,259,266	67,112,795	82,024,540	83,110,269	86,245,730	87,600,578	90,523,152	90,018,527
Expenditures										
Instruction:										
Regular Instruction	17,371,942	19,080,694	20,380,535	21,423,665	22,032,344	22,365,402	23,763,583	25,112,992	24,835,229	24,070,737
Special Education Instruction	3,711,699	4,059,646	4,612,268	5,612,599	6,724,715	7,312,819	8,471,628	8,659,776	9,453,524	8,893,940
Other Special Instruction	868,418	834,574	822,701	718,794	708,573	943,809	926,385	931,147	1,221,772	1,217,099
School-sponsored/Other Instructional Support Services:										
Tuition	1,470,207	1,590,499	1,802,592	1,910,583	2,029,238	2,152,476	2,313,922	2,303,699	2,680,778	3,109,736
Student and Instruction Related Serv	6,139,819	6,748,142	7,514,171	8,035,678	7,732,169	8,359,544	8,351,266	9,326,920	10,470,913	9,259,142
General Administrative Services	670,594	813,938	713,961	709,897	882,112	969,360	942,838	977,098	926,229	832,971
School Administrative Services	2,272,225	2,444,895	2,541,161	2,512,091	2,802,219	2,723,995	2,659,460	2,835,015	3,011,454	3,137,486
Central Services										
Admin. Information Technology				721,843	514,769	561,064	508,263	501,705	516,161	532,298
Plant Operations and Maintenance	4,854,132	5,623,747	5,840,100	6,458,845	7,287,982	7,633,494	9,282,058	8,442,915	7,101,641	7,287,634
Pupil Transportation	2,727,726	3,125,953	3,579,070	3,591,818	3,685,264	3,926,203	4,125,016	4,946,968	3,976,834	4,784,527
Other Support Services	376,239	381,886	403,831							
Employee Benefits	5,762,833	7,407,591	8,664,459	10,133,043	11,555,745	14,905,089	15,277,194	15,312,735	17,421,783	15,868,492
Charter Schools										
Capital Outlay	3,565,094	1,224,916	1,170,714	680,616	4,709,789	18,108,798	28,075,456	4,270,907	315,596	860,359
Debt Service:										
Principal	1,267,639	1,392,639	1,297,638	1,367,639	1,430,000	1,500,000	1,655,000	2,155,000	1,940,000	2,075,000
Interest and Other Charges	2,399,621	2,158,963	2,186,187	1,756,113	1,941,100	4,112,475	3,843,411	4,127,629	3,927,852	3,843,040
Total Expenditures	54,270,315	57,769,543	62,534,110	67,177,098	75,597,663	97,092,540	111,947,936	91,959,007	89,625,524	87,634,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	601,098	(685,371)	725,156	(64,303)	6,426,877	(13,982,271)	(25,702,206)	(4,358,429)	897,628	2,384,337
Other Financing Sources (Uses)										
Proceeds from Borrowing					44,648,000		6,500,000			
Capital Leases (Non-budgeted)	148,278	287,188	71,944	67,929	75,542					209,080
Proceeds from Refunding	15,652,573		27,077,561			10,000,000				
Payments to Escrow Agent	(15,518,524)		(27,067,606)			(10,113,265)				
Premium on Bonds Refunded						64,473				
Prior Year Adjustment		(158,481)								
Transfers In	5,054	48,339	863,734	392,988	664,304	2,607,177	658,508	38,787	209	82
Transfers Out	(5,054)	(48,339)	(863,734)	(392,988)	(664,304)	(2,607,177)	(698,703)	(38,787)	(209)	(82)
Total Other Financing Sources (Uses)	282,327	128,707	81,899	67,929	44,723,542	(48,792)	6,459,805	-	-	209,080
Net Change in Fund Balances	\$ 883,425	\$ (556,664)	\$ 807,055	\$ 3,626	\$ 51,150,419	\$ (14,031,063)	\$ (19,242,401)	\$ (4,358,429)	\$ 897,628	\$ 2,593,417
Debt service as a percentage of noncapital expenditures	7.23%	6.28%	5.68%	4.70%	4.76%	7.11%	6.56%	7.16%	6.57%	6.82%

