

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, 2016*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Prepared by

Business Office

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Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

Roderic B. McLaughlin, CPA
E-mail: mclaughlin@bernardsboe.com
Business Administrator/Board Secretary

Phone: 908-204-2600
Fax: 908-766-7641

November 4, 2016

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, 2016, 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, 2016, 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, and 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the 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 Audit Standards* and an 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 the Uniform Guidance and New Jersey Circular 15-08 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). All funds and the government-wide financial statements 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 2015/2016 fiscal year with an average daily enrollment of 5,635 students, which is 60 students less than the previous year's average daily enrollment. The following details the changes in average daily enrollment in the District over the last five years.

Average Daily Enrollment		
<u>Fiscal</u>	<u>Student</u>	<u>Percent</u>
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2015-16	5,635	(1.05)%
2014-15	5,695	(1.16)%
2013-14	5,762	1.14%
2012-13	5,697	0.21%
2011-12	5,685	0.39%

2. ECONOMIC CONDITIONS AND OUTLOOK:

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, especially when anticipating increases in health insurance costs and the need to replace aging technological hardware and as such the Bernards Township School District is working under conservative assumptions with respect to the economic outlook. The Board of Education has resolved to create and fund capital and maintenance reserves in an effort to support this philosophy and as a way to anticipate fluctuations in future revenues

Current demographic data suggest that total student enrollment is expected to remain flat with the exception of a decline in the early elementary grades. The current trend is for slight growth at the high school, offset by small decreases at the elementary level while the middle school remains level. The decline in enrollment is consistent with the end of residential development. The uncertain factor is the possibility of a turnover in home ownership from aging residents to potential new families. In the event that enrollment does in fact begin to decline at a significant rate, there may be an opportunity to reevaluate the collection and allocation of resources

The district has and continues to refund its outstanding serial bond debt as bonds become callable and market conditions permit. During the past four years the district has refunded or defeased by prepayment \$74,149,600 or 91% of serial bond debt outstanding as of July 1, 2012. The refundings have reduced the district’s debt levy by 10%. Since 2013 the district’s

bond rating has been upgraded twice. In January of 2015 the district's bond rating was upgraded to AAA. Among the factors cited by ratings agency as the basis for this upgrade were: the "strong financial performance and growth in reserves following five years of positive audited results with another operating surplus projected for 2015 and low overall net debt as a percent of market value..." That rating was upheld by the ratings agency in April of 2016 prior to the district's most recent bond refunding. Among the factors cited by the ratings agency as the basis for retention of the AAA rating were: "consistent budgetary performance with strong reserves and low overall net debt as percent of market value." The district is one of only (4) K-12 districts in the state with a AAA bond rating. The district continues to actively manage its outstanding debt through augmentation of reserves as part of its long-term debt management. In June of 2016 the district specifically designated \$800,000 in reserves for retirement of future debt.

3. MAJOR INITIATIVES:

Below outlines a summary of major district activities and agendas of the 2015-2016 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. Goals

The 2015-2016 Board of Education Goals included:

- 1) Each Board of Education Committee will establish a focus goal for the 2015-2016 school year and provide the full BOE with regular and comprehensive progress reports on the goal.
- 2) Understand the pros and cons of a variety of school bell and master schedules to maximize operational efficiencies and educational opportunities.

The Board of Education accomplished the first goal through the Board of Education Committees. Each committee developed a focus and reported out at the regular Board of Education meetings. For the second goal the Board of Education received two reports from the administration. The first report was related to master bell schedules at the schools that would allow for triple tier busing which had the potential to offer some operational efficiencies. The second report was related to a rotating drop schedule for Ridge High School – this schedule was hampered by the challenges that would be associated with serving lunches in the proposed format.

The District goals for the 2015-2016 school year included:

- 1) Utilize a comprehensive staff evaluation system which collects data to enhance instructional practices that support student learning and guide staff professional development.
- 2) Promote Professional Learning Communities where staff collaborate to design assessments that generate data to be utilized for the purpose of setting S.M.A.R.T (Specific, Measurable, Attainable, Realistic, and Timely) goals and *designing instruction to meet the needs of all learners.*
- 3) Increase the district’s ability to prepare students for college, career and 21st century success.

The district goals were also completed. Data from the staff evaluation system was used to provide focus to professional development courses in the staff college program. The district implemented additional training through four additional early dismissal days in grades PK-12 in order to facilitate professional development for staff on how to work effectively in a PLC. The district continued to train staff on Google Applications for Educators through its staff college program. In addition the district expanded its elementary gifted and talented program and secondary computer science programs to assist students in their preparation for 21st century success.

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2015-16 budget can be accessed on the District website. The District’s conservative approach to budgeting is reflected in this audit. Financing continues to be a burden due to the 2% tax levy cap and the inability of the State to fully fund the current formula.

The following compares our District’s 2015-2016 budgetary figures with the State Average for K-12 districts with enrollments greater than 3,501 students.

	Bernards Township	State Average
Classroom Instruction	\$9,022	\$9,040
Support Services	\$2,287	\$2,464
Administration	\$1,284	\$1,605
Extracurricular	\$316	\$307
Plant operations/maintenance	\$1,481	\$1,846
Total	\$14,390	15,296

District busing is administered by the Somerset County Educational Services Commission (SCESC). It is responsible for the management and daily operation of all transportation needs. This year there were over 100 routes servicing all regular, special education (including extended summer period), subscription and non-public students.

C. CURRICULUM

The District implemented new curriculum in the area of elementary gifted and talented programs, since the gifted and talented program is being walked up through the grades there are still two more years where the program will be expanding up through the primary grades. Elementary staff have been repurposed so that each elementary school has one staff member dedicated to gifted and talented programming for identified students. The district also expanded its computer science class programs during 2015-2016 and also planned for a major roll out of new Project Lead the Way STEM electives for September of 2016.

D. FACILITIES

The Business Administrator updated the Comprehensive Maintenance Plan incorporating the results of a Feasibility Study that was completed in 2011 by the Spiezle Architectural Group. Several of the major projects contained in the report were completed prior to 9-1-2016

- HVAC controls and Unit-ventilator replacements at Ridge High School, Cedar Hill Elementary School and Liberty Corner Elementary School
- Renovation of the high school fitness center
- Replacement of the high school turf field

Future major projects under consideration include:

- HVAC controls and Unit-ventilator replacements, the district has completed 5 of the secured 10 ROD grants to support this effort

E. POLICY

The district is vigilant in its policy and development efforts. The district works with Strauss Esmay in this regard. Regular policy alerts are received from Strauss Esmay and the district makes corresponding updates and changes to its policy manual in order to stay in compliance with current state statute and code. Continuing changes to the district policy manual were necessary in the 2015-2016 school year to accommodate graduation requirements associated with the Common Core Curriculum and the associated PARCC test.

F. HUMAN RESOURCES

Staffing remained largely stable during the 2015-2016 school year. The district did repurpose staff at the elementary level in correspondence to a decreased need for regular classroom teachers at the early primary grades where enrollment dipped.

In closing the Major Initiatives section of this letter, 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's 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 Board. 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 fund balance, assigned to other purposes at June 30, 2016.

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 government-wide presentation is also included. These funds and government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

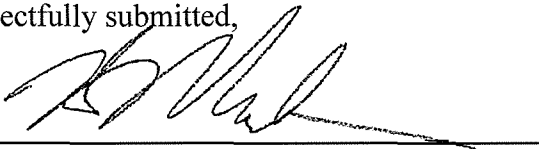
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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.

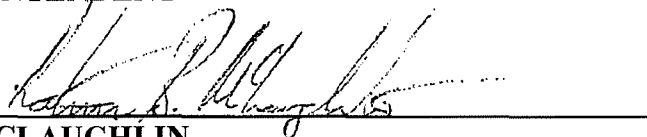
9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Wiss & Company, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and New Jersey State Treasury Circular Letter 15-08 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,

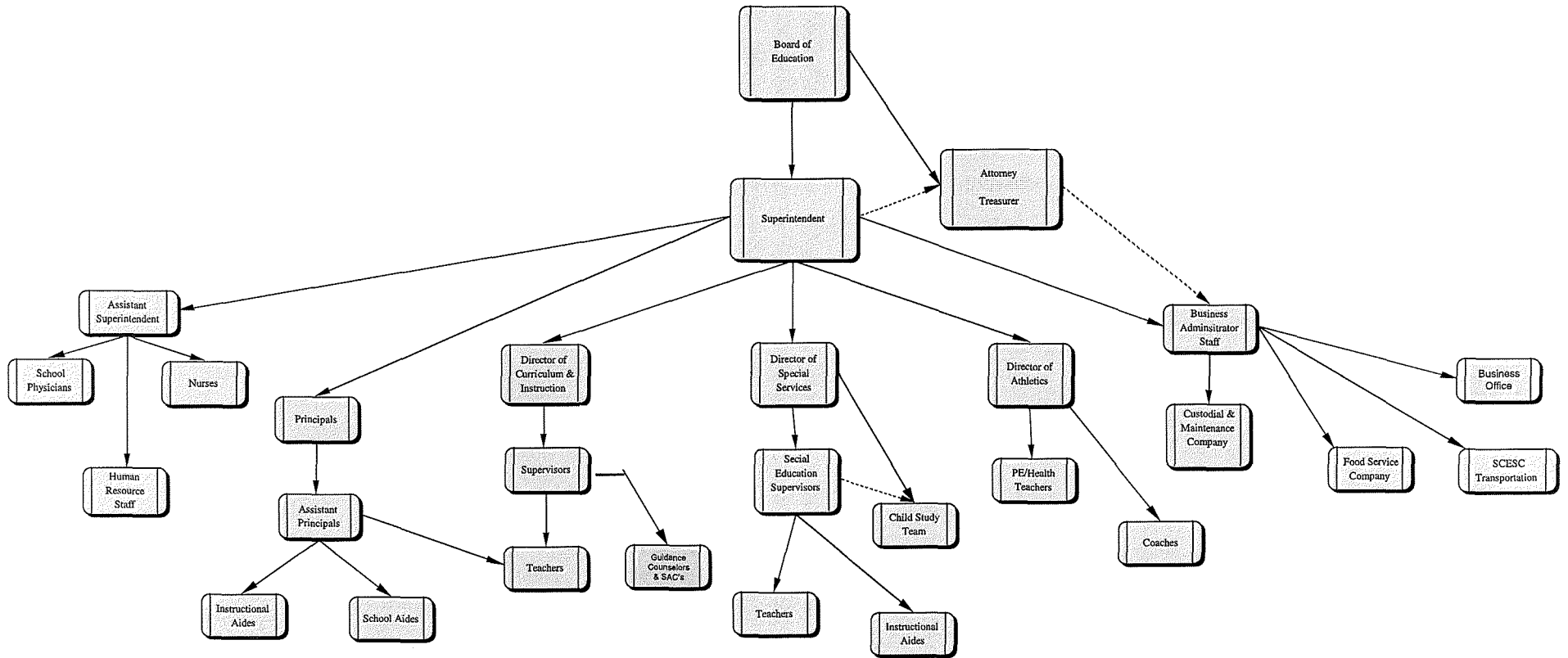


NICK MARKARIAN
SUPERINTENDENT



ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY

BERNARDS TOWNSHIP PUBLIC SCHOOLS
 ORGANIZATIONAL CHART
 JUNE 30, 2016



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2016

Members of the Board of Education

Term

Beverly Darvin Cwerner, President	2016-2018
Linda Wooldridge, Vice President	2015-2017
Michael Byrne	2014-2016
Rhonda Dunten	2016
John Fry	2015-2017
Karen Gray	2015-2016
Robin McKeon	2016-2018
Karen Richman	2016-2018
Priti Shah	2015-2017

Other Officials

Nick Markarian, Superintendent
Sean Siet, Assistant Superintendent
Roderic McLaughlin, School Business Administrator/ Board Secretary
Michael Petrizzo, Treasurer

Township of Bernards Board of Education
Basking Ridge, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss & Company, LLP
354 Eisenhower Parkway
Livingston, NJ 07039

Attorney

Adams, Gutierrez, & Lattiboudere, LLC
744 Broad Street, Suite 1600
Newark, NJ 07102

Official Depository

Wells Fargo
59 South Finley Avenue
Basking Ridge, NJ 07920

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bernards Township School District, County of Somerset, New Jersey (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

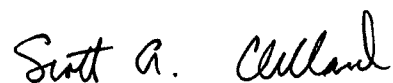
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 4, 2016
Livingston, 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, 2016 (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, 2016. 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) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required supplementary information, supplementary information and other information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-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 position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position 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 position of the District changed during the most recent fiscal year. All changes in net position 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 sick and vacation leave).

The government-wide financial statements can be found on pages 24-25 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 government-wide financial statements. However, unlike the government-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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 26-28 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 government-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 29-31 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 government-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 32-33 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 government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34-70 of this report.

Other information. The required supplementary information and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Required supplementary information and combining and individual fund statements and schedules can be found on pages 71-103 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,779,929 (net position) at the close of 2016.

Key financial highlights for the 2015-2016 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2016.
- The final approved extraordinary aid awarded to the District for 2015/2016 exceeded the amount budgeted for by the District by \$912,848.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$1,800,000 and emergency of \$300,000.
- The District issued \$8,680,000 of refunding bonds to provide resources to advance refund the remaining portion of the District's 2006 outstanding debt of \$9,830,000 and to realize savings on future interest costs.
- The District implemented GASB Nos. 68 and 71 during the 2015 fiscal year resulting in the recording of a net pension liability in the amount of \$25,392,348 and \$20,506,364 at June 30, 2016 and 2015, respectively. This resulted in the unrestricted net position being reduced during the year resulting in an unrestricted deficit at the government wide financial statements of \$20,748,365 and \$19,437,972 at June 30, 2016 and 2015, respectively.

The following table provides a summary of net position relating to the District's governmental and business-type activities as of June 30, 2016 and 2015:

Township of Bernards Board of Education
Net Position at June 30,
2016

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Assets:						
Current and other assets	\$ 21,476,519	\$1,586,877	\$ 23,063,396	\$ 30,748,335	\$1,354,617	\$ 32,102,952
Capital assets, net	82,813,183	132,771	82,945,954	82,043,452	61,521	82,104,973
Total assets	104,289,702	1,719,648	106,009,350	112,791,787	1,416,138	114,207,925
Deferred Outflows of Resources	9,081,888		9,081,888	6,330,257		6,330,257
Liabilities:						
Current liabilities	8,592,625	267,843	8,860,468	9,532,299	239,949	9,772,248
Net pension liability	25,392,348		25,392,348	20,506,364		20,506,364
Long-term liabilities outstanding	69,650,233		69,650,233	74,195,978		74,195,978
Total liabilities	103,635,206	267,843	103,903,049	104,234,641	239,949	104,474,590
Deferred Inflows of Resources	408,260		408,260	9,605,534		9,605,534
Net position:						
Net investment in Capital Assets	13,736,660	132,771	13,869,431	9,037,435	61,521	9,098,956
Restricted	16,339,829		16,339,829	15,682,406		15,682,406
Unrestricted (deficit)	(20,748,365)	1,319,034	(19,429,331)	(19,437,972)	1,114,668	(18,323,304)
Total net position	\$ 9,328,124	\$1,451,805	\$10,779,929	\$ 5,281,869	\$1,176,189	\$ 6,458,058

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

The balance of restricted net position consists of the excess surplus-current year of \$2,705,295, excess surplus-designated for subsequent year's expenditures of \$1,845,330, \$4,586,061 for a maintenance reserve, \$5,955,661 for a capital reserve, \$627,280 for emergency reserve and \$620,202 restricted for capital projects.

The decrease in current and other assets is mainly attributable to the decrease in cash that was the result of the District receiving the first fiscal year 2015/16 tax levy payment in June of the prior year, rather than subsequent to year end in July of the current year, while this did not happen during fiscal year 2016. This decrease in cash also resulted in the decrease in the deferred inflow of resources for the tax levy payment. The increase in capital assets, net is the result of current year additions exceeding the increase in depreciation expense in the current year. Additions comprised of additions to construction in progress related to various projects in the District that have not yet been completed as of year-end and thus have not been depreciated related to the HVAC Upgrades and Unit Ventilator Replacements. The increase in the net pension liability is the result of the actuarial valuation of the PERS pension liability done for the fiscal year. The decrease in long-term liabilities is mainly the result of the pay down and refinancing of prior year bonds outstanding and payment of compensated absences for retired employees. The increase in restricted net position is mainly attributable to the District generating excess surplus in the current year, as well as approving transfers to the capital and emergency reserves in the current year.