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.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Annual Totals</u>
2002	\$ 190,147			\$ 158,959	\$ 349,106
2003	217,947		\$ 17,988	102,218	338,153
2004	226,553		24,080	898,778	1,149,411
2005	228,985		47,221	225,690	501,896
2006	273,825		90,885	285,661	650,371
2007	205,974			53,466	259,440
2008	251,257		2,699,612	100,323	3,051,192
2009	235,341	\$ 76,557	49,366	196,785	558,049
2010	272,498	96,413	131,706	102,725	603,342
2011	229,278	69,618		84,461	383,357

Source: District Records

Note:

The significant increase in 2008 represents a refund of prior year expenditures from amounts overcharged by a vendor.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2002	\$ 44,196,000	\$ 3,892,480,600	\$ 16,603,300	\$ 485,940	\$ 731,310,200	\$ 6,020,500	\$ 6,139,800	\$ 4,697,236,340	\$ 8,148,543	\$ 4,705,384,883	\$ 4,446,060,278	\$ 1.017
2003	36,015,800	4,409,004,300	18,777,200	486,590	763,611,500	7,376,700	7,380,100	5,242,652,190	8,253,818	5,250,906,008	5,115,933,999	0.982
2004	24,071,700	4,484,126,800	15,606,600	486,040	763,549,195	7,020,500	7,380,100	5,302,240,935	7,657,412	5,309,898,347	5,452,589,814	1.034
2005	34,921,300	5,625,239,400	22,896,000	397,610	700,421,000	7,425,000	7,858,900	6,399,159,210	6,813,032	6,405,972,242	5,902,410,904	0.930
2006	29,299,400	6,195,479,100	23,636,500	344,100	752,979,125	7,620,900	8,283,200	7,017,642,325	6,813,032	7,024,455,357	6,479,272,097	0.915
2007	38,810,400	6,211,176,500	23,098,000	336,800	848,521,100	7,748,900	8,540,100	7,138,231,800	7,347,852	7,145,579,652	7,103,135,463	0.957
2008	45,096,900	6,186,564,700	22,422,300	312,600	864,983,780	8,168,700	9,399,600	7,136,948,580	8,309,100	7,145,257,680	7,260,742,618	0.992
2009	36,643,900	5,849,444,900	20,329,100	870,200	884,170,700	11,490,000	9,301,900	6,812,250,700	11,324,300	6,823,575,000	7,350,124,631	1.083
2010	33,184,300	5,524,809,100	23,254,300	354,700	816,560,311	11,184,000	8,205,800	6,417,552,511	10,219,966	6,427,772,477	7,195,297,724	1.199
2011	26,355,000	5,531,687,400	23,808,100	354,000	776,172,100	11,044,500	7,876,400	6,377,297,500	7,963,597	6,385,261,097	6,723,057,110	1.243

Source: Municipal Tax Assessor

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

^a Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment of Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Bernards Township	Somerset County	
2002	\$ 0.944	\$ 0.073	\$ 1.017	\$ 0.360	\$ 0.383	\$ 1.760
2003	0.915	0.067	0.982	0.343	0.375	1.700
2004	0.967	0.067	1.034	0.350	0.376	1.760
2005	0.880	0.050	0.930	0.303	0.317	1.550
2006	0.864	0.051	0.915	0.276	0.299	1.490
2007	0.878	0.079	0.957	0.268	0.305	1.530
2008	0.914	0.078	0.992	0.264	0.306	1.562
2009	1.004	0.079	1.083	0.274	0.319	1.676
2010	1.113	0.086	1.199	0.298	0.331	1.828
2011	1.154	0.089	1.243	0.306	0.333	1.882

Source: Municipal Tax Collector

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

	2011			2001		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total Direct Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total Direct Net Assessed Value</u>
Verizon Corporate Services Group, Inc.	\$ 207,311,500	1	3.23%			
Fellowship Village, Inc.	50,480,000	2	0.79%	\$ 32,832,700	4	0.77%
Avaya Inc./CB R. Ellis/German	39,150,000	3	0.61%	40,890,000	2	0.96%
AREP Westgate I&II	33,848,000	4	0.53%			
131 Morristown Rd. c/o UBS Realty Inv.	27,576,100	5	0.43%			
Ashford Basking Ridge LLP	24,675,000	6	0.38%			
BRCP NJ Prop LLC c/o Broadreach CAP	23,940,000	7	0.37%			
KBSII Mountainview LLC	22,739,000	8	0.35%			
Realty Assoc. Fund c/o Kwartler Assoc. 150 Allen Road, LLC	22,195,900	9	0.35%			
	22,001,700	10	0.34%			
AT&T				261,276,000	1	6.16%
OTR / Gale & Wentworthy LLC				35,783,500	3	0.84%
OP&F- Bernards 78 LLC / Grubb				31,176,700	5	0.74%
Conopco, Inc. NY Corp C/O AT&T				29,838,400	6	0.70%
ALLEN Center, LLC				27,722,600	7	0.65%
AT&T Property Tax Unit				21,250,000	8	0.50%
MC-SJP Pinson Development LLC				16,887,600	9	0.40%
Sciaretta Enterprises LLC				13,700,000	10	0.32%
Total	\$ 473,917,200		7.38%	\$ 511,357,500		12.06%

Source: Municipal Tax Assessor

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$46,369,816	\$46,369,816	100.00%	
2003	49,526,829	49,526,829	100.00%	
2004	53,291,428	53,291,428	100.00%	
2005	57,478,734	57,478,734	100.00%	
2006	61,426,294	61,426,294	100.00%	
2007	66,975,032	66,975,032	100.00%	
2008	69,241,104	69,241,104	100.00%	
2009	72,081,363	72,081,363	100.00%	
2010	75,657,632	75,657,632	100.00%	
2011	78,501,965	78,501,965	100.00%	

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

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

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities					Business - Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	School Facilities Loan	Capital Leases	Other Leases	Compensated Absences Payable	Purchase Agreement Payable			
2002	\$ 44,490,000	\$ 7,919	\$ 210,506		\$ 950,418		\$ 45,658,843	3.20%	\$ 55,888
2003	43,100,000	5,280	415,100		982,783		44,503,163	3.10%	56,812
2004	42,890,000	2,640	362,222		1,026,954		44,281,816	3.04%	59,932
2005	41,525,000		420,701	\$ 1,007,784	1,080,343		44,033,828	2.88%	62,248
2006	84,743,000		367,267	767,327	382,173		86,259,767	5.61%	67,455
2007	83,900,000		226,347	519,368	407,790		85,053,505	4.94%	71,564
2008	88,745,000		239,959	247,815	318,032		89,550,806	4.87%	73,197
2009	86,590,000		21,242		341,943	\$ 88,672	87,041,857	4.61%	69,385
2010	84,650,000		869		533,825	71,154	85,255,848	Not Available	Not Available
2011	82,575,000		178,670		589,377	52,758	83,395,805	Not Available	Not Available

Note: Details regarding the district's outstanding debt can be found in note 5 to the basic financial statements.

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

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Net General Bonded Debt Outstanding</u>		
2002	\$ 44,490,000	\$ 44,490,000	0.95%	\$ 55,888
2003	43,100,000	43,100,000	0.82%	56,812
2004	42,890,000	42,890,000	0.81%	59,932
2005	41,525,000	41,525,000	0.65%	62,248
2006	84,743,000	84,743,000	1.21%	67,455
2007	83,900,000	83,900,000	1.17%	71,564
2008	88,745,000	88,745,000	1.24%	73,197
2009	86,590,000	86,590,000	1.27%	69,385
2010	84,650,000	84,650,000	1.32%	Not Available
2011	82,575,000	82,575,000	1.28%	Not Available

Notes: Details regarding the District's outstanding debt can be found in note 5 to the basic financial statements.

^a See J-6 for property tax data.