The total net position of the District increased \$4,321,871 which was due to the increase in revenues and generated excess surplus, as well as increased capital assets, offset by the increase in the net pension liability.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2016 and 2015 are as follows:

Township of Bernards Board of Education						
Changes in Net Position, Year ended June 30,						
2016			2015			
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,607,951	\$ 3,846,549	\$ 5,454,500	\$ 1,624,798	\$ 3,651,111	\$ 5,275,909
Operating grants and contributions	1,784,900		1,784,900	1,763,391	120,253	1,883,644
Capital grants and contributions	886,147	79,707	965,854	393,512		393,512
General revenues:						
Property taxes	85,717,892		85,717,892	84,005,871		84,005,871
Federal and State aid not restricted to specific purposes	27,345,345		15,794,791	23,047,087		23,047,087
Investment income	8,413		8,413	8,333		8,333
Miscellaneous	736,630		736,630	735,725		735,725
Total revenues	118,087,278	3,926,256	122,013,534	111,578,717	3,771,364	106,564,262
Expenses:						
Instructional services	72,223,377		72,223,377	68,885,507		68,885,507
Support services	38,914,478		38,914,478	36,324,935		36,324,935
Interest and other charges on Long term debt	2,903,168		2,903,168	2,720,395		2,720,395
Business-type activities		3,650,640	3,650,640		3,699,173	3,699,173
Total expenses	114,041,023	3,650,640	117,691,663	107,930,837	3,699,173	111,630,010
Changes in net position	4,046,255	275,616	4,321,871	3,647,880	72,191	3,720,071
Net position – beginning of year						
	5,281,869	1,176,189	6,458,058	22,456,879	1,103,998	23,560,877
Restatement						
				(20,822,890)		(20,822,890)
Net position – beginning of year (as restated)						
	5,281,869	1,176,189	6,458,058	1,633,989	1,103,998	2,737,987
Net position – end of year						
	\$ 9,328,124	\$ 1,451,805	\$ 10,779,929	\$ 5,281,869	\$ 1,176,189	\$ 6,458,058

The increase in governmental activities revenues of approximately \$6.5 million is mainly the result of the increase in the federal and state aid increase in the TPAF pension contributions made by the State of New Jersey by approximately \$3 million. There was also an increase in operating grants and contributions pertaining to SDA funding for previously approved projects throughout the District which have been well underway during fiscal year 2015/16.

The increase in instructional services expenses is mainly the result of the District receiving increases in some state aids awarded to the District (Extraordinary Aid, PARCC Readiness, Per Pupil Growth Aid, and Transportation Aid), allowing the District to re-reinstate certain positions and programs that they were forced to eliminate in the prior years due to budgetary cuts implemented during the previous years as well as the reallocation of prior year special education

expenditures previously paid through use of operating grants and contributions into normal budget operations. The decrease in interest and other charges is mainly the result of the District's decision to refund bonds over the past several years, thus reducing interest rates and current principal payments.

Business-type revenues increased 4.7% and expenses decreased from the prior year by approximately 1.3%. The increase in revenues pertained to increased enrollment in the Before and After School Care and the Project Jump Start programs, as well as a capital contribution from Aramark in the current year. The decrease in expenses pertained to small decreases within the food service expenses compared to the prior year. The remainder of the 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 fund balance is divided into three separate components, restricted, assigned and unassigned as required by GASB.

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, 2016, and the increases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase from 2015	Percent of Increase
Local sources	\$ 88,220,210	83.5%	\$ 1,583,648	1.8%
State sources	16,001,164	15.1	1,515,870	10.5
Federal sources	1,428,770	1.4	107,955	8.2
Total	\$105,650,144	100.0 %	\$ 3,207,473	3.1%

The increase in local sources from the prior year was the result of an increase in the taxes levied during the annual budget process to offset the increase in budgeted appropriations.

The increase in state sources is mainly the result of approximately \$1.4 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2015/2016 compared to the prior year. The increase pertained to an increase in the Extraordinary Aid in the current year.

The increase in federal sources is attributable to the District expending increased IDEA program funds on special education tuition during the current year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt

Service Fund expenditures for the year ended June 30, 2016 and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 43,547,651	42.0 %	\$ 425,976	1.0 %
Undistributed	53,233,177	51.3	2,842,294	5.6
Capital outlay	447,875	0.4	(1,546,373)	(77.5)
Charter School	20,687	0.0	98	0.5
Debt service:				
Principal	3,784,600	3.6	1,034,600	37.6
Interest and other charges	2,764,108	2.7	(178,837)	(6.1)
Total	\$103,798,098	100.0 %	\$ 2,577,758	2.5%

The increase in instruction and undistributed expenditures is due to salary increases and related benefits and other costs associated with providing a thorough and efficient education to the students. The decrease in capital outlay expenditures is mainly attributable to timing of funds expended for capital purposes, such as the prior year completion of the renovation of labs at William Annin Middle School, parking lot improvements at Liberty Corner School and driveway improvements at Ridge High School, of which did not recur in the current year. The increase in principal payments is 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 and debt refunding, which included an accelerated payment of \$999,600. The decrease in interest and other charges is attributed to the increase in principal payments as bonds are paid down, resulting in decreased interest expenditures and the refunding of debt. The remaining expenditures were comparable to the prior year.

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, 2016, and the increases and decreases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Local sources	\$ 3,926,256	100.00%	\$ 275,145	7.5%
State sources			(6,548)	(100.0)
Federal sources			(113,705)	(100.0)
Total	\$ 3,926,256	100.0 %	\$ 175,080	4.6%

Local revenues have increased from the prior year due to a capital contribution from the District's food service management company, as well as a contractual guarantee that the company was required to meet. The decrease in revenues from state and federal sources is due to the District withdrawing from the Federal and State Child Nutrition Program in the current year.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2016, and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	(Decrease) Increase from 2015	Percent of (Decrease) Increase
Salaries	\$ 2,344,519	64.2 %	\$ (45,768)	(1.9) %
General insurance	140,970	3.7	(14,829)	(9.5)
Other purchased services	22,472	0.6	(109,590)	(83.0)
Supplies and materials	169,240	4.6	(8,186)	(4.6)
Depreciation	21,457	0.6	7,079	49.2
Cost of sales	710,071	19.5	24,232	3.5
Management fee	153,493	4.3	114,578	294.4
Miscellaneous expenses	88,418	2.5	(16,049)	(15.4)
Total	\$ 3,650,640	100.0 %	\$ (48,533)	(1.3)%

The decrease in other purchased services is the result of the District going out for bid on the food service contract for fiscal year 2016, and as a result Aramark provided a larger guarantee and eliminated certain expenses from the contract specifically the administrative expense which was approximately \$95,000 in fiscal year 2015. The increase in depreciation was the result of several new asset additions in the current year incurring depreciation, where the prior year had several fully depreciated assets on the books. The management fee has increased from the prior year as the management fee was calculated on a per meal rate, which increased from the prior year. The decrease in miscellaneous expenses was due to one-time expenses incurred in the prior year, not required during the 2016 fiscal year, including equipment repairs and maintenance, instead there was an increase in capital assets. The remaining expenses were comparable to the prior year.

Capital Assets

Capital Assets. At June 30, 2016, the District's governmental activities had capital assets of \$82,813,183 (net of accumulated depreciation), including land, construction in progress, 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, 2016 and 2015:

	June 30	
	2015	2015
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	988,708	1,177,487
Buildings and building improvements	75,572,209	74,516,901
Machinery, equipment and vehicles	974,866	1,071,664
Total capital assets, net	<u>\$ 82,813,183</u>	<u>\$ 82,043,452</u>

The increase in capital assets is mainly due to the capital asset additions in the current year exceeding current year depreciation expense. Construction in progress at June 30, 2015 related to the HVAC and unit ventilator upgrade projects at Ridge High School and Cedar Hill Elementary, as well as the Turf Field and Wellness Center. Construction in progress increased during the year ended June 30, 2016 due to preliminary architectural costs associated with security projects at the elementary schools and the HVAC and unit ventilator upgrade projects at Oak Street. Business-type activity capital assets, net of accumulated depreciation were \$132,771 and \$61,521 at June 30, 2016 and 2015, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2016 and 2015, the District's governmental activity long-term liabilities consisted of:

	June 30	
	2016	2015
Bonds payable, including unamortized bond premium	\$ 72,322,515	\$ 76,383,550
Obligations under capital leases	777,482	1,242,640
Net pension liability	25,392,348	20,506,364
Compensated absences payable	526,599	482,998
Total long-term liabilities	<u>\$ 99,018,944</u>	<u>\$ 98,615,552</u>

During the 2016 fiscal year, the District issued \$8,680,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt resulting in a total reduction of the District's required debt service obligations over the next fifteen years of \$3,383,586.

Additional information on the District's 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:

- Regular education instruction – an increase of \$306,744, Special education instruction – Cognitive Moderate – an increase of \$474,915, Special education instruction – Behavioral Disabilities – an increase of \$518,520, Special education instruction – Autism – a decrease of \$1,162,344 and Resource Room – a decrease of \$258,110 are the result of additional students enrolled in the Special Education programs than were originally anticipated caused by new students entering the District and the movement of students from various other programs, specifically autism and resource room. A decrease of \$216,536 in Undistributed Instruction – Other Support Services – Speech, OT and Related Services – as a result of decreased students enrolled in the programs and movement to various other programs mentioned above.
- Undistributed Expenditures –School Administration – an increase of \$276,587, Custodial Services – a decrease of \$280,493 are the result of the need for increased funds for principal salary increases, while custodial services decreased, as the prior year expenditures included one-time costs for certain maintenance. These expenses were not required in the current year. Additionally, the District was very conservative in budgeting for electricity, with the unknown of energy savings to be realized due to hiring Energy for America to monitor the electricity use across the schools.
- Unallocated benefits decreased by \$452,529 mainly due to a lower rate increase than was expected at the time the budget was approved.

Economic Factors and Next Year's Budget

- The District budgeted \$2,705,295 of its 2016 unassigned fund balance to partially fund 2016/2017 operations, an increase of \$646,985 from the prior year.
- The 2016/2017 tax levy was increased in accordance with state regulations.

All of these factors were considered in preparing the District's budget for the 2016/2017 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, Superintendent of Schools or Mr. Roderic McLaughlin, School Business Administrator/Board Secretary at Township of Bernards Board of Education, 101 Peachtree Road, Basking Ridge, NJ 07920 or email at rmclaughlin@bernardsboe.com.

Basic Financial Statements

Government-wide Financial Statements

The government-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, 2016.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,662,040	\$ 1,429,070	\$ 8,091,110
Receivables, Net	3,618,060	142,024	3,760,084
Inventories		15,783	15,783
Restricted assets:			
Cash and Cash Equivalents	11,169,002		11,169,002
Cash Held with Fiscal Agents	27,417		27,417
Capital Assets, Non-Depreciable	6,454,887		6,454,887
Capital Assets, Depreciable, Net	76,358,296	132,771	76,491,067
Total Assets	<u>104,289,702</u>	<u>1,719,648</u>	<u>106,009,350</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	4,023,474		4,023,474
Pension Deferrals	5,058,414		5,058,414
Total Deferred Outflows of Resources	<u>9,081,888</u>		<u>9,081,888</u>
LIABILITIES			
Accounts Payable	3,097,544	167,081	3,264,625
Accrued Interest Payable	1,119,797		1,119,797
Payable to State Government	56,396		56,396
Unearned Revenue	342,525	100,762	443,287
Net Pension Liability	25,392,348		25,392,348
Noncurrent Liabilities:			
Due Within One Year	3,976,363		3,976,363
Due Beyond One Year	69,650,233		69,650,233
Total Liabilities	<u>103,635,206</u>	<u>267,843</u>	<u>103,903,049</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	408,260		408,260
Total Deferred Inflows of Resources	<u>408,260</u>		<u>408,260</u>
NET POSITION			
Net Investment in Capital Assets	13,736,660	132,771	13,869,431
Restricted For:			
Capital Projects	620,202		620,202
Other Purposes	15,719,627		15,719,627
Unrestricted (deficit)	<u>(20,748,365)</u>	<u>1,319,034</u>	<u>(19,429,331)</u>
Total Net Position	<u>\$ 9,328,124</u>	<u>\$ 1,451,805</u>	<u>\$ 10,779,929</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 47,134,891	\$ 1,370,663	\$ 343,606		\$ (45,420,622)		\$ (45,420,622)
Special Education	20,646,861		1,271,851		(19,375,010)		(19,375,010)
Other Special	2,331,613				(2,331,613)		(2,331,613)
Other Instructional Programs	2,110,012				(2,110,012)		(2,110,012)
Support Services:							
Tuition	2,176,329				(2,176,329)		(2,176,329)
Student and Instruction Related Services	15,653,548		169,443		(15,484,105)		(15,484,105)
General Administrative Services	1,224,933				(1,224,933)		(1,224,933)
School Administrative Services	5,761,590				(5,761,590)		(5,761,590)
Central Administrative Services	955,062				(955,062)		(955,062)
Administrative Information Technology	888,132				(888,132)		(888,132)
Plant Operations and Maintenance	6,748,671			\$ 886,147	(5,862,524)		(5,862,524)
Pupil Transportation	5,506,213	237,288			(5,268,925)		(5,268,925)
Interest and Other Charges on Long-Term Debt	2,903,168				(2,903,168)		(2,903,168)
Total Governmental Activities	114,041,023	1,607,951	1,784,900	886,147	(109,762,025)		(109,762,025)
Business-type Activities:							
Food Service	2,178,252	2,372,148		79,707		\$ 273,603	273,603
After School Enrichment	115,744	123,030				7,286	7,286
Project Jump Start	90,703	86,250				(4,453)	(4,453)
Before and After School Care	1,265,941	1,265,121				(820)	(820)
Total Business-type Activities	3,650,640	3,846,549		79,707		275,616	275,616
Total Primary Government	\$ 117,691,663	\$ 5,454,500	\$ 1,784,900	\$ 965,854	(109,762,025)	275,616	(109,486,409)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					80,499,329		80,499,329
Property Taxes, Levied for Debt Service					5,218,563		5,218,563
State Aid Not Restricted					27,345,345		27,345,345
Interest on Investments					8,413		8,413
Miscellaneous					736,630		736,630
Total General Revenues					113,808,280	-	113,808,280
Changes in Net Position					4,046,255	275,616	4,321,871
Net Position - Beginning					5,281,869	1,176,189	6,458,058
Net Position - Ending					\$ 9,328,124	\$ 1,451,805	\$ 10,779,929

See accompanying notes to the basic financial statements .