^b Population data can be found in J-14.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Bernards Township	\$ 19,805,000	100.000%	\$ 19,805,000
Somerset County General Obligation Debt	117,463,640	11.300%	<u>13,273,391</u>
Subtotal, Overlapping Debt			33,078,391
Bernards School District Direct Debt			<u>82,575,000</u>
Total Direct and Overlapping Debt			<u><u>\$115,653,391</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Somerset County Board of Taxation.

Debt outstanding data provided by each governmental unit.

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

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

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2002	25,193	\$ 1,407,986,384	\$ 55,888	2.30%
2003	25,246	1,434,275,752	56,812	3.60%
2004	25,422	1,523,591,304	59,932	3.10%
2005	25,446	1,583,962,608	62,248	2.50%
2006	25,508	1,720,642,140	67,455	2.60%
2007	25,714	1,840,196,696	71,564	2.20%
2008	25,785	1,887,384,645	73,197	3.20%
2009	26,034	1,806,369,090	69,385	5.90%
2010	Not Available	Not Available	Not Available	5.90%
2011	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept. of Labor and Workforce Development.
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Principal Employers
Current Year and Nine Years Ago
Unaudited**

	2011	2002
<u>Employer</u>	<u>Employees</u>	<u>Employees</u>
	Percentage of Total Municipal Employment	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Teachers - General Fund	N/A	331.0	336.9	409.0	416.8	449.0	450.5	482.6	469.8	442.8
Classroom Aides - General Fund	N/A	18.0	5.0	50.0	83.0	92.8	100.5	116.5	123.0	96.5
Health Services	N/A	7.0	7.0	8.0	8.0	10.0	10.5	11.9	11.9	11.0
Related Services	N/A	6.0	8.0	11.0	10.0	8.0	9.0	12.0	11.6	11.6
Extraordinary Services	N/A	-	-	-	-	2.0	5.0	5.2	6.0	8.4
Guidance - Professional	N/A	16.0	15.0	17.0	18.0	18.2	19.2	22.0	20.2	19.2
Guidance - Support	N/A	6.0	4.0	4.0	5.0	5.0	5.2	7.0	6.0	8.0
Child Study Team	N/A	12.0	12.0	13.0	17.0	15.8	15.8	17.2	17.2	16.4
Child Study Team - Support	N/A	3.0	3.0	4.0	5.0	2.0	2.0	2.0	2.0	2.0
Supervisors and Other Professionals	N/A	7.0	4.0	4.0	5.0	4.5	4.5	4.6	4.0	3.5
Improvement of Instruction - Support	N/A	4.0	2.0	2.0	3.0	2.0	2.0	2.0	3.0	2.0
Media Services/Technology	N/A	10.0	12.0	7.0	6.0	15.0	14.0	14.0	13.0	10.0
Professional Development - Professionals	N/A	1.0	5.0	5.0	6.0	5.0	4.5	5.5	5.5	5.0
Professional Development - Support	N/A	2.0	4.0	4.0	3.0	4.0	4.8	6.0	6.0	5.0
General District Administrators	N/A	1.0	1.0	1.0	1.0	1.5	-	-	-	-
General Administration - Professional	N/A	-	1.0	-	-	-	1.5	1.5	1.5	1.5
General Administration - Support	N/A	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals/Assistant Professionals	N/A	14.0	14.0	15.0	15.0	17.0	16.0	16.0	17.0	17.0
School Administration - Support	N/A	15.0	16.5	17.0	19.0	19.0	18.0	19.0	18.0	19.0
Central Services - Administrators	N/A	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services - Support	N/A	-	-	4.0	5.0	6.6	2.5	5.6	5.6	4.6
Administration Information Technology Services	N/A	-	-	-	6.0	5.5	5.3	9.0	9.0	8.0
Support Staff - Special Revenue	N/A	-	-	-	-	7.6	1.8	3.0	3.0	3.0
Total		<u>454.0</u>	<u>451.4</u>	<u>577.0</u>	<u>633.8</u>	<u>692.5</u>	<u>694.6</u>	<u>764.6</u>	<u>755.3</u>	<u>696.5</u>

Source: District Records

N/A - Not Available

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	4,463	47,037,961	10,540	4.64%	479	13.1	13.1	10.3	4,499	4,330	7.22%	96.24%
2003	4,752	52,993,025	11,152	5.81%	475	13.1	13.1	10.3	4,741	4,568	5.38%	96.35%
2004	4,987	57,879,571	11,606	4.07%	481	10.5	10.5	10.2	4,998	4,805	5.42%	96.14%
2005	5,207	63,372,730	12,171	4.86%	526	10.8	10.8	9.8	5,199	4,990	4.02%	95.98%
2006	5,346	67,516,774	12,629	3.77%	511	10.7	10.4	10.8	5,307	5,111	2.08%	96.31%
2007	5,529	69,266,377	12,528	-0.80%	515	10.8	10.5	10.7	5,466	5,263	3.00%	96.29%
2008	5,519	70,425,155	12,760	1.86%	530	11.7	10.3	10.8	5,517	5,310	0.95%	96.25%
2009	5,640	81,405,471	14,434	13.11%	524	11.3	9.8	10.7	5,632	5,413	2.08%	96.11%
2010	5,725	83,442,076	14,575	0.98%	548	10.7	9.5	10.7	5,703	5,490	1.26%	96.27%
2011	5,671	80,855,788	14,258	-2.18%	443	10.8	10.0	11.0	5,665	5,444	-0.67%	96.10%

Source: District Records.

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay
- ^b Teaching staff includes only full-time equivalents of certificated staff.
- ^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years
Unaudited

<u>District Building</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	68,022	68,022
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	N/A	N/A	624	678	650	649	649	614	624	607
Liberty Corner Elementary School										
Square Feet	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,240	82,240
Capacity (students)	682	682	682	682	682	682	682	682	682	682
Enrollment	N/A	N/A	608	607	610	626	626	608	575	561
Mount Prospect Elementary School										
Square Feet	87,000	87,000	87,000	87,000	87,000	87,000	87,000	87,000	97,708	97,708
Capacity (students)	625	625	625	625	625	625	625	625	839	839
Enrollment	N/A	N/A	626	683	687	713	713	780	761	719
Oak Street Elementary School										
Square Feet	65,470	65,470	65,470	65,470	65,470	65,470	65,470	65,470	69,272	69,272
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	N/A	N/A	605	593	593	623	623	607	623	627
<u>Middle School:</u>										
William Anin Middle School										
Square Feet	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	162,713	162,713
Capacity (students)	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,471	1,471
Enrollment	N/A	N/A	1,193	1,222	1,260	1,277	1,277	1,348	1,399	1,433
<u>High School:</u>										
Ridge High School										
Square Feet	209,500	209,500	209,500	209,500	209,500	209,500	209,500	209,500	297,158	297,158
Capacity (students)	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,976	1,976
Enrollment	N/A	N/A	1,319	1,416	1,525	1,604	1,604	1,695	1,715	1,724
<u>Other:</u>										
Administration Building										
Square Feet	5,200	5,200	5,200	5,200	5,200	6,224	6,224	6,224	6,224	6,224

Number of Schools at June 30, 2011:

- Elementary = 4
- Middle School = 1
- Senior High School = 1
- Other = 1

Source: District Facilities Office

Note: Increases in square footage and capacity are the result of additions.

N/A - Not Available

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Required Maintenance
Last Ten Fiscal Years
Unaudited