Fund Financial Statements

Governmental Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 4,687,870	\$ 438,957	\$ 1,535,213		\$ 6,662,040
Intergovernmental Receivable - State	2,679,723		448,764		3,128,487
Intergovernmental Receivable - Federal		346,511			346,511
Intergovernmental Receivable - Local	47,355	3,767			51,122
Interfund Receivable	1,188,568				1,188,568
Other Accounts Receivable	88,581				88,581
Restricted assets:					
Cash and Cash Equivalents	11,169,002				11,169,002
Cash Held With Fiscal Agents			27,417		27,417
Total Assets	\$ 19,861,099	\$ 789,235	\$ 2,011,394	\$ -	\$ 22,661,728
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,247,276	\$ 104,603	\$ 665,880		\$ 2,017,759
Interfund Payable		459,897	725,312		1,185,209
Payable to State Government		56,396			56,396
Unearned Revenue	174,186	168,339			342,525
Total Liabilities	1,421,462	789,235	1,391,192		3,601,889
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	2,705,295				2,705,295
Excess Surplus - Designated for Subsequent Year's Expenditures	1,845,330				1,845,330
Capital Reserve	5,955,661				5,955,661
Emergency Reserve	627,280				627,280
Maintenance Reserve	4,586,061				4,586,061
Capital Projects			620,202		620,202
Assigned to:					
Designated for Subsequent Year's Expenditures	288,198				288,198
Other Purposes	27,271				27,271
Unassigned Reported In:					
General Fund	2,404,541				2,404,541
Total Fund Balances	18,439,637	-	620,202	-	19,059,839
Total Liabilities and Fund Balances	\$ 19,861,099	\$ 789,235	\$ 2,011,394	\$ -	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$119,711,152 and the accumulated depreciation is \$36,897,969 (See Note 4).	82,813,183
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.	(1,119,797)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	4,023,474
Long-term liabilities, including bonds payable and related unamortized premiums, 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).	(73,626,596)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	4,650,154
Accrued pension contributions for the June 30, 2016 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,079,785)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(25,392,348)
Net Position of Governmental Activities	\$ 9,328,124

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 80,499,329			\$ 5,218,563	\$ 85,717,892
Tuition from Other LEA's	1,338,638				1,338,638
Tuition from Individuals	32,025				32,025
Transportation Fees from Individuals	237,288				237,288
Interest Revenue	7,980		\$ 433		8,413
Miscellaneous	736,630	\$ 149,757			886,387
Total - Local Sources	82,851,890	149,757	433	5,218,563	88,220,643
State Sources	15,500,315	206,373	886,147	294,476	16,887,311
Federal Sources		1,428,770			1,428,770
Total Revenues	98,352,205	1,784,900	886,580	5,513,039	106,536,724
EXPENDITURES					
Current:					
Regular Instruction	27,215,376	343,606			27,558,982
Special Education Instruction	11,895,974	1,271,851			13,167,825
Other Special Instruction	1,306,749				1,306,749
Other Instructional Programs	1,514,095				1,514,095
Support Services:					
Tuition	2,155,642				2,155,642
Student and Instruction Related Services	10,461,747	152,309			10,614,056
General Administrative Services	963,463				963,463
School Administrative Services	3,558,390				3,558,390
Central Administrative Services	675,431				675,431
Administrative Information Technology	661,173				661,173
Plant Operations and Maintenance	6,400,037				6,400,037
Pupil Transportation	5,328,761				5,328,761
Unallocated Benefits	13,116,073				13,116,073
On-behalf TPAF FICA and Pension	9,647,245				9,647,245
Debt Service:					
Principal				3,784,600	3,784,600
Interest				2,764,108	2,764,108
Cost of Issuance				112,906	112,906
Charter School	20,687				20,687
Capital Outlay	430,741	17,134	2,862,346		3,310,221
Total Expenditures	95,351,584	1,784,900	2,862,346	6,661,614	106,660,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000,621	-	(1,975,766)	(1,148,575)	(123,720)
OTHER FINANCING SOURCES (USES)					
Payment to Refunding Bond Escrow Agent				(9,037,678)	(9,037,678)
Refunding Bonds Issued				8,680,000	8,680,000
Premium on Refunding Bonds Issued				470,584	470,584
Capital Leases (non-budgeted)	51,375				51,375
Transfers In	268,738		1,199,905	999,600	2,468,243
Transfers Out	(2,199,505)		(268,738)		(2,468,243)
Total Other Financing Sources (Uses)	(1,879,392)	-	931,167	1,112,506	164,281
Net Change in Fund Balances	1,121,229	-	(1,044,599)	(36,069)	40,561
Fund Balance - July 1	17,318,408		1,664,801	36,069	19,019,278
Fund Balance - June 30	\$ 18,439,637	\$ -	\$ 620,202	\$ -	\$ 19,059,839

The reconciliation of the fund balances of governmental funds to the net position 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, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	40,561
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions expense exceeded depreciation in the period</p>		
Depreciation Expense	\$ (2,389,302)	
Capital Asset Additions	<u>3,159,033</u>	769,731
<p>The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.</p>		
Refunding Bonds Issued	(8,680,000)	
Bonds refunded	<u>8,830,400</u>	150,400
<p>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 position and is not reported in the statement of activities.</p>		
Serial Bonds Payable	3,784,600	
Obligations Under Capital Leases	<u>516,533</u>	4,301,133
<p>Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.</p>		
Premium on Bond Issuance	(470,584)	
Amortization of Premium on Bonds	596,619	
Deferred Interest Costs on Bond Refunding	207,278	
Amortization of Deferred Interest Costs	<u>(803,977)</u>	(470,664)
<p>Proceeds from lease purchase payables and capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; lease purchase payables and capital leases increase long-term liabilities in the statement of net assets.</p>		
Obligations Under Capital Leases	<u>(51,375)</u>	(51,375)
<p>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.</p>		
		181,204
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (sick and vacation) 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(43,601)
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Pension expense		<u>(831,134)</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>4,046,255</u></u>

Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2016

	Major Funds				Totals
	Business-type Activities - Enterprise Funds			Before and After School Care	
	Food Service	After School Enrichment	Project Jump Start		
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 776,675	\$ 76,889	\$ 270,005	\$ 305,501	\$ 1,429,070
Other Accounts Receivable	142,024				142,024
Inventories	15,783				15,783
Total Current Assets	934,482	76,889	270,005	305,501	1,586,877
Noncurrent Assets:					
Capital Assets:					
Furniture, Machinery and Equipment	387,725				387,725
Less: Accumulated Depreciation	(254,954)				(254,954)
Total Capital Assets, net	132,771	-	-	-	132,771
Total Assets	1,067,253	76,889	270,005	305,501	1,719,648
LIABILITIES					
Current Liabilities:					
Accounts Payable	160,469		1,429	5,183	167,081
Unearned Revenue		14,312	86,450		100,762
Total Current Liabilities	160,469	14,312	87,879	5,183	267,843
Total Liabilities	160,469	14,312	87,879	5,183	267,843
NET POSITION					
Net Investment in Capital Assets	132,771				132,771
Unrestricted	774,013	62,577	182,126	300,318	1,319,034
Total Net Position	\$ 906,784	\$ 62,577	\$ 182,126	\$ 300,318	\$ 1,451,805

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	Major Funds				Totals
	Business-type Activities - Enterprise Funds			Before and After School Care	
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
Operating Revenues:					
Charges for Services:					
Daily Sales	\$ 2,140,500				\$ 2,140,500
Tuition and fees		\$ 123,030	\$ 86,250	\$ 1,265,121	1,474,401
Miscellaneous	231,648				231,648
Total Operating Revenues	2,372,148	123,030	86,250	1,265,121	3,846,549
Operating Expenses:					
Salaries	1,056,911	105,032	67,040	1,115,536	2,344,519
Employee Benefits	58,294	8,035	5,128	69,513	140,970
Other Purchased Services	5,366		17,106		22,472
Supplies and Materials	84,242	2,677	1,429	80,892	169,240
Depreciation	21,457				21,457
Cost of Sales	710,071				710,071
Management Fee	153,493				153,493
Miscellaneous	88,418				88,418
Total Operating Expenses	2,178,252	115,744	90,703	1,265,941	3,650,640
Income (Loss) Before Contributions	193,896	7,286	(4,453)	(820)	195,909
Capital Contributions	79,707				79,707
Change in Net Position	273,603	7,286	(4,453)	(820)	275,616
Total Net Position - Beginning	633,181	55,291	186,579	301,138	1,176,189
Total Net Position - Ending	\$ 906,784	\$ 62,577	\$ 182,126	\$ 300,318	\$ 1,451,805

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	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	\$ 2,236,851	\$ 126,422	\$ 83,688	\$ 1,265,121	\$ 3,712,082
Payments to employees	(1,056,911)	(105,032)	(67,040)	(1,115,536)	(2,344,519)
Payments for general insurance	(58,294)	(8,035)	(5,128)	(69,513)	(140,970)
Payments to suppliers	(1,011,736)	(2,726)	(18,960)	(79,793)	(1,113,215)
Net cash provided by operating activities	<u>109,910</u>	<u>10,629</u>	<u>(7,440)</u>	<u>279</u>	<u>113,378</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash received from state and federal reimbursements	6,298				6,298
Net cash provided by non-capital financing activities	<u>6,298</u>				<u>6,298</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(13,000)				(13,000)
Net cash (used for) capital and related financing activities	<u>(13,000)</u>				<u>(13,000)</u>
Net increase (decrease) in cash and cash equivalents	103,208	10,629	(7,440)	279	106,676
Cash and cash equivalents, beginning of year	673,467	66,260	277,445	305,222	1,322,394
Cash and cash equivalents, end of year	<u>\$ 776,675</u>	<u>\$ 76,889</u>	<u>\$ 270,005</u>	<u>\$ 305,501</u>	<u>\$ 1,429,070</u>
Reconciliation of income (loss) before contributions to net cash provided by operating activities:					
Income (loss) before contributions	\$ 193,896	\$ 7,286	\$ (4,453)	\$ (820)	\$ 195,909
Adjustments to reconcile income (loss) before contributions to net cash provided by operating activities:					
Depreciation	21,457				21,457
Change in assets and liabilities:					
(Increase) in other accounts receivable	(135,297)				(135,297)
Decrease in inventories	3,373				3,373
Increase (Decrease) in unearned revenue		3,392	(2,562)		830
Increase (Decrease) in accounts payable	26,481	(49)	(425)	1,099	27,106
Net cash provided by operating activities	<u>\$ 109,910</u>	<u>\$ 10,629</u>	<u>\$ (7,440)</u>	<u>\$ 279</u>	<u>\$ 113,378</u>

See accompanying notes to the basic financial statements.

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 435,534	\$ 5,863	\$ 1,133,326
Accounts Receivable	1,258		
Total Current Assets	<u>436,792</u>	<u>5,863</u>	<u>\$ 1,133,326</u>
LIABILITIES			
Interfunds Payable			\$ 3,359
Accounts Payable	14,869		
Due to Student Groups			714,189
Payroll Deductions and Withholdings Payable			<u>415,778</u>
Total Liabilities	<u>14,869</u>	<u>-</u>	<u>\$ 1,133,326</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 421,923</u>		
Held in Trust for Scholarship Awards		<u>\$ 5,863</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 85,062	
Donations		\$ 6,724
	<u> </u>	<u> </u>
Total Additions	85,062	6,724
	<u> </u>	<u> </u>
DEDUCTIONS		
Payment of Unemployment Claims	69,098	
Payment of Scholarship Awards and Other Expenses		1,344
	<u> </u>	<u> </u>
Total Deductions	69,098	1,344
	<u> </u>	<u> </u>
Change in Net Position	15,964	5,380
Net Position - Beginning of the Year	405,959	483
	<u> </u>	<u> </u>
Net Position - End of the Year	<u>\$ 421,923</u>	<u>\$ 5,863</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2016

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, 2016

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the 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 Government-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 among school districts in the State of New Jersey.

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

The Government-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 thereafter to pay liabilities of the current

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

period. For this purpose, the District considers all revenues to be available if they are collected within sixty 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, unfunded pension liabilities 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 non-instructional 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, 2016

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.

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

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position 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 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.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. 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 are 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition in the general fund of the last two state aid payments for budgetary purposes and the treatment of encumbrances in 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.

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, 2016, the District had inventories in the Food Service Enterprise Fund of \$15,783.

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 2015-2016 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The District does not anticipate a significant change based on these estimates.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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 Government-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. 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
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
Machinery and Shop Tools	15
Musical Instruments	10
Outdoor Equipment	20
Plumbing and Electrical	30
Roofing	20
Science and Laboratory Equipment	10
Site Improvements	20

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives for the various types of equipment in the food service enterprise fund range between 3 to 12 years.

There are no capital assets maintained in any of the other District Enterprise funds.

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 Government-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, 2016, a liability existed for compensated absences in the Government-wide financial statements in the amount of \$526,599 and there was no liability for compensated absences in the enterprise funds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

J. Unearned Revenue

Unearned revenue in the general fund represents subscription busing fees received in advance. Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned.

K. Deferred Outflows / Inflows or Resources

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

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

L. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The amortization expense for the year ended June 30, 2016 amounted to \$803,977. As of June 30, 2016, the District has recorded an unamortized balance of \$4,023,474 as a deferred outflow of resources.

M. Long-Term Obligations

In the government-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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

M. Long-Term Obligations (continued)

statement of net position. Bond premiums 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.

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.

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. 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 as follows:

- 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 imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances

- 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. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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 \$18,439,637 of fund balances in the General Fund at June 30, 2016, \$27,271 of encumbrances are assigned to other purposes, \$2,705,295 has been restricted for excess surplus-current year, \$1,845,330 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$5,955,661 has been restricted for the capital reserve, \$4,586,061 has been restricted for the maintenance reserve, \$627,280 has been restricted for the emergency reserve, \$288,198 has been classified as assigned fund balance designated for subsequent years expenditures and \$2,404,541 is classified as unassigned. The District also has \$620,202 of fund balance in the Capital Projects Fund, which is restricted for capital projects.

O. Net Position

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets 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 positions are reported as restricted in the government-wide 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, 2016

1. Summary of Significant Accounting Policies (continued)

P. 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.

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed 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. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$11,550,554 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

R. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, 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, 2016 was \$4,550,625. Of this amount, \$1,845,330 has been appropriated in the 2016/17 budget and the remaining \$2,705,295 will be appropriated in the 2017/18 budget.

S. GASB Pronouncements

GASB Pronouncements implemented in the 2016 Fiscal Year

In February, 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District has adopted GASB No. 72 during the year ended June 30, 2016 and it did not have a significant impact on the District's financial statements.

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the District in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB No. 77"). This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the District in the 2017 fiscal year. Management has not yet determined the impact of this Statement on financial statement note disclosures.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and November 4, 2016, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure, except for the following:

On July 1, 2016, the District entered into a capital lease for technology equipment in the amount of \$1,143,000.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and unamortized 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 \$73,626,596 difference are as follows:

Bonds payable	\$ 66,430,000
Unamortized premium on bonds	5,892,515
Capital leases payable	777,482
Compensated absences payable	<u>526,599</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 73,626,596</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* and Statement No. 72, *Fair Value Measurement and Application*. 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. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

3. Deposits and Investments (continued)

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 and the New Jersey Asset and 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.

At June 30, 2016, the carrying amount of the District's deposits for all funds was \$20,834,835 and the bank balance was \$21,560,867. Of the bank balances, \$500,000 of

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

3. Deposits and Investments (continued)

the District's cash deposits on June 30, 2016 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$20,504,975. \$555,892 held in the District agency accounts are not covered by GUDPA. In addition, there is cash held with Sterling National Bank related to the lease purchase in the amount of \$27,417, which is classified as cash held with 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 District 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 and New Jersey Asset and Rebate Management Fund.

Custodial Credit Risk: 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

3. Deposits and Investments (continued)

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, 2016, the District had no investments.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The District did not have any funds held as investments during the year ended June 30, 2016.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2016:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,277,400			\$ 5,277,400
Construction in progress	1,177,487	\$ 2,878,013	\$ (3,066,792)	988,708
Total capital assets, not being depreciated	<u>6,454,887</u>	<u>2,878,013</u>	<u>(3,066,792)</u>	<u>6,266,108</u>
Capital assets, being depreciated:				
Buildings and building improvements	106,701,771	124,137	3,066,792	109,892,700
Machinery, equipment and vehicles	3,395,461	156,883		3,552,344
Total capital assets, being depreciated	<u>110,097,232</u>	<u>281,020</u>	<u>3,066,792</u>	<u>113,445,044</u>
Less accumulated depreciation for:				
Buildings and building improvements	(32,184,870)	(2,135,621)		(34,320,491)
Machinery, equipment and vehicles	(2,323,797)	(253,681)		(2,577,478)
Total accumulated depreciation	<u>(34,508,667)</u>	<u>(2,389,302)</u>	<u>-</u>	<u>(36,897,969)</u>
Total capital assets, being depreciated, net	<u>75,588,565</u>	<u>(2,108,282)</u>	<u>3,066,792</u>	<u>76,547,075</u>
Governmental activities capital assets, net	<u>\$ 82,043,452</u>	<u>\$ 769,731</u>	<u>\$ -</u>	<u>\$ 82,813,183</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2016 as follows:

Instruction:			
Regular	\$	917,738	
Special education		438,500	
Other special instruction		43,516	
School sponsored/ other instructional		50,421	
Support Services:			
Student and instruction related services		353,457	
General administrative services		32,084	
School administrative services		118,497	
Central administrative services		22,492	
Administrative information technology		22,018	
Plant operations and maintenance		213,127	
Pupil transportation		177,452	
Total	\$	<u>2,389,302</u>	

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2016:

Business-type activities:	Beginning Balance	Additions	Ending Balance
Capital assets, being depreciated:			
Machinery and equipment	\$ 295,018	\$92,707	\$ 387,725
Less accumulated depreciation for:			
Machinery and equipment	(233,497)	(21,457)	(254,954)
Total business-type activities capital assets, net	\$ 61,521	\$71,250	\$ 132,771

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$70,365,000	\$ 8,680,000	\$12,615,000	\$66,430,000	\$3,110,000
Unamortized premium on bonds	6,018,550	470,584	596,619	5,892,515	582,651
Obligations under capital leases	1,242,640	51,375	516,533	777,482	202,655
Compensated absences payable	482,998	741,181	697,580	526,599	81,057
Subtotal	78,109,188	9,943,140	14,425,732	73,626,596	3,976,363
Net pension liability	20,506,364	4,885,984	-	25,392,348	-
Total governmental activity long-term liabilities	<u>\$98,615,552</u>	<u>\$14,829,124</u>	<u>\$14,425,732</u>	<u>\$99,018,944</u>	<u>\$3,976,363</u>

The District expects to liquidate the compensated absences, the net pension liability and capital leases with payments made from the District's general fund and the bonds payable from the debt service fund.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities (continued)

Principal and interest due on all bonds outstanding is as follows:

	Principal	Interest	Total
2017	\$ 3,110,000	\$ 2,454,543	\$ 5,564,543
2018	2,940,000	2,426,288	5,366,288
2019	3,065,000	2,308,963	5,373,963
2020	3,185,000	2,186,763	5,371,763
2021	3,340,000	2,032,214	5,372,214
2022-2026	22,100,000	7,448,906	29,548,906
2027-2031	28,690,000	2,367,949	31,057,949
	<u>\$ 66,430,000</u>	<u>\$ 21,225,626</u>	<u>\$ 87,655,626</u>

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2016 are comprised of the following issues:

\$10,000,000, 2006 refunding bonds, \$35,000 due on July 15, 2016 at an interest rate of 4.00%.

\$9,700,000, 2012 refunding bonds, due in annual installments ranging from \$65,000 to \$5,230,000 through July 15, 2029 at interest rates ranging from 2.375% to 4.00%.

\$23,745,000, 2013 refunding bonds, due in annual installments ranging from \$360,000 to \$4,620,000 through July 15, 2027 at interest rates ranging from 2.00% to 4.00%.

\$23,920,000, 2013 refunding bonds, due in annual installments ranging from \$2,405,000 to \$3,120,000 through January 1, 2023 at interest rates ranging from 4.00% to 5.00%.

\$5,515,000, 2015 refunding bonds, due in annual installments ranging from \$295,000 to \$840,000 through July 15, 2030 at an interest rate of 4.00%.

\$8,680,000, 2016 refunding bonds, due in annual installments ranging from \$245,000 to \$5,220,000 through July 15, 2030 at an interest rate of 3.00%.

Defeased Debt

In April 2012, the District issued \$9,700,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2015, \$8,440,000 of defeased debt remains outstanding.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities (continued)

In February 2013, the District issued \$23,745,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2016, \$24,385,000 of defeased debt remains outstanding.

In February 2015, the District issued \$5,515,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2016, \$5,855,000 of the defeased debt remains outstanding.

In May 2016, the District issued \$8,680,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. In addition, the District transferred funds from capital reserve to pay \$999,600 of the outstanding principal of the 2006 refunding bonds balance. As a result, \$8,885,000 of refunded bonds are considered defeased and the liability has been removed from the basic financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next fifteen years by \$3,383,586 and resulted in a net present value savings of \$1,755,746. As of June 30, 2016, \$8,885,000 of the defeased debt remains outstanding. The difference between the re-acquisition price of the defeased debt of \$10,037,278 and the net carrying value amount of the old bonds of \$9,830,000 is being amortized over the remaining life of the defeased debt.

Capital Leases Payable

The District is leasing several copiers and is participating in a lease purchase agreement for the construction of the Wellness Center and Turf Field, totaling \$777,482 under capital leases, with interest rates ranging from 0.85% to 16.89%. The Chromebook computers lease was retired in the current year. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2016:

Year ending June 30,	Principal	Interest	Total
2017	\$ 202,655	\$ 17,110	\$ 219,765
2018	190,858	12,254	203,112
2019	195,585	7,680	203,265
2020	179,794	3,279	183,073
2021	8,590	220	8,810
Total	<u>\$ 777,482</u>	<u>\$ 40,543</u>	<u>\$ 818,025</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities (continued)

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

Assets capitalized through capital leases at June 30, 2016 are as follows:

Machinery, equipment and vehicles	\$ 525,733
Less accumulated depreciation	(363,708)
Total	<u>\$ 162,025</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. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, 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. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively 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. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in annually through July 2018 that will bring the total pension contribution rate to 7.5% of employees' annual compensation. 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

During the year ended June 30, 2016, the State of New Jersey contributed \$6,697,737 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 \$2,949,508 during the year ended June 30, 2016 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 Government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2016, 2015 and 2014 were \$972,497, \$893,254 and \$812,941, respectively, equal to the required contributions for each year.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$25,392,348 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30,

2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.1131163225 percent, which was an increase of 0.0035897823 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized full accrual pension expense of \$1,803,631 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,726,935	\$ -
Net difference between projected and actual earnings on pension plan investments	605,772	408,260
Changes in proportion and differences between District contributions and proportionate share of contributions	645,922	-
District contributions subsequent to the measurement date	1,079,785	-
	<u>\$ 5,058,414</u>	<u>\$ 408,260</u>

\$1,079,785 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 672,529
2018	672,529
2019	672,530
2020	978,044
2021	574,737
	<u>\$ 3,570,369</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-40.00%
REIT	4.25%	5.12%
	100.00%	

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 31,559,582	\$ 25,392,348	\$ 20,221,784

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Additional Information

Collective balances – Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$	3,578,755,666
Deferred inflows of resources	\$	993,410,455
Net pension liability - Local Group	\$	22,447,996,119
District's Proportion		0.1131163225%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years and 6.44 years for the period ended June 30, 2014.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18A:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was \$239,241,896. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

pension liability associated with the District was 0.3785217272 percent, which was an increase of 0.0018706641 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$14,607,872 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using

Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the District	\$ 284,330,051	\$ 239,241,896	\$ 200,395,752

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 7,522,890,856
Deferred inflows of resources	\$ 623,365,110
Net pension liability	\$ 63,204,270,305
State's proportionate share associated with the District	0.3785217272%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2015 is \$3,854,529,454.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 8.3 years and 8.5 years for the period ended June 30, 2014.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

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, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015. 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, 2016, 2015 and 2014 were \$3,640,420, \$3,248,704 and \$2,612,558 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

7. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,188,568	
Special Revenue Fund		\$ 459,897
Capital Projects Fund		725,312
Payroll Agency Fund		3,359
	\$ 1,188,568	\$ 1,188,568

The interfund between the General Fund and the Special Revenue Fund represents a payable from the Special Revenue Fund to the General Fund to cover a pooled cash deficit. The interfund between the General Fund and the Capital Projects Fund represents a payable from the Capital Projects Fund to the General Fund for interest earned on cash in the Capital Projects Fund as well as a loan from the General Fund to cover the expenditures of the on-going SDA projects, of which the District is awaiting reimbursement. The interfund between the Payroll Agency Fund and the General Fund represents employee deductions withheld for employee health benefit claims during the year that were not transferred over to the General Fund. All interfunds are expected to be liquidated within one year.

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 collectability of any related receivable at June 30, 2016 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,

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

9. Contingent Liabilities (continued)

refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 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.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end (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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 6,074,624
Deposits:	
Interest earned on investments	1,000
Return of funds from Capital Projects Fund	268,306
Bond refunding premium	11,236
Approved by Resolution at the June 27, 2016 meeting	1,800,000
Withdrawals:	
Transfer to Capital Projects Fund by resolution	1,199,905
Transfer to Debt Service Fund by resolution	999,600
Ending balance, June 30, 2016	<u>\$ 5,955,661</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

11. Maintenance Reserve Account

On June 20, 2011, the District elected to establish a reserve to be used to accumulate funds for the required maintenance of a facility, and in accordance with N.J.S.A. 18A:7G-9, as amended by P.L. 2004, c. 73 (S1701), passed a board resolution authorizing the establishment of a maintenance reserve account in the District's General Fund. As allowed by N.J.S.A. 18A:F-41 and N.J.A.C. 6A:23A-14.3 the District can pass a board resolution to deposit funds into a maintenance reserve account between June 1 and June 30 of each budget year.

The balance of the Maintenance Reserve Account was \$4,586,061 at June 30, 2016. The District has included \$504,678 of this balance in its 2016-17 adopted budget.

12. Emergency Reserve Account

On June 15, 2016, the District elected to establish a reserve to be used to accumulate funds for the current expense emergency reserve, and in accordance with N.J.S.A. 18A:7F-41 and NJAC 6A:23A-14.4(a)(1), passed a board resolution authorizing the establishment of an emergency reserve account in the District's General Fund. As allowed by N.J.S.A. 18A:7F-41 and N.J.A.C. 6A:23A-14.4(a)(1) the District can pass a board resolution to deposit funds into an emergency reserve account between June 1 and June 30 of each budget year.

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 327,280
Deposits:	
Approved by Resolution at the June 27, 2016 meeting	300,000
Ending balance, June 30, 2016	<u>\$ 627,280</u>

13. 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

13. Risk Management (continued)

New Jersey Unemployment Compensation Insurance

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

Health Insurance

The District participated in a Cash Management/Minimum Premium Program, which provided for the District’s employees’ health benefits. The District and the health care provider terminated this agreement effective at June 30, 2014 and the remaining funds due to the health care provider as of that date was \$300,000, which is reported as a component of accounts payable in the general fund.

14. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2016 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 268,738	\$ 2,199,505
Capital Projects Fund	1,199,905	268,738
Debt Services Fund	999,600	-
	<u>\$ 2,468,243</u>	<u>\$ 2,468,243</u>

The transfer from the capital projects fund to the general fund represents the close-out of unexpended local project funds in the capital projects fund due to the original funding source within the General fund, as well as interest earned on cash allocated to Capital Projects Fund. The transfer from General Fund to the Capital Projects Fund is a transfer from the Capital Reserve to fund the local portion of the new SDA projects which commenced in the 2016 fiscal year. The transfer from the General Fund to the Debt Service Fund was for capital reserve funds utilized to pay down outstanding bond principal.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

15. 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.

16. Commitments

The District has contractual commitments at June 30, 2016 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$27,271 and in the Capital Projects Fund as restricted for capital projects in the amount of \$1,030,583 which is offset by an unrestricted deficit of \$410,381.

Required Supplementary Information – Part II

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Local Group	0.1131163225%	0.1095265402%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 25,392,348	\$ 20,506,364	\$ 20,822,890	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's covered-employee payroll	\$ 7,952,090	\$ 7,496,079	\$ 7,101,311	\$ 6,892,274	\$ 6,888,973	\$ 7,226,645	\$ 6,527,323	\$ 5,449,316	\$ 4,978,816	\$ 4,978,816
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	319.32%	273.56%	293.23%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	47.93%	52.08%	52.08%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

n/a - information not available

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Schedule of District Contributions
 Public Employee's Retirement System

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,079,785	\$ 972,497	\$ 812,491	\$ 793,924	\$ 836,157	\$ 767,682	\$ 532,933	\$ 440,507	\$ 286,778	\$ 262,105
Contributions in relation to the contractually required contribution	(1,079,785)	(972,497)	(812,491)	(793,924)	(836,157)	(767,682)	(532,933)	(440,507)	(286,778)	(262,105)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,068,738	\$ 7,952,090	\$ 7,496,079	\$ 7,101,311	\$ 6,892,274	\$ 6,888,973	\$ 7,226,645	\$ 6,527,323	\$ 5,449,316	\$ 4,978,816
Contributions as a percentage of covered-employee payroll	13.38%	12.23%	10.84%	11.18%	12.13%	11.14%	7.37%	6.75%	5.26%	5.26%

See accompanying note to required supplementary information.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of the State's Proportionate Share of the Net Pension
Liability Associated with the District
Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3785217272%	0.3766510631%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 239,241,896	\$ 201,307,735
Total proportionate share of the net pension liability (asset) associated with the District	\$ 239,241,896	\$ 201,307,735
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION

Notes to Required Supplementary Information

Year ended June 30, 2016

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues					
Local Sources					
Local Tax Levy	\$ 80,499,329		\$ 80,499,329	\$ 80,499,329	
Tuition from Other LEA's	1,204,349		1,204,349	1,338,638	\$ 134,289
Tuition from Individuals	45,158		45,158	32,025	(13,133)
Transportation Fees from Individuals	220,000		220,000	237,288	17,288
Private Contributions	46,200		46,200	47,067	867
Interest Earned on Capital Reserve Funds	1,000		1,000	1,000	
Interest Revenue				6,980	6,980
Miscellaneous	270,000		270,000	689,563	419,563
Total - Local Sources	82,286,036		82,286,036	82,851,890	565,854
State Sources					
Special Education Aid	2,579,730		2,579,730	2,579,730	
Security Aid	88,737		88,737	88,737	
Transportation Aid	388,999		388,999	388,999	
Extraordinary Aid	1,700,000		1,700,000	2,612,848	912,848
PARCC Readiness Aid	57,590		57,590	57,590	
Per Pupil Growth Aid	57,590		57,590	57,590	
Additional Nonpublic Transportation Aid				66,802	66,802
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				6,697,737	6,697,737
TPAF Social Security (Reimbursed - Non-Budgeted)				2,949,508	2,949,508
Total - State Sources	4,872,646		4,872,646	15,499,541	10,626,895
Total Revenues	87,158,682		87,158,682	98,351,431	11,192,749
Expenditures					
Current Expenditures:					
Instruction - Regular Programs:					
Salaries of Teachers					
Preschool	58,809	\$ 17,000	75,809	75,696	113
Kindergarten	1,057,610	100	1,057,710	1,056,247	1,463
Grades 1-5	8,493,812	178,943	8,672,755	8,644,602	28,153
Grades 6-8	6,439,984	107,748	6,547,732	6,503,763	43,969
Grades 9-12	8,520,604	(2,022)	8,518,582	8,512,224	6,358
Home Instruction:					
Salaries of Teachers	85,513	10,752	96,265	96,265	
Purchased Professional-Educational Services		34,000	34,000	30,343	3,657
Undistributed Instruction:					
Other Salaries for Instruction	34,933	(34,933)			
Purchased Professional-Educational Services	24,500	1,860	26,360	8,309	18,051
Other Purchased Services	236,057	556	236,613	211,186	25,427
General Supplies	2,209,141	(16,441)	2,192,700	1,860,638	332,062
Textbooks	388,264	9,181	397,445	216,103	181,342
Total Regular Programs - Instruction	27,549,227	306,744	27,855,971	27,215,376	640,595
Special Education:					
Cognitive - Moderate:					
Salaries of Teachers	275,242	127,748	402,990	402,990	
Other Salaries for Instruction	257,820	350,646	608,466	608,466	
General Supplies	9,900	721	10,621	7,347	3,274
Textbooks	12,000	(4,200)	7,800	4,080	3,720
Total Cognitive - Moderate	554,962	474,915	1,029,877	1,022,883	6,994
Learning and/or Language Disabilities:					
Salaries of Teachers	502,184	(164,041)	338,143	338,143	
Other Salaries for Instruction	510,260	145,689	655,949	655,949	
General Supplies	20,029	2,260	22,289	21,763	526
Textbooks	1,500	(1,149)	351	351	
Total Learning and/or Language Disabilities	1,033,973	(17,241)	1,016,732	1,016,206	526
Auditory Impairments:					
Salaries of Teachers	76,719	7,910	84,629	84,391	238
General Supplies	2,000	(1,800)	200	125	75
Total Auditory Impairments	78,719	6,110	84,829	84,516	313
Behavioral Disabilities:					
Salaries of Teachers	52,224	165,487	217,711	217,711	
Other Salaries for Instruction		359,060	359,060	358,682	378
General Supplies	13,000	(6,027)	6,973	6,907	66
Total Behavioral Disabilities	65,224	518,520	583,744	583,300	444
Resource Room/Resource Center:					
Salaries of Teachers	4,968,439	(193,394)	4,775,045	4,773,707	1,338
Other Salaries for Instruction	600,838	(65,315)	535,523	535,523	
General Supplies	50,263	599	50,862	50,345	517
Total Resource Room/Resource Center	5,619,540	(258,110)	5,361,430	5,359,575	1,855