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

*School Facilities	<u>Ridge H.S.</u>	<u>William Aninn M.S.</u>	<u>Cedar Hill E.S.</u>	<u>Liberty Corner E.S.</u>	<u>Mount Prospect E.S.</u>	<u>Oak Street E.S.</u>	<u>Total</u>
Project # (s)	SP201527, SP202749, <u>0350-050-05-100</u>	0350-055-04-1000, <u>0350-055-05-1000</u>	0350-070-02-1005, 0350-070-05-1000, <u>0350-070-05-2000</u>	0350-080-02-0816, 0350-080-04-1000, <u>0350-080-05-1000</u>		0350-060-03-0947, 0350-060-05-1000, <u>0350-060-05-2000</u>	
2002	\$ 425,137	\$ 292,640	\$ 118,739	\$ 162,548	\$ 195,806	\$ 129,424	\$ 1,324,294
2003	179,393	127,297	116,481	84,336	71,818	194,262	773,587
2004	534,585	201,084	148,685	154,402	141,114	172,527	1,352,397
2005	831,091	312,631	231,057	240,098	219,283	268,270	2,102,430
2006	237,971	89,517	66,160	68,748	62,789	76,815	602,000
2007	896,847	616,748	252,089	344,521	411,746	279,038	2,800,989
2008	2,224,072	637,354	230,235	299,848	374,319	330,047	4,095,875
2009	1,200,629	574,109	260,651	298,627	409,919	276,833	3,020,768
2010	660,922	361,897	151,291	182,914	217,317	154,070	1,728,411
2011	<u>660,846</u>	<u>361,855</u>	<u>151,273</u>	<u>182,892</u>	<u>217,291</u>	<u>154,053</u>	<u>1,728,210</u>
Total School Facilities	<u>\$ 7,851,493</u>	<u>\$ 3,575,132</u>	<u>\$ 1,726,661</u>	<u>\$ 2,018,934</u>	<u>\$ 2,321,402</u>	<u>\$ 2,035,339</u>	<u>\$ 19,528,961</u>

*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

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Insurance Schedule
June 30, 2011

School Package Policy - NJSBAIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$ 116,831,746	\$ 5,000
Electronic Data Processing	1,000,000	1,000
Boiler and Machinery	100,000,000	5,000
Crime	1,000,000	1,000
Comprehensive General Liability	11,000,000	
Automobile	11,000,000	1,000
Commercial Excess	included	
Workers' Compensation	2,000,000	
School Leaders Errors and Omissions	11,000,000	5,000
N.J. Cap Program - Fireman's Fund Insurance Co.	50,000,000	
Environmental Liability - NJSBAIG	1,000,000	10,000
Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	
Treasurer	400,000	

Source: Bernards Township Board of Education.



Single Audit Section



Independent Auditors' 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
Bernards Township School District
County of Somerset
Basking Ridge, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bernards Township School District, in the County of Somerset, New Jersey (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

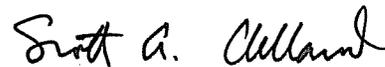
We noted certain matters involving internal control over financial reporting that we have reported to the District in a separate *Auditors' Management Report on Administrative Findings* dated October 11, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters of noncompliance that we have reported to the District in a separate *Auditors' Management Report on Administrative Findings* dated October 11, 2011.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

October 11, 2011
Iselin, New Jersey



Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04

Honorable President and
Members of the Board of Education
Bernards Township School District
County of Somerset
Basking Ridge, New Jersey

Compliance

We have audited the compliance of the Bernards Township School District, in the County of Somerset, New Jersey (the "District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and 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 program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