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued)					
Autism:					
Salaries of Teachers	\$ 1,510,042	\$ (483,921)	\$ 1,026,121	\$ 1,024,154	\$ 1,967
Other Salaries for Instruction	3,153,327	(682,701)	2,470,626	2,470,626	
General Supplies	27,600	4,199	31,799	31,205	594
Other Objects		79	79	79	
Total Autism	4,690,969	(1,162,344)	3,528,625	3,526,064	2,561
Preschool Disabilities-Part-Time:					
Salaries of Teachers	124,763	8,845	133,608	133,608	
Other Salaries for Instruction	129,156	17,785	146,941	146,941	
General Supplies	9,472		9,472	8,742	730
Total Preschool Disabilities-Part-Time	263,391	26,630	290,021	289,291	730
Preschool Disabilities-Full-Time:					
General Supplies	15,265		15,265	14,139	1,126
Total Preschool Disabilities-Full-Time	15,265		15,265	14,139	1,126
Total Special Education - Instruction	12,322,043	(411,520)	11,910,523	11,895,974	14,549
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	773,429	(76,028)	697,401	689,379	8,022
General Supplies	12,000		12,000	11,228	772
Total Basic Skills/Remedial - Instruction	785,429	(76,028)	709,401	700,607	8,794
Bilingual Education - Instruction:					
Salaries of Teachers	190,023	40,000	230,023	229,985	38
Other Salaries for Instruction		2,500	2,500	2,335	165
Other Purchased Services	1,000	(20)	980	296	684
General Supplies	1,500	2,436	3,936	3,936	
Total Bilingual Education - Instruction	192,523	44,916	237,439	236,552	887
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	288,073	13,500	301,573	301,310	263
Supplies and Materials	53,853		53,853	35,420	18,433
Other Objects	1,000	(1,000)			
Total School-Sponsored Cocurricular Activities - Instruction	342,926	12,500	355,426	336,730	18,696
School-Sponsored Athletics - Instruction:					
Salaries	780,046	90,694	870,740	870,740	
Purchased Services	73,100	751	73,851	59,123	14,728
Supplies and Materials	151,700		151,700	130,131	21,569
Other Objects	71,350	(5,950)	65,400	55,659	9,741
Transfers to Cover Deficit (Agency Funds)	100,000	(14,694)	85,306	61,712	23,594
Total School-Sponsored Athletics - Instruction	1,176,196	70,801	1,246,997	1,177,365	69,632
Other Supplemental / At-Risk Programs - Instruction:					
Salaries of Reading Specialists	452,144	(82,000)	370,144	369,590	554
Total Other Supplemental / At Risk Programs - Instruction	452,144	(82,000)	370,144	369,590	554
Total Instruction	42,820,488	(134,587)	42,685,901	41,932,194	753,707
Undistributed Expenditures - Instruction					
Instruction:					
Tuition To Other LEAs Within the State - Regular	16,985		16,985	7,363	9,622
Tuition To Other LEAs Within the State - Special	1,344,746	(1,032,240)	312,506	148,825	163,681
Tuition to County Vocational School Districts - Regular		29,880	29,880	6,630	23,250
Tuition to County Vocational School Districts - Special		6,885	6,885	6,885	
Tuition To Private Schools for the Disabled Within State	533,867	969,387	1,503,254	1,426,539	76,715
Tuition To Private Schools for the Disabled and Other LEAs	417,110	169,088	586,198	559,400	26,798
Total Undistributed Instruction	2,312,708	143,000	2,455,708	2,155,642	300,066
Health Services:					
Salaries	670,776	55,500	726,276	719,009	7,267
Purchased Professional and Technical Services	34,130		34,130	14,523	19,607
Other Purchased Services	2,318		2,318	1,650	668
Supplies and Materials	55,497		55,497	52,809	2,688
Total Health Services	762,721	55,500	818,221	787,991	30,230
Other Support Services Students - Speech, OT & Related Services:					
Salaries	1,072,418	(115,512)	956,906	956,906	
Purchased Professional-Educational Services	202,619	(101,263)	101,356	74,589	26,767
Supplies and Materials	7,000	239	7,239	7,239	
Total Other Support Services Students - Speech, OT and Related Services	1,282,037	(216,536)	1,065,501	1,038,734	26,767

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Undistributed Expenditures (continued):					
Other Support Services Students - Extra Services:					
Salaries	\$ 584,177	\$ 80,624	\$ 664,801	\$ 664,801	
Purchased Professional-Educational Services	255,000	(13,237)	241,763	143,740	\$ 98,023
Supplies and Materials	6,136	(18)	6,118	5,844	274
Total Other Support Services Students - Extra Services	845,313	67,369	912,682	814,385	98,297
Guidance:					
Salaries of Other Professional Staff	1,561,397	(19,862)	1,541,535	1,541,535	
Salaries of Secretarial and Clerical Assistants	456,826	4,500	461,326	460,881	445
Purchased Professional-Educational Services	44,900	3,900	48,800	48,752	48
Other Purchased Prof. and Tech. Services	162,152	(7,600)	154,552	147,321	7,231
Other Purchased Services	2,590		2,590	1,755	835
Supplies and Materials	23,246	(11,300)	11,946	7,337	4,609
Other Objects	744		744	354	390
Total Guidance	2,251,855	(30,362)	2,221,493	2,207,935	13,558
Child Study Teams:					
Salaries of Other Professional Staff	2,115,547	(42,865)	2,072,682	2,063,275	9,407
Salaries of Secretarial and Clerical Assistants	268,565	1,000	269,565	269,065	500
Other Purchased Professional and Technical Services	89,000	(30,366)	58,634	52,839	5,795
Other Purchased Services	10,990	10,090	21,080	20,235	845
Supplies and Materials	57,430	9,373	66,803	65,640	1,163
Other Objects	2,500	(1,000)	1,500	714	786
Total Child Study Teams	2,544,032	(53,768)	2,490,264	2,471,768	18,496
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	577,004	156,000	733,004	732,340	664
Salaries of Secretarial and Clerical Assistants	162,944	(43,000)	119,944	119,821	123
Other Salaries	218,669	7,000	225,669	224,400	1,269
Other Purchased Services	300		300	42	258
Supplies and Materials	6,200	(500)	5,700	3,738	1,962
Other Objects	12,134	500	12,634	12,265	369
Total Improvement of Instructional Services	977,251	120,000	1,097,251	1,092,606	4,645
Educational Media Serv./School Library:					
Salaries	526,584	75,135	601,719	601,649	70
Salaries of Technology Coordinators	70,742	8,279	79,021	74,382	4,639
Purchased Professional and Technical Services	155,095	(3,145)	151,950	125,815	26,135
Supplies and Materials	68,255		68,255	55,609	12,646
Total Educational Media Serv./School Library	820,676	80,269	900,945	857,455	43,490
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	660,112	105,000	765,112	764,493	619
Salaries of Secretarial and Clerical Assistants	227,072	22,500	249,572	248,104	1,468
Other Salaries	56,181		56,181	47,650	8,531
Purchased Professional-Educational Services	25,000	(2,458)	22,542	11,843	10,699
Other Purchased Prof. and Tech. Services	49,000		49,000	37,436	11,564
Other Purchased Services	33,050	(27)	33,023	23,639	9,384
Supplies and Materials	54,045	13,258	67,303	54,776	12,527
Other Objects	2,725	227	2,952	2,932	20
Total Instructional Staff Training Services	1,107,185	138,500	1,245,685	1,190,873	54,812
Support Services - General Administration:					
Salaries	329,308	28,833	358,141	357,418	723
Legal Services	95,000	60,428	155,428	155,428	
Audit Fees	50,000	4,050	54,050	46,050	8,000
Architect / Engineer Services	36,200	(6,827)	29,373	20,745	8,628
Other Purchased Prof Services	58,900	22,633	81,533	81,533	
Communications/Telephone	77,500	(10,648)	66,852	58,060	8,792
Travel	4,000	(1,500)	2,500	564	1,936
BOE Other Purchased Services	5,000		5,000	3,782	1,218
Miscellaneous Purchased Services	209,780	(17,973)	191,807	191,267	540
General Supplies	13,450	(3,000)	10,450	9,649	801
Judgements Against the District		6,837	6,837		
Miscellaneous Expenditures	51,450	(7,000)	44,450	32,130	12,320
Total Support Services - General Administration	930,588	75,833	1,006,421	963,463	42,958

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2016

	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	\$ 2,324,554	\$ 157,500	\$ 2,482,054	\$ 2,259,025	\$ 223,029
Salaries of Other Professional Staff	150,640	13,167	163,807	151,062	12,745
Salaries of Secretarial and Clerical Assistants	1,012,937	107,000	1,119,937	1,018,464	101,473
Other Purchased Services	122,019	(16,949)	105,070	73,345	31,725
Supplies and Materials	21,610	(4,588)	17,022	14,852	2,170
Other Objects	23,725	20,457	44,182	41,642	2,540
Total Support Services - School Administration	3,655,485	276,587	3,932,072	3,558,390	373,682
Central Services:					
Salaries	656,016	(12,000)	644,016	560,313	83,703
Purchased Professional Services	74,952	(1,156)	73,796	73,255	541
Miscellaneous Purchased Services	19,631	1,656	21,287	19,563	1,724
Supplies and Materials	14,000	7,072	21,072	18,878	2,194
Miscellaneous Expenditures	1,900	2,428	4,328	3,422	906
Total Central Services	766,499	(2,000)	764,499	675,431	89,068
Admin. Info. Tech.:					
Salaries	545,683	37,542	583,225	564,196	19,029
Purchased Technical Services	78,500	(1,099)	77,401	76,245	1,156
Supplies and Materials	24,700		24,700	20,732	3,968
Total Admin. Info. Tech.	648,883	36,443	685,326	661,173	24,153
Required Maint. For School Facilities:					
Salaries	206,346	(15,000)	191,346	172,221	19,125
Cleaning, Repair, and Maintenance Services	2,433,389	104,782	2,538,171	1,602,037	936,134
Travel		200	200	84	116
General Supplies	152,318	(58,591)	93,727	91,855	1,872
Total Required Maint. For School Facilities	2,792,053	31,391	2,823,444	1,866,197	957,247
Custodial Services:					
Salaries		22,079	22,079	22,079	
Salaries of Non-Instructional Aides	194,192	(4,079)	190,113	186,476	3,637
Purchased Profession and Technical Services	116,000	(22,993)	93,007	85,468	7,539
Cleaning, Repair, and Maintenance Services	2,420,023	743	2,420,766	2,087,004	333,762
Other Purchased Property Services	216,000	20,261	236,261	236,261	
Insurance	339,357	48,207	387,564	387,564	
Misc Purchased Services		10,660	10,660	9,356	1,304
General Supplies	210,000	(52,721)	157,279	157,279	
Energy (Natural Gas)	685,000	(365,500)	319,500	272,552	46,948
Energy (Electricity)	671,974	62,850	734,824	710,202	24,622
Total Custodial Services	4,852,546	(280,493)	4,572,053	4,154,241	417,812
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	579,450	(8,098)	571,352	322,536	248,816
General Supplies	15,000	(6,507)	8,493	8,493	
Total Care and Upkeep of Grounds	594,450	(14,605)	579,845	331,029	248,816
Security:					
Salaries	45,829	3,000	48,829	48,570	259
Total Security	45,829	3,000	48,829	48,570	259
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Prog.	136,000	75,279	211,279	211,279	
Cleaning, Repair and Maint. Services	4,000	96,565	100,565	99,185	1,380
Contracted Services-Aid in Lieu of Payments	165,000	16,768	181,768	181,768	
Contracted Services (Between Home and School)-Vendors	2,869,749	(87,853)	2,781,896	2,776,891	5,005
Contracted Services (Other Than Between Home and School) - Vendors	294,610	192	294,802	294,802	
Contracted Services (Spec. Ed. Students)-Vendors	10,200	(3,079)	7,121	7,121	
Contracted Services (Spec. Ed. Students)-ESCs and CTSA's	1,726,590	32,185	1,758,775	1,755,626	3,149
Miscellaneous Purchased Services-Transportation	15,594	(15,594)			
Other Objects	2,162	(73)	2,089	2,089	
Total Student Transportation Services	5,223,905	114,390	5,338,295	5,328,761	9,534
Unallocated Benefits:					
Social Security Contributions	952,000	45,000	997,000	994,682	2,318
Other Retirement Contributions - Regular	972,000	23,745	995,745	975,587	20,158
Workmen's Compensation	263,667	(3,745)	259,922	247,431	12,491
Health Benefits	11,206,021	(520,680)	10,685,341	10,515,525	169,816
Tuition Reimbursement	360,511		360,511	244,193	116,318
Other Employee Benefits	180,636	3,151	183,787	138,655	45,132
Total Unallocated Benefits	13,934,835	(452,529)	13,482,306	13,116,073	366,233
On-Behalf TPAF Pension Contributions					
Reimbursed TPAF Social Security Contributions				6,697,737	(6,697,737)
Total On-Behalf and Reimbursed Contributions				2,949,508	(2,949,508)
				9,647,245	(9,647,245)
Total Undistributed Expenditures	46,348,851	91,989	46,440,840	52,967,962	(6,527,122)
Total Current Expenditures	89,169,339	(42,598)	89,126,741	94,900,156	(5,773,415)

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Capital Outlay:					
Equipment:					
Instruction Expenditures					
Grade 6-8	\$ 12,900		\$ 12,900	\$ 12,900	
Grade 9-12	112,204	\$ 14,798	127,002	126,890	\$ 112
Undistributed Expenditures					
Required Maintenance	64,991	2,410	67,401	38,084	29,317
Student Transportation		25,390	25,390	25,390	
Total Equipment	190,095	42,598	232,693	203,264	29,429
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	1,475	16,192	17,667	15,668	1,999
Lease Purchase Agreements - Principal	205,753	(16,192)	189,561	160,434	29,127
Total Facilities Acquisition and Construction Services	207,228	-	207,228	176,102	31,126
Interest Deposit to Capital Reserve	1,000		1,000		1,000
Assets Acquired Under Capital Leases (non-budgeted)				51,375	(51,375)
Total Expenditures - Capital Outlay	398,323	42,598	440,921	430,741	10,180
Transfer of funds to Charter Schools	20,687		20,687	20,687	
Total Expenditures	89,588,349	-	89,588,349	95,351,584	(5,763,235)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,429,667)	-	(2,429,667)	2,999,847	5,429,514
Other Financing Sources (Uses):					
Capital Lease Proceeds (non-budgeted)				51,375	51,375
Transfers In - Capital Projects Fund - Interest Earnings				433	433
Transfers In - Capital Projects Fund - Return of Capital Reserve Funds		268,305	268,305	268,305	
Transfers Out - Capital Reserve Transfer to Capital Projects		(1,199,905)	(1,199,905)	(1,199,905)	
Transfers Out - Capital Reserve Transfer to Debt Service		(999,600)	(999,600)	(999,600)	
Total Other Financing Sources (Uses)	-	(1,931,200)	(1,931,200)	(1,879,392)	51,808
(Deficiency) Excess of Revenues and Other Financing Sources (Uses) (Under) Over Expenditures	(2,429,667)	(1,931,200)	(4,360,867)	1,120,455	5,481,322
Fund Balances, July 1	13,448,789		11,558,601	17,631,348	
Fund Balances, June 30	\$ 11,019,122	\$ (1,931,200)	\$ 7,197,734	\$ 18,751,803	11,554,069
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses					
Budgeted Fund Balance	\$ (2,059,310)	\$ (292,178)	\$ (2,351,488)	\$ 3,129,834	\$ 5,481,322
Budgeted Fund Balance - Maintenance Reserve	(292,178)	292,178			
Deposit To Capital Reserve	1,000	268,305	269,305	269,305	
Withdrawal From Capital Reserve		(2,199,505)	(2,199,505)	(2,199,505)	
Adjustment for Prior Year Encumbrances	(79,179)		(79,179)	(79,179)	
Total	\$ (2,429,667)	\$ (1,931,200)	(4,360,867)	\$ 1,120,455	5,481,322
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 1,845,330	
Reserved - Excess Surplus - Current Year				2,705,295	
Capital Reserve				5,955,661	
Maintenance Reserve				4,586,061	
Emergency Reserve				627,280	
Assigned Fund Balance:					
Year End Encumbrances				27,271	
Designated for Subsequent Year's Expenditures				288,198	
Unassigned Fund Balance				2,716,707	
				18,751,803	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(312,166)	
Fund Balance per Governmental Funds (GAAP)				\$ 18,439,637	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 318,181	\$ 318,181	\$ 227,781	\$ (90,400)
State Sources		262,769	262,769	206,373	(56,396)
Federal Sources	\$ 1,258,393	582,490	1,840,883	1,428,770	(412,113)
Total Revenues	<u>1,258,393</u>	<u>1,163,440</u>	<u>2,421,833</u>	<u>1,862,924</u>	<u>(558,909)</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers	\$ 67,003	\$ (18,287)	\$ 48,716	\$ 48,716	
Purchased Professional and Educational Services		225,003	225,003	175,390	\$ 49,613
Other Purchased Services	1,156,896	146,955	1,303,851	1,271,851	32,000
General Supplies		299,136	299,136	101,663	197,473
Textbooks		26,266	26,266	22,499	3,767
Total Instruction	<u>1,223,899</u>	<u>679,073</u>	<u>1,902,972</u>	<u>1,620,119</u>	<u>282,853</u>
Support Services:					
Salaries	34,494	(1,231)	33,263	30,872	2,391
Personal Services - Employee Benefits		15,210	15,210	14,543	667
Purchased Professional and Technical Services		134,354	134,354	57,325	77,029
Other Purchased Services		8,624	8,624	1,561	7,063
Supplies and Materials		216,935	216,935	48,467	168,468
Other Objects		3,002	3,002	581	2,421
Total Support Services	<u>34,494</u>	<u>376,894</u>	<u>411,388</u>	<u>153,349</u>	<u>258,039</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		12,116	12,116	12,116	
Construction Services		95,357	95,357	77,340	18,017
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>107,473</u>	<u>107,473</u>	<u>89,456</u>	<u>18,017</u>
Total Expenditures	<u>1,258,393</u>	<u>1,163,440</u>	<u>2,421,833</u>	<u>1,862,924</u>	<u>558,909</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, 2016

Note A - 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 basis) "revenues" from the budgetary comparison schedules (C-1, C-2)	\$ 98,351,431	\$ 1,862,924
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		(93,531)
Prior Year (net of cancellations)		15,507
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	312,940	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(312,166)</u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 98,352,205</u>	<u>\$ 1,784,900</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 95,351,584	\$ 1,862,924
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		(93,531)
Prior Year (net of Cancellations)		<u>15,507</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 95,351,584</u>	<u>\$ 1,784,900</u>

Supplementary Information

Special Revenue Fund

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2016

	Nonpublic Textbooks	Nonpublic Security	NJ Nonpublic Auxiliary Services, Ch. 192		NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	Nonpublic Technology
			Nonpublic Comp. Education	E.S.L.	Nonpublic Exam and Class.	Nonpublic Corrective Speech	Nonpublic Suppl. Instruction		
REVENUES:									
State Sources	\$ 22,499	\$ 8,484	\$ 44,415	\$ 4,745	\$ 38,346	\$ 28,344	\$ 15,595	\$ 35,260	\$ 8,685
Federal Sources									
Other Sources									
Total Revenues	<u>\$ 22,499</u>	<u>\$ 8,484</u>	<u>\$ 44,415</u>	<u>\$ 4,745</u>	<u>\$ 38,346</u>	<u>\$ 28,344</u>	<u>\$ 15,595</u>	<u>\$ 35,260</u>	<u>\$ 8,685</u>
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Prof. - Educ. Services			\$ 44,415	\$ 4,745	\$ 38,346	\$ 28,344	\$ 15,595	\$ 35,260	\$ 8,685
Other Purchased Services									
General Supplies									
Textbooks	\$ 22,499								
Total Instruction	<u>22,499</u>		<u>44,415</u>	<u>4,745</u>	<u>38,346</u>	<u>28,344</u>	<u>15,595</u>	<u>35,260</u>	<u>8,685</u>
Support Services:									
Salaries									
Personal Svcs. - Employee Benefits									
Purchased Prof. and Tech. Svcs.									
Other Purchased Services									
Supplies and Materials		\$ 8,484							
Other Objects									
Total Support Services		<u>8,484</u>							
Facilities Acquisition and Construction Services:									
Noninstructional Equipment									
Construction Services									
Total Facilities Acquisition and Construction Services									
Total Expenditures	<u>\$ 22,499</u>	<u>\$ 8,484</u>	<u>\$ 44,415</u>	<u>\$ 4,745</u>	<u>\$ 38,346</u>	<u>\$ 28,344</u>	<u>\$ 15,595</u>	<u>\$ 35,260</u>	<u>\$ 8,685</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2016

	Local <u>Grants</u>	I.D.E.A. <u>Part B</u>	I.D.E.A. <u>Part B</u> <u>Preschool</u>	<u>Title III</u>	<u>Title III</u> <u>Immigrant</u>	<u>Title IIA</u>	<u>Totals</u>
REVENUES:							
State Sources							\$ 206,373
Federal Sources		\$ 1,284,511	\$ 44,665	\$ 2,971	\$ 33,934	\$ 62,689	1,428,770
Other Sources	\$ 227,781						227,781
Total Revenues	<u>\$ 227,781</u>	<u>\$ 1,284,511</u>	<u>\$ 44,665</u>	<u>\$ 2,971</u>	<u>\$ 33,934</u>	<u>\$ 62,689</u>	<u>\$ 1,862,924</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers						\$ 48,716	\$ 48,716
Purchased Prof.- Educ. Services							175,390
Other Purchased Services		\$ 1,227,186	\$ 44,665				1,271,851
General Supplies	\$ 99,301			\$ 2,343	\$ 19		101,663
Textbooks							22,499
Total Instruction	<u>99,301</u>	<u>1,227,186</u>	<u>44,665</u>	<u>2,343</u>	<u>19</u>	<u>48,716</u>	<u>1,620,119</u>
Support Services:							
Salaries					30,872		30,872
Personal Svcs-Employee Benefits					2,462	12,081	14,543
Purchased Prof. and Tech. Svcs.		57,325					57,325
Other Purchased Services						1,561	1,561
Supplies and Materials	39,024			628		331	48,467
Other Objects					581		581
Total Support Services	<u>39,024</u>	<u>57,325</u>		<u>628</u>	<u>33,915</u>	<u>13,973</u>	<u>153,349</u>
Facilities Acquisition and Construction Services:							
Noninstructional Equipment	12,116						12,116
Construction Services	77,340						77,340
Total Facilities Acquisition and Construction Services	<u>89,456</u>						<u>89,456</u>
Total Expenditures	<u>\$ 227,781</u>	<u>\$ 1,284,511</u>	<u>\$ 44,665</u>	<u>\$ 2,971</u>	<u>\$ 33,934</u>	<u>\$ 62,689</u>	<u>\$ 1,862,924</u>

Capital Projects Fund

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis

Year Ended June 30, 2016

REVENUES

State Sources	
SDA Grants	\$ 621,066
Local Sources	
Interest Earned on Investments	433
Total Revenues	<u>621,499</u>

EXPENDITURES AND OTHER FINANCING USES

Other Purchased Professional and Technical Services	219,971
Construction Services	2,642,375
Total Expenditures	<u>2,862,346</u>

(Deficiency) of Revenues (under) Expenditures (2,240,847)

OTHER FINANCING SOURCES (USES)

Transfers In - Withdrawal from Capital Reserve	1,199,905
Transfers Out - Interest Earned to General Fund	(433)
Transfers Out - Transfer to General Fund	<u>(268,305)</u>

Total Other Financing Sources (Uses) 931,167

Net Change in Fund Balances (1,309,680)

Fund Balance - July 1 2,342,115

Fund Balance - June 30 \$ 1,032,435

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2016 - budgetary- basis	\$ 1,032,435
GAAP Basis Revenues not recognized	<u>(412,233)</u>
Fund balance, June 30, 2016 - GAAP Basis	<u>\$ 620,202</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
 Ridge High School - Turf Field Replacement
 Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>		<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES					
State Sources - SDA Grant					
Transfer from Capital Reserve					
Capital Lease Proceeds	\$ 301,200		\$ 301,200	\$	301,200
Total Revenues and other financing sources	301,200		301,200		301,200
EXPENDITURES AND OTHER FINANCING USES					
Other Purchased Professional and Technical Services					
Construction Services	59,375	\$ 241,825	301,200		301,200
Total Expenditures and Other Financing Uses	59,375	241,825	301,200		301,200
Excess (deficiency) of revenues over (under) expenditures	\$ 241,825	\$ (241,825)	\$ -	\$	-
ADDITIONAL PROJECT INFORMATION					
Project Number	0350-050-15-1000				
Grant Date	N/A				
Bond Authorization Date	N/A				
Bonds Authorized	N/A				
Bonds Issued	N/A				
Original Authorized Cost	\$	301,200			
Additional Authorized Cost					
Revised Authorized Cost	\$	301,200			
Percentage (Decrease) over Original Authorized Cost	0.00%				
Percentage Completed	100.00%				
Original Target Completion Date	9/30/15				
Revised Target Completion Date	Complete				

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - Wellness Center
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised</u>	<u>Authorized</u>	<u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES						
State Sources - SDA Grant						
Transfer from Capital Reserve						
Capital Lease Proceeds	\$ 462,000		\$ 462,000	\$		462,000
Total Revenues	462,000		462,000			462,000
EXPENDITURES AND OTHER FINANCING USES						
Other Purchased Professional and Technical Services						
Construction Services	54,996	\$ 405,152	460,148			462,000
Total Expenditures and Other Financing Uses	54,996	405,152	460,148			462,000
Excess (deficiency) of revenues over (under) expenditures	\$ 407,004	\$ (405,152)	\$ 1,852	\$		-
ADDITIONAL PROJECT INFORMATION						
Project Number	0350-050-15-1000					
Grant Date	N/A					
Bond Authorization Date	N/A					
Bonds Authorized	N/A					
Bonds Issued	N/A					
Original Authorized Cost	\$	462,000				
Additional Authorized Cost						
Revised Authorized Cost	\$	462,000				
Percentage (Decrease) over Original Authorized Cost	0.00%					
Percentage Completed	99.60%					
Original Target Completion Date	9/30/15					
Revised Target Completion Date	Complete					

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - Unit Ventilator Replacement
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 221,400	\$ (25,160)	\$ 196,240	\$ 196,240
Transfer from Capital Reserve	332,100	(37,740)	294,360	294,360
Total Revenues	<u>553,500</u>	<u>(62,900)</u>	<u>490,600</u>	<u>490,600</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	30,210	5,390	35,600	35,600
Construction Services	165,056	289,944	455,000	455,000
Total Expenditures and Other Financing Uses	<u>195,266</u>	<u>295,334</u>	<u>490,600</u>	<u>490,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 358,234</u>	<u>\$ (358,234)</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-050-14-1002			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 553,500			
Additional Authorized Cost	(62,900)			
Revised Authorized Cost	\$ 490,600			
Percentage (Decrease) over Original Authorized Cost	-11.36%			
Percentage Completed	100.00%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - HVAC Upgrades
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 164,400	\$ (23,392)	\$ 141,008	\$ 141,008
Transfer from Capital Reserve	246,600	(35,087)	211,513	211,513
Total Revenues	<u>411,000</u>	<u>(58,479)</u>	<u>352,521</u>	<u>352,521</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	22,657	1,192	23,849	23,849
Construction Services	161,529	167,143	328,672	328,672
Total Expenditures and Other Financing Uses	<u>184,186</u>	<u>168,335</u>	<u>352,521</u>	<u>352,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 226,814</u>	<u>\$ (226,814)</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-050-14-1003			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 411,000			
Additional Authorized Cost	(58,479)			
Revised Authorized Cost	\$ 352,521			
Percentage (Decrease) over Original Authorized Cost	-14.23%			
Percentage Completed	100.00%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Cedar Hill Elementary School - Unit Ventilator Replacement
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 427,800	\$ (95,631)	\$ 332,169	\$ 332,169
Transfer from Capital Reserve	641,700	(143,447)	498,253	498,253
Total Revenues	<u>1,069,500</u>	<u>(239,078)</u>	<u>830,422</u>	<u>830,422</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	49,425	2,597	52,022	52,022
Construction Services	306,495	471,905	778,400	778,400
Total Expenditures and Other Financing Uses	<u>355,920</u>	<u>474,502</u>	<u>830,422</u>	<u>830,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 713,580</u>	<u>\$ (713,580)</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-050-14-1003			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,069,500			
Additional Authorized Cost	(239,078)			
Revised Authorized Cost	\$ 830,422			
Percentage (Decrease) over Original Authorized Cost	-22.35%			
Percentage Completed	100.00%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Cedar Hill Elementary School - HVAC Upgrades
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 269,840	\$ (34,687)	\$ 235,153	\$ 235,153
Transfer from capital reserve	404,760	(52,031)	352,729	352,729
Lease Purchase Agreements				
Total Revenues	<u>674,600</u>	<u>(86,718)</u>	<u>587,882</u>	<u>587,882</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	31,620	1,661	33,281	33,281
Construction Services	248,322	306,279	554,601	554,601
Total Expenditures and Other Financing Uses	<u>279,942</u>	<u>307,940</u>	<u>587,882</u>	<u>587,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 394,658</u>	<u>\$ (394,658)</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-070-14-1008			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 674,600			
Additional Authorized Cost	(86,718)			
Revised Authorized Cost	\$ 587,882			
Percentage (Decrease) over Original Authorized Cost	-12.85%			
Percentage Completed	100.00%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Liberty Corner Elementary School - Unit Ventilator Replacement
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 506,894	\$ 506,894	\$ 584,640
Transfer from capital reserve		760,341	760,341	876,960
Total Revenues		<u>1,267,235</u>	<u>1,267,235</u>	<u>1,461,600</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		75,733	75,733	135,600
Construction Services		461,041	461,041	1,326,000
Total Expenditures and Other Financing Uses		<u>536,774</u>	<u>536,774</u>	<u>1,461,600</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 730,461	\$ 730,461	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	12/12/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,461,600
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,461,600
Percentage (Decrease) over Original Authorized Cost	0.00%
Percentage Completed	36.73%
Original Target Completion Date	9/1/16
Revised Target Completion Date	9/1/16

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
 Liberty Corner Elementary School - HVAC Upgrades
 Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 256,796	\$ 256,796	\$ 387,040
Transfer from capital reserve		385,194	385,194	580,560
Total Revenues		641,990	641,990	967,600
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		55,832	55,832	82,500
Construction Services		299,086	299,086	885,100
Total Expenditures and Other Financing Uses		354,918	354,918	967,600
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 287,072	\$ 287,072	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	12/12/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 967,600
Additional Authorized Cost	
Revised Authorized Cost	\$ 967,600
Percentage (Decrease) over Original Authorized Cost	0.00%
Percentage Completed	36.68%
Original Target Completion Date	9/1/16
Revised Target Completion Date	9/1/16