October 11, 2011
Iselin, New Jersey

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2011	Deferred/ Unearned Revenue June 30, 2011	Due to Grantor at June 30, 2011	
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title II - Part A	84.367	\$ 71,898	09/01/10 08/31/11	\$ (8,282)		\$ 45,855	\$ 65,582	\$ 25	\$ (19,702)			
Title II - Part A, Carryover	84.367	72,307	09/01/09 08/31/10			8,282						
Title II - Part A, Carryover	84.367	72,550	09/01/08 08/31/09			25		(25)				
Title III	84.365	15,376	09/01/10 08/31/11	(3,630)		3,840	15,032		(11,192)			
Title III, Carryover	84.365	6,921	09/01/09 08/31/10			3,364			(266)			
Title IV, Carryover	84.186A	8,158	09/01/08 08/31/09	(1,775)				1,775				
Title V, Carryover	84.298	6,900	09/01/07 08/31/08	5				(5)				
ARRA I.D.E.I.A., Part B, Basic	84.391	1,473,776	09/01/09 08/31/11	(102,901)		19,546			(77,955)			
I.D.E.I.A., Part B, Basic	84.027A	1,150,696	09/01/10 08/31/11			423,224	703,514	5,400	(280,290)			
I.D.E.I.A., Part B, Basic, Carryover	84.027A	1,124,170	09/01/09 08/31/10	(592,747)	\$ 2,457	846,545	266,940		(10,685)			
I.D.E.I.A., Part B, Basic, Carryover	84.027A	1,104,385	09/01/08 08/31/09	2,672	(1,032)		1,640					
I.D.E.I.A., Part B, Basic, Carryover	84.027A	1,105,407	09/01/07 08/31/08	1,425	(1,425)							
ARRA I.D.E.I.A., Preschool	84.392	53,346	09/01/09 08/31/11				660		(633)			
I.D.E.I.A., Part B, Preschool	84.173A	44,249	09/01/09 08/31/10	(822)	27	25,874	25,052					
I.D.E.I.A., Part B, Preschool, Carryover	84.173A	41,880	09/01/07 08/31/08	27	(27)							
I.D.E.I.A., Part B, Preschool, Carryover	84.173A	43,874	09/01/07 08/31/08									
Total Special Revenue Fund				(706,028)		1,376,555	1,078,420	7,170	(400,723)			
U.S. Department of Agriculture												
Passed-through State Department of Education												
Enterprise Fund:												
Food Donation Program (NC)	10.555	41,025	07/01/09 06/30/10				5,579					
Food Donation Program (NC)	10.555	43,938	07/01/10 06/30/11	5,579		41,814	38,359			\$ 3,455		
National School Lunch Program	10.555	72,036	07/01/09 06/30/10	(6,090)		6,090						
National School Lunch Program	10.555	81,031	07/01/10 06/30/11			64,820	81,031		(16,211)			
Total Enterprise Fund				(511)		112,724	124,969		(16,211)		3,455	
Total expenditures of Federal Awards				\$ (706,539)		\$ 1,489,279	\$ 1,203,389	\$ 7,170	\$ (416,934)		\$ 3,455	