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Oak Street Elementary School - Unit Ventilator Replacement
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 22,212	\$ 22,212	\$ 399,000
Transfer from capital reserve		33,318	33,318	598,500
Total Revenues		55,530	55,530	997,500
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		47,485	47,485	91,500
Construction Services				906,000
Total Expenditures and Other Financing Uses		47,485	47,485	997,500
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 8,045	\$ 8,045	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	12/12/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 997,500
Additional Authorized Cost	
Revised Authorized Cost	\$ 997,500
Percentage (Decrease) over Original Authorized Cost	0.00%
Percentage Completed	4.76%
Original Target Completion Date	9/1/16
Revised Target Completion Date	9/1/16

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Oak Street Elementary School - HVAC Upgrades
Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 14,034	\$ 14,034	\$ 246,200
Transfer from capital reserve		21,052	21,052	369,300
Total Revenues		<u>35,086</u>	<u>35,086</u>	<u>615,500</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		30,081	30,081	52,000
Construction Services				563,500
Total Expenditures and Other Financing Uses		<u>30,081</u>	<u>30,081</u>	<u>615,500</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 5,005	\$ 5,005	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	12/12/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 615,500
Additional Authorized Cost	
Revised Authorized Cost	\$ 615,500
Percentage (Decrease) over Original Authorized Cost	0.00%
Percentage Completed	4.89%
Original Target Completion Date	9/1/16
Revised Target Completion Date	9/1/16

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund

Summary Schedule of Project Expenditures
Year Ended June 30, 2016

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations 6/30/2016</u>
			<u>Prior Years</u>	<u>Current Years</u>	
Ridge High School - Turf Field Replacement	4/9/2015	\$ 301,200	\$ 59,375	\$ 241,825	
Ridge High School - Wellness Center	4/9/2015	462,000	54,996	405,152	\$ 1,852
Ridge High School - Unit Ventilator Replacement	12/12/2014	490,600	195,266	295,334	
Ridge High School - HVAC Upgrades	12/12/2014	352,521	184,186	168,335	
Cedar Hill E.S. - Unit Ventilator Replacement	12/12/2014	830,422	355,920	474,502	
Cedar Hill E.S. - HVAC Upgrades	12/12/2014	587,882	279,942	307,940	
Liberty Corner E.S. - Unit Ventilator Replacement	12/12/2014	1,267,235		536,774	730,461
Liberty Corner E.S. - HVAC Upgrades	12/12/2014	641,990		354,918	287,072
Oak Street E.S. - Unit Ventilator Replacement	12/12/2014	55,530		47,485	8,045
Oak Street E.S. - HVAC Upgrades	12/12/2014	35,086		30,081	5,005
Totals		<u>\$ 5,024,466</u>	<u>\$ 1,129,685</u>	<u>\$ 2,862,346</u>	<u>\$ 1,032,435</u>
Lease Purchase Agreements		\$ 763,200			
State Grant (SDA)		1,704,506			
Transfer From Capital Reserve		2,556,760			
Total		<u>\$ 5,024,466</u>			

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	<u>Trust</u>			<u>Agency</u>		
	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Total Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
ASSETS						
Cash and Cash Equivalents	\$ 435,534	\$ 5,863	\$ 441,397	\$ 714,189	\$ 419,137	\$ 1,133,326
Accounts Receivable	1,258		1,258			
Total Current Assets	<u>436,792</u>	<u>5,863</u>	<u>442,655</u>	<u>\$ 714,189</u>	<u>\$ 419,137</u>	<u>\$ 1,133,326</u>
LIABILITIES						
Accounts Payable	14,869		14,869			
Interfund Payable					\$ 3,359	\$ 3,359
Due to Student Groups				\$ 714,189		714,189
Payroll Deductions and Withholdings Payable					415,778	415,778
Total Liabilities	<u>14,869</u>	<u>-</u>	<u>14,869</u>	<u>\$ 714,189</u>	<u>\$ 419,137</u>	<u>\$ 1,133,326</u>
NET POSITION						
Held in Trust for Unemployment Claims	<u>\$ 421,923</u>		421,923			
Held in Trust for Scholarship Awards		<u>\$ 5,863</u>	5,863			
			<u>\$ 427,786</u>			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 85,062	
Donations		\$ 6,724
Total Additions	<u>85,062</u>	<u>6,724</u>
DEDUCTIONS		
Payment of Unemployment Claims	69,098	
Payment of Scholarship Awards and Other Expenses		1,344
Total Deductions	<u>69,098</u>	<u>1,344</u>
Change in Net Position	15,964	5,380
Net Position - Beginning of the Year	<u>405,959</u>	<u>483</u>
Net Position - End of the Year	<u><u>\$ 421,923</u></u>	<u><u>\$ 5,863</u></u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2016

	<u>Balance June 30,2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30,2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 713,225	\$ 1,636,316	\$ 1,635,352	\$ 714,189
Interfund Receivable	4,574		\$ 4,574	
Total Assets	<u><u>\$ 717,799</u></u>	<u><u>\$ 1,636,316</u></u>	<u><u>\$ 1,639,926</u></u>	<u><u>\$ 714,189</u></u>
LIABILITIES:				
Due to Student Groups	\$ 717,799	\$ 1,636,316	\$ 1,639,926	\$ 714,189
Total Liabilities	<u><u>\$ 717,799</u></u>	<u><u>\$ 1,636,316</u></u>	<u><u>\$ 1,639,926</u></u>	<u><u>\$ 714,189</u></u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2016

	Balance June 30,2015	Cash Receipts	Cash Disbursements	Balance June 30,2016
Elementary Schools:				
Liberty Corner	\$ 19,273	\$ 70,784	\$ 52,776	\$ 37,281
Oak Street	24,014	44,797	48,225	20,586
Cedar Hill	72,354	47,438	36,969	82,823
Mount Prospect	17,090	17,680	20,092	14,678
Total Elementary Schools	<u>132,731</u>	<u>180,699</u>	<u>158,062</u>	<u>155,368</u>
Middle School:				
William Annin	<u>80,986</u>	<u>314,072</u>	<u>299,705</u>	<u>95,353</u>
High School:				
Athletic Fund	19,209	102,754	113,742	8,221
Performing Arts	51,634	147,409	186,438	12,605
Ridge High School	428,665	891,382	877,405	442,642
Total High School	<u>499,508</u>	<u>1,141,545</u>	<u>1,177,585</u>	<u>463,468</u>
Totals	<u>\$ 713,225</u>	<u>\$ 1,636,316</u>	<u>\$ 1,635,352</u>	<u>\$ 714,189</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2016

	<u>Balance June 30,2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30,2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 25,085	\$ 59,676,548	\$ 59,282,496	\$ 419,137
Total Assets	<u>\$ 25,085</u>	<u>\$ 59,676,548</u>	<u>\$ 59,282,496</u>	<u>\$ 419,137</u>
LIABILITIES:				
Interfund Payable	\$ 12,584	\$ 3,359	\$ 12,584	\$ 3,359
Payroll Deductions and Withholdings Payable	<u>12,501</u>	<u>59,673,189</u>	<u>59,269,912</u>	<u>415,778</u>
Total Liabilities	<u>\$ 25,085</u>	<u>\$ 59,676,548</u>	<u>\$ 59,282,496</u>	<u>\$ 419,137</u>

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired / Paid</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds	12/01/05	\$ 44,648,000				\$ 365,000		\$ 365,000	
Refunding School Bonds	12/1/06	10,000,000	07/15/16	\$ 35,000	4.000 %	9,895,000		9,860,000	\$ 35,000
Refunding School Bonds	5/22/12	9,700,000	7/15/16-7/15/17 7/15/18-7/15/19 07/15/20 07/15/21 07/15/22 07/15/23 07/15/24 07/15/25 07/15/26 07/15/27 07/15/28 07/15/29	65,000 70,000 70,000 75,000 80,000 80,000 85,000 85,000 90,000 1,455,000 5,230,000 1,840,000	3.000 3.000 4.000 4.000 4.000 2.375 2.500 2.750 3.000 3.000 3.000 3.000	9,420,000	60,000	9,360,000	
Refunding School Bonds	2/6/13	23,745,000	07/15/16 07/15/17 07/15/18 07/15/19 07/15/20 07/15/21 07/15/22 07/15/23 07/15/24 07/15/25 07/15/26 07/15/27	360,000 375,000 390,000 405,000 425,000 430,000 440,000 4,090,000 4,260,000 4,435,000 4,620,000 3,435,000	4.000 4.000 4.000 4.000 4.000 2.000 4.000 4.000 4.000 4.000 4.000 4.000	23,665,000		23,665,000	
Refunding School Bonds	9/17/13	23,920,000	01/01/17 01/01/18 01/01/19 01/01/20 01/01/21 01/01/22 01/01/23	2,405,000 2,500,000 2,605,000 2,710,000 2,845,000 2,990,000 3,120,000	4.000 4.000 4.000 5.000 5.000 4.000 5.000	21,505,000	2,330,000	19,175,000	
Refunding School Bonds	2/25/15	5,515,000	07/15/23 07/15/24 07/15/25 07/15/26 07/15/27 07/15/28 07/15/29 07/15/30	840,000 295,000 795,000 630,000 700,000 700,000 740,000 815,000	4.000 4.000 4.000 4.000 4.000 4.000 4.000 4.000	5,515,000		5,515,000	
Refunding School Bonds	5/18/16	8,680,000	07/15/16 07/15/29 07/15/30	245,000 3,215,000 5,220,000	3.000 3.000 3.000		\$ 8,680,000	8,680,000	
						<u>\$ 70,365,000</u>	<u>\$ 8,680,000</u>	<u>\$ 12,615,000</u>	<u>\$ 66,430,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2016

Series	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2015	Additions	Retired	Balance June 30, 2016
			Principal	Interest					
2010 Savin Copier - William Annin Middle School	7/1/2010	5 Years	\$ 153,873	\$ 20,264	13.20 %	\$ 8,635		\$ 8,635	
2012 Savin Copier - Ridge High School	3/7/2012	5 Years	26,300	4,156	15.80	10,101		5,644	\$ 4,457
2012 Savin Copier - Ridge High School Guidance	3/7/2012	5 Years	15,458	2,611	16.89	5,972		3,332	2,640
2012 Savin Copier - Board of Education Office	3/7/2012	5 Years	28,244	4,463	15.80	10,848		6,061	4,787
2012 Savin Copier - Board of Education Office	3/7/2012	5 Years	26,587	4,201	15.80	10,212		5,705	4,507
2011 Savin Copier - William Annin Middle School	1/8/2011	5 Years	29,950	4,730	5.93	4,523		4,523	
2011 Savin Copier - Liberty Corner School	1/8/2011	5 Years	153,870	20,267	5.93	7,657		7,657	
2015 Savin Copiers - Various Schools	11/30/2014	5 Years	139,065	13,545	5.34	121,981		26,433	95,548
2015 Chrome Books - Various Schools	7/7/2014	2 Years	599,990	4,094	0.85	299,511		299,511	
2015 Construction Projects - Wellness Center and Turf Field	4/20/2015	5 Years	763,200	40,472	1.90	763,200		146,710	616,490
2016 Copiers - Oak Street	5/1/2016	5 Years	40,097	6,335	5.93		\$ 40,097	1,154	38,943
2016 Copiers - Ridge High School	12/1/2015	5 Years	11,278	1,579	6.62		11,278	1,168	10,110
						<u>\$ 1,242,640</u>	<u>\$ 51,375</u>	<u>\$ 516,533</u>	<u>\$ 777,482</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,218,563		\$ 5,218,563	\$ 5,218,563	
Total Local Source Revenues	5,218,563		5,218,563	5,218,563	
State Sources-Debt Service Aid	294,476		294,476	294,476	
Total Revenue	5,513,039		5,513,039	5,513,039	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,785,000	\$ 999,600	3,784,600	3,784,600	
Interest on Bonds	2,764,108		2,764,108	2,764,108	
Cost of Issuance				112,906	\$ (112,906)
Total Expenditures	5,549,108	999,600	6,548,708	6,661,614	(112,906)
(Deficiency) of Revenues (under) Expenditures	(36,069)		(1,035,669)	(1,148,575)	(112,906)
OTHER FINANCING SOURCES (USES)					
Transfers in		999,600	999,600	999,600	
Payment to Refunding Bond Escrow Agent				(9,037,678)	(9,037,678)
Refunding Bonds Issued				8,680,000	8,680,000
Premium on Bond Refunding				470,584	470,584
Total Other Financing Sources (Uses)	-	999,600	999,600	1,112,506	112,906
Net Change in Fund Balances	(36,069)	-	(36,069)	(36,069)	
Fund Balance, July 1	36,069	-	36,069	36,069	
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**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

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.

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

	As of June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,569,015	\$ 2,812,148	\$ 4,996,379	\$ 4,504,723	\$ 4,266,351	\$ 4,428,832	\$ 5,971,475	\$ 7,194,143	\$ 9,037,435	\$ 13,736,660
Restricted	4,501,931	4,229,149	2,934,632	3,780,705	3,899,177	8,047,536	12,188,654	13,238,125	15,682,406	16,339,829
Unrestricted (deficit)	(372,787)	1,606,902	1,375,005	1,835,740	4,284,762	2,547,097	1,235,960	2,024,611	(19,437,972)	(20,748,365)
Total Governmental Activities Net Position	\$ 6,698,159	\$ 8,648,199	\$ 9,306,016	\$ 10,121,168	\$ 12,450,290	\$ 15,023,465	\$ 19,396,089	\$ 22,456,879	\$ 5,281,869	\$ 9,328,124
Business-type Activities:										
Net Investment in Capital Assets	\$ 77,357	\$ 69,094	\$ 52,700	\$ 54,958	\$ 56,950	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521	\$ 132,771
Unrestricted	225,616	323,954	407,256	737,189	951,881	918,635	874,073	1,041,476	1,114,668	1,319,034
Total Business-type Activities Net Position	\$ 302,973	\$ 393,048	\$ 459,956	\$ 792,147	\$ 1,008,831	\$ 983,194	\$ 946,339	\$ 1,103,998	\$ 1,176,189	\$ 1,451,805
Government-wide:										
Net Investment in Capital Assets	\$ 2,646,372	\$ 2,881,242	\$ 5,049,079	\$ 4,559,681	\$ 4,323,301	\$ 4,493,391	\$ 6,043,741	\$ 7,256,665	\$ 9,098,956	\$ 13,869,431
Restricted	4,501,931	4,229,149	2,934,632	3,780,705	3,899,177	8,047,536	12,188,654	13,238,125	15,682,406	16,339,829
Unrestricted (deficit)	(147,171)	1,930,856	1,782,261	2,572,929	5,236,643	3,465,732	2,110,033	3,066,087	(18,323,304)	(19,429,331)
Total Government Net Position	\$ 7,001,132	\$ 9,041,247	\$ 9,765,972	\$ 10,913,315	\$ 13,459,121	\$ 16,006,659	\$ 20,342,428	\$ 23,560,877	\$ 6,458,058	\$ 10,779,929

Source: District CAFR A-1

Note: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$20,822,890. This amount is not reflected in the June 30, 2014 Net Position, above.