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

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010			Carryover/ (Waiver) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO
			From	To	(Accounts Receivable)	Deferred Revenue	Due to Grantor						Deferred Revenue	Budgetary Receivable	
State Department of Education															
General Fund:															
Transportation Aid	10-495-034-5120-014	\$ 1,596,025	07/01/09	06/30/10	\$ (149,661)				\$ 149,661	\$ 847,891			\$ (65,429)	\$ 847,891	
Special Education Aid	11-495-034-5120-089	847,891	07/01/10	06/30/11					782,462						
Special Education Aid	10-495-034-5120-089	2,693,330	07/01/09	06/30/10	(252,557)				252,557						
Security Aid	10-495-034-5120-084	1,460,976	07/01/09	06/30/10	(41,351)				41,351						
Extraordinary Aid	10-495-034-5120-073	1,963,835	07/01/10	06/30/11						1,963,835				1,963,835	
Transportation Aid	10-100-034-5120-473	2,405,463	07/01/09	06/30/10	(2,285,463)				2,285,463						
Nonpublic School Transportation Costs	n/a	33,450	07/01/10	06/30/11						33,450				33,450	
Department of Children and Family Services	n/a	48,223	07/01/09	06/30/10	(48,223)				48,223						
Reimbursed TPAF Social Security Contrib	11-495-034-5095-002	2,611,131	07/01/10	06/30/11					2,482,076	1,718				1,718	
Reimbursed TPAF Social Security Contrib	10-495-034-5095-002	2,771,823	07/01/09	06/30/10	(135,351)				2,611,131	2,611,131				2,611,131	
Total General Fund					(2,813,576)				6,178,832	5,458,025			(65,429)	5,458,025	
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	11-100-034-5120-064	34,047	7/1/2010	6/30/2011					34,047	34,047			\$ 1,646	34,047	
Textbook Aid	10-100-034-5120-064	41,590	7/1/2009	6/30/2010					1,646						
Nursing Services	11-100-034-5120-070	40,343	7/1/2010	6/30/2011					40,343	40,343				40,343	
Auxiliary Services:															
English as a Second Language	10-100-034-5120-057	7,535	07/01/09	06/30/10		\$ 5,356			4,867	4,799	\$ 5,356			4,799	
Compensatory Education	11-100-034-5120-067	4,867	7/1/2010	6/30/2011							8,537			8,537	
Compensatory Education	10-100-034-5120-067	32,341	07/01/09	06/30/10					29,974	29,974				29,974	
Handicapped Services:															
Supplemental Instruction	10-100-034-5120-066	19,434	07/01/09	06/30/10		177					177				
Supplemental Instruction	11-100-034-5120-066	21,610	7/1/2010	6/30/2011					21,610	21,579				21,579	
Examination and Classification	10-100-034-5120-066	40,754	07/01/09	06/30/10		655			55,003	55,003				55,003	
Examination and Classification	11-100-034-5120-066	60,980	07/01/09	06/30/10		8,188					8,188				
Corrective Speech	11-100-034-5120-066	83,708	7/1/2010	6/30/2011					83,708	52,545			31,163	52,545	
Total Special Revenue Fund						22,913			271,198	238,250				238,250	
NJSEA Grants:															
Capital Projects Fund:															
Capital Projects Fund	0350-070-05-1000	56,878	07/01/04	Completion	(57,774)									57,774	
Capital Projects Fund	0350-060-05-1000	69,572	07/01/04	Completion	(57,774)									57,774	
Capital Projects Fund	0350-080-05-1000	78,026	07/01/04	Completion	(75,512)									75,512	
Capital Projects Fund	0350-080-04-1000	86,127	07/01/04	Completion	(84,550)									86,127	
Capital Projects Fund	0350-085-04-1000	101,559	07/01/04	Completion	(100,250)									101,559	
Capital Projects Fund	0350-080-05-2000	145,539	4/3/2007	Completion	(145,210)									145,210	
Total Capital Projects Fund					(521,070)				166,565					524,356	
Debt Service Fund:															
Debt Service Type II Aid	11-495-034-5120-017	317,074	07/01/10	06/30/11					317,074	317,074				317,074	
Total Debt Service Fund															
State Department of Agriculture															
Federal Food Program (State Sha	10-100-010-3350-023	9,659	07/01/09	06/30/10	(792)				782	9,907				9,907	
National School Lunch Program (State Sha	11-100-010-3350-023	9,907	07/01/10	06/30/11					7,771						
Total Enterprise Fund					(792)				8,563	9,907				9,907	
Total expenditures of State Financial Assistance					(3,054,430)				6,562,232	6,023,296			(65,429)	6,547,652	

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

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2011

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year Ended June 30, 2011

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$378,140 for the general fund and \$58,203 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$8,305,173	\$ 8,305,173
Special Revenue Fund	\$ 1,076,407	238,290	1,314,697
Capital Projects Fund		1,765	1,765
Debt Service Fund		317,074	317,074
Enterprise Food Service Fund	124,969	9,907	134,876
Total award revenues	<u>\$ 1,201,376</u>	<u>\$ 8,872,209</u>	<u>\$ 10,073,585</u>

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.

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2011

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2011.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2011 amounted to \$2,469,008. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 04-04 and are not reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Adjustments

The adjustments presented on exhibits K-3 and K-4 represent the cancellation of various prior year accounts receivable and encumbrances.

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u>	None Reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> X </u>	No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u>	No
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u>	None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u> </u> Yes	<u> X </u>	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 / 84.173	IDEIA Part B Basic, IDEIA Part B Basic and IDEIA Preschool Cluster

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2011

Part 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?

X Yes No

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

Unqualified

Internal control over major programs:

Material weakness(es) identified?

Yes X No

Significant deficiency(ies) identified?

Yes X No

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?

Yes X No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
100-034-5120-473	Extraordinary Aid

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2011

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Township of Bernards Board of Education

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2011

**Part III - Schedule of Federal and State Award Findings
and Questioned Costs**

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133 and New Jersey State Circular 04-04.

Township of Bernards Board of Education
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2011

Not Applicable