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

	Year ended June 30,									
	2007	2008	2009	2010	2011	2011	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 30,534,516	\$ 32,110,702	\$ 33,905,897	\$ 34,797,822	\$ 33,204,783	\$ 35,050,837	\$ 36,921,273	\$ 37,740,692	\$ 45,216,758	\$ 47,134,891
Special Education Instruction	10,102,520	11,336,917	11,539,915	13,146,006	12,209,009	12,941,908	15,643,646	16,458,289	19,374,066	20,646,861
Other Special Instruction	1,320,658	1,309,818	1,280,227	1,753,775	1,711,885	1,684,511	2,005,530	1,429,424	1,958,334	2,331,613
Other Instruction	1,416,919	1,711,342	1,963,708	1,668,722	1,669,936	1,813,227	1,945,703	2,560,784	2,336,349	2,110,012
Support Services:										
Tuition	2,199,570	2,362,867	2,303,699	2,680,778	3,109,736	3,477,234	2,420,182	2,782,496	2,697,135	2,176,329
Related Services	11,058,793	11,098,225	11,776,754	13,480,530	12,125,105	12,811,041	13,157,717	13,511,813	14,019,783	15,653,548
General Administration Services	1,113,947	1,088,805	1,101,854	1,078,925	986,457	1,036,011	877,443	956,971	914,351	1,224,933
School Administration Services	3,787,151	3,740,792	3,749,775	4,170,456	4,268,077	4,391,229	4,601,249	4,812,384	5,242,747	5,761,590
Central Services	678,965	626,904	641,946	692,996	706,896	734,577	845,125	966,214	958,597	955,062
Administrative Information Technology	551,973	504,806	669,800	754,135	772,235	771,620	800,194	813,294	839,648	888,132
Plant Operations and Maintenance	7,794,911	9,205,253	8,950,358	7,444,538	8,107,321	8,824,096	6,898,263	6,376,143	6,306,007	6,748,671
Pupil Transportation	4,012,105	4,212,269	5,049,825	4,112,652	4,972,228	5,275,700	5,445,939	5,399,062	5,346,667	5,506,213
Capital outlay		265,159								
Interest and other charges on Long-Term Debt	3,696,376	4,051,794	4,009,003	3,926,665	3,845,737	3,585,293	3,368,504	3,081,435	2,720,395	2,903,168
Total Governmental Activities Expenses	78,268,404	83,625,653	86,942,761	89,708,000	87,689,405	92,397,284	94,930,768	96,889,001	107,930,837	114,041,023
Business-type Activities:										
Food Service	1,788,270	1,972,075	1,962,215	1,911,960	1,944,455	2,184,302	2,069,346	2,413,043	2,309,728	2,178,252
After School Enrichment	148,688	216,126	210,271	258,311	204,180	162,681	139,716	116,740	102,696	115,744
Project Jump Start	50,325	52,215	76,115	91,640	82,501	98,082	85,069	90,065	90,088	90,703
Camp Bridge	20,611	43,783								
Before and After School Care	446,502	434,770	545,341	1,034,402	1,085,360	1,233,364	1,277,769	988,525	1,196,661	1,265,941
Total Business-type Activities Expense	2,454,396	2,718,969	2,793,942	3,296,313	3,316,496	3,678,429	3,571,900	3,608,373	3,699,173	3,650,640
Total District Expenses	\$ 80,722,800	\$ 86,344,622	\$ 89,736,703	\$ 93,004,313	\$ 91,005,901	\$ 96,075,713	\$ 98,502,668	\$ 100,497,374	\$ 111,630,010	\$ 117,691,663
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 860,467	\$ 502,434	\$ 748,296	\$ 691,186	\$ 1,020,789	\$ 1,268,721	\$ 1,203,364	# \$ 1,328,285	\$ 1,384,605	\$ 1,370,663
Pupil Transportation	205,974	251,257	235,341	272,498	229,278	222,716	223,270	231,752	240,193	237,288
Operating Grants and Contributions	1,486,333	1,536,043	1,489,669	2,706,434	1,446,222	1,698,237	2,324,645	1,378,907	1,763,391	1,784,900
Capital Grants and Contributions			145,287	-	1,765		3,226	455,123	393,512	886,147
Total Governmental Activities Program Revenues	2,552,774	2,289,734	2,618,593	3,670,118	2,698,054	3,189,674	3,754,505	3,394,067	3,781,701	4,278,998
Business-type Activities:										
Charges for Services:										
Food Service	1,581,523	1,749,572	1,876,347	2,007,314	1,970,688	2,140,832	2,109,131	2,192,147	2,199,301	2,372,148
After School Enrichment	161,235	231,969	216,580	233,410	186,759	171,084	153,863	127,127	126,920	123,030
Project Jump Start	52,448	120,604	119,946	112,687	112,105	106,760	105,189	109,857	105,007	86,250
Camp Bridge	48,319	1,075								
Before and After School Care	483,347	534,432	648,639	1,155,211	1,128,752	1,109,200	1,054,213	1,204,769	1,219,883	1,265,121
Operating Grants and Contributions	123,447	131,197	118,668	119,882	134,876	124,916	100,101	132,132	120,253	
Capital Grants and Contributions										79,707
Total Business-type Activities Program Revenues	2,450,319	2,768,849	2,980,180	3,628,504	3,533,180	3,652,792	3,522,497	3,766,032	3,771,364	3,926,256
Total District Program Revenues	\$ 5,003,093	\$ 5,058,583	\$ 5,598,773	\$ 7,298,622	\$ 6,231,234	\$ 6,842,466	\$ 7,277,002	\$ 7,160,099	\$ 7,553,065	\$ 8,205,254
Net (Expense) Revenue										
Governmental Activities	\$ (75,715,630)	\$ (81,335,919)	\$ (84,324,168)	\$ (86,037,882)	\$ (84,991,351)	\$ (89,207,610)	\$ (91,176,263)	\$ (93,494,934)	\$ (104,149,136)	\$ (109,762,025)
Business-type Activities	(4,077)	49,880	186,238	332,191	216,684	(25,637)	(49,403)	157,659	72,191	275,616
Total Government-wide Net Expense	\$ (75,719,707)	\$ (81,286,039)	\$ (84,137,930)	\$ (85,705,691)	\$ (84,774,667)	\$ (89,233,247)	\$ (91,225,666)	\$ (93,337,275)	\$ (104,076,945)	\$ (109,486,409)

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

	Year ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 61,313,765	\$ 63,779,923	\$ 66,837,438	\$ 70,156,926	\$ 72,910,723	\$ 74,368,937	\$ 75,856,316	\$ 77,373,442	\$ 78,920,911	\$ 80,499,329
Taxes Levied for Debt Service	5,661,267	5,461,181	5,243,925	5,500,706	5,591,242	5,766,182	5,761,929	5,505,366	5,084,960	5,218,563
Unrestricted Grants and Contributions	10,488,375	10,878,874	12,539,127	10,864,349	8,622,247	11,210,945	13,446,943	13,192,149	23,047,087	27,345,345
Investment Earnings	3,040,622	1,036,083	129,895	63,067	42,182	13,873	8,805	8,162	8,333	8,413
Miscellaneous Income	53,466	2,799,935	231,600	267,986	154,079	421,748	474,894	476,605	735,725	736,630
Transfers		(40,195)								
Total Governmental Activities	80,557,495	83,915,801	84,981,985	86,853,034	87,320,473	91,780,785	95,548,887	96,555,724	107,797,016	113,808,280
Business-type Activities:										
Miscellaneous Income	54,093						12,548			
Transfers		40,195								
Total Business-type Activities	54,093	40,195	-	-	-	-	12,548	-	-	-
Total Government-wide	\$ 80,611,588	\$ 83,955,996	\$ 84,981,985	\$ 86,853,034	\$ 87,320,473	\$ 91,780,785	\$ 95,561,435	\$ 96,555,724	\$ 107,797,016	\$ 113,808,280
Change in Net Position										
Governmental Activities	\$ 4,841,865	\$ 2,579,882	\$ 657,817	\$ 815,152	\$ 2,329,122	\$ 2,573,175	\$ 4,372,624	\$ 3,060,790	\$ 3,647,880	\$ 4,046,255
Business-type Activities	50,016	90,075	186,238	332,191	216,684	(25,637)	(36,855)	157,659	72,191	275,616
Total District	\$ 4,891,881	\$ 2,669,957	\$ 844,055	\$ 1,147,343	\$ 2,545,806	\$ 2,547,538	\$ 4,335,769	\$ 3,218,449	\$ 3,720,071	\$ 4,321,871

Source: District CAFR A-2

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

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

	Year ended June 30,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:										
Reserved	\$ 4,771,640	\$ 4,250,314	\$ 3,192,027	\$ 3,985,240						
Unreserved	1,538,095	3,947,427	3,156,914	3,265,329						
Restricted for										
Assigned to					\$ 3,333,862	\$ 7,480,823	\$ 11,574,851	\$ 13,089,585	\$ 14,017,605	\$ 15,719,627
Unassigned					4,793,453	2,471,993	695,042	1,039,137	953,179	315,469
					<u>1,714,905</u>	<u>1,880,382</u>	<u>1,913,623</u>	<u>2,396,534</u>	<u>2,347,624</u>	<u>2,404,541</u>
Total General Fund	<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>	<u>\$ 11,833,198</u>	<u>\$ 14,183,516</u>	<u>\$ 16,525,256</u>	<u>\$ 17,318,408</u>	<u>\$ 18,439,637</u>
All Other Governmental Funds:										
Reserved		\$ 2,839,671	\$ 4,000							
Unreserved, Reported In:										
Capital Projects Fund ^a	\$ 24,207,584	237,506	563,549	\$ 563,549						
Debt Service Fund	1	1								
Restricted for:										
Capital Projects Fund ^a					\$ 565,314	\$ 565,314	\$ 568,540	\$ 148,540	\$ 1,664,801	\$ 620,202
Debt Service Fund					<u>1</u>	<u>1,399</u>	<u>45,263</u>	<u>286,069</u>	<u>36,069</u>	
Total All Other Governmental Funds	<u>\$ 24,207,585</u>	<u>\$ 3,077,178</u>	<u>\$ 567,549</u>	<u>\$ 563,549</u>	<u>\$ 565,315</u>	<u>\$ 566,713</u>	<u>\$ 613,803</u>	<u>\$ 434,609</u>	<u>\$ 1,700,870</u>	<u>\$ 620,202</u>

Source: District CAFR B-1

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

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.N. 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 66,975,032	\$ 69,241,104	\$ 72,081,363	\$ 75,657,632	\$ 78,501,965	\$ 80,135,119	\$ 81,618,245	\$ 82,878,808	\$ 84,005,871	\$ 85,717,892
Tuition Charges	860,467	502,434	748,296	691,186	1,020,789	1,268,721	1,203,364	1,328,285	1,336,604	1,370,663
Interest Earnings	3,040,622	1,036,083	129,895	63,067	42,182	13,873	8,805	8,162	48,001	8,413
Miscellaneous	327,757	3,184,338	565,167	632,321	514,882	782,344	771,371	757,915	1,248,876	1,123,675
State Sources	10,723,172	11,131,142	12,931,957	11,093,362	8,862,302	11,206,655	13,657,525	13,398,089	14,832,731	16,887,311
Federal Sources	1,183,219	1,150,629	1,143,920	2,385,584	1,076,407	1,563,747	1,989,628	1,578,532	1,320,815	1,428,770
Total Revenues	83,110,269	86,245,730	87,600,578	90,523,152	90,018,527	94,970,459	99,248,938	99,949,791	102,792,898	106,536,724
Expenditures										
Instruction:										
Regular Instruction	22,365,402	23,763,583	25,112,992	24,835,229	24,070,737	25,436,003	25,817,557	26,920,848	27,443,412	27,558,982
Special Education Instruction	7,312,819	8,471,628	8,659,776	9,455,524	8,893,940	9,479,261	11,475,971	11,998,460	12,846,421	13,167,825
Other Special Instruction	943,809	926,385	931,147	1,221,772	1,217,099	1,187,619	1,364,300	993,832	1,314,366	1,306,749
School-sponsored/Other Instructional Support Services:	1,103,475	1,386,510	1,542,525	1,275,094	1,290,187	1,405,440	1,493,450	1,924,663	1,517,476	1,514,095
Tuition	2,152,476	2,313,922	2,303,699	2,680,778	3,109,736	3,467,469	2,400,432	2,762,123	2,676,546	2,155,642
Student and Instruction Related Services	8,359,544	8,351,266	9,326,920	10,470,913	9,259,142	9,961,962	10,096,439	10,257,890	10,248,340	10,614,056
General Administrative Services	969,360	942,838	977,098	926,229	832,971	888,616	750,997	821,333	778,801	963,463
School Administrative Services	2,723,995	2,659,460	2,835,015	3,011,454	3,137,486	3,229,189	3,300,578	3,486,554	3,619,073	3,558,390
Central Services	561,064	508,263	501,705	516,161	532,298	558,173	632,848	728,026	696,289	675,431
Admin. Information Technology	414,537	365,946	511,976	550,664	571,542	578,041	606,420	625,303	648,290	661,173
Plant Operations and Maintenance	7,633,494	9,282,058	8,442,913	7,101,641	7,287,634	8,324,895	6,536,556	6,140,155	6,032,621	6,400,037
Pupil Transportation	3,926,203	4,125,016	4,946,968	3,976,834	4,784,527	5,097,286	5,262,726	5,219,548	5,169,310	5,328,761
Other Support Services										
Employee Benefits	14,905,089	15,277,194	15,312,735	17,421,783	15,868,492	16,918,257	19,629,935	19,577,007	20,521,613	22,763,318
Charter Schools						9,765	19,750	20,373	20,589	20,687
Capital Outlay	18,108,798	28,075,456	4,270,907	315,596	860,359	425,472	1,468,161	735,665	3,123,933	3,310,221
Cost of issuance						107,095	176,244	171,194	84,661	112,906
Debt Service:										
Principal	1,500,000	1,655,000	2,155,000	1,940,000	2,075,000	2,380,000	2,645,000	2,845,000	2,750,000	3,784,600
Interest and Other Charges	4,112,475	3,843,411	4,127,629	3,927,852	3,843,040	3,727,224	3,406,864	2,730,465	2,858,284	2,764,108
Total Expenditures	97,092,540	111,947,936	91,959,007	89,625,524	87,634,190	93,181,767	97,082,228	97,958,439	102,350,025	106,660,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,982,271)	(25,702,206)	(4,358,429)	897,628	2,384,337	1,788,692	2,166,710	1,991,352	442,873	(123,720)
Other Financing Sources (Uses)										
Proceeds from Borrowing		6,500,000								
Capital Leases (Non-budgeted)					209,080	96,589			1,531,879	51,375
Payments to Escrow Agent	(10,113,265)					(9,651,344)	(26,930,622)	(26,384,529)	(6,395,704)	(9,037,678)
Refunding Bonds Issued	10,000,000					9,700,000	23,745,000	23,920,000	5,515,000	8,680,000
Premium on Bonds Refunded	64,473					58,439	3,361,866	2,635,723	965,365	470,584
Insurance Proceeds							54,454			
Transfers In	2,607,177	658,508	38,787	209	82	137	254	420,000	1,717,801	2,468,243
Transfers Out	(2,607,177)	(698,703)	(38,787)	(209)	(82)	(137)	(254)	(420,000)	(1,717,801)	(2,468,243)
Total Other Financing Sources (Uses)	(48,792)	6,459,805	-	-	209,080	203,684	230,698	171,194	1,616,540	164,281
Net Change in Fund Balances	\$ (14,031,063)	\$ (19,242,401)	\$ (4,358,429)	\$ 897,628	\$ 2,593,417	\$ 1,992,376	\$ 2,397,408	\$ 2,162,546	\$ 2,059,413	\$ 40,561
Debt service as a percentage of noncapital expenditures	7.11%	6.56%	7.16%	6.57%	6.82%	6.58%	6.33%	5.73%	5.65%	6.34%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

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>
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
2012	222,716	170,110	202,894	48,744	644,464
2013	223,270	83,056	106,720	230,664	643,710
2014	231,752	104,128	265,891	106,586	708,357
2015	240,193	129,594	401,932	209,742	981,461
2016	237,288	117,098	59,024	568,488	981,898

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
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	7,145,967,376	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	7,009,122,445	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	6,863,212,979	1.243
2012	25,561,600	5,499,098,700	23,782,900	321,200	740,862,500	5,446,500	7,988,200	6,303,061,600	7,736,493	6,310,798,093	7,006,100,933	1.282
2013	21,252,500	5,599,386,300	24,226,100	319,000	727,722,100	5,260,000	7,892,000	6,386,058,000	8,607,710	6,394,665,710	6,745,571,062	1.286
2014	22,851,600	5,817,633,500	24,930,300	322,100	710,308,200	5,260,000	7,946,000	6,589,251,700	7,863,173	6,597,114,873	6,730,668,212	1.265
2015	18,465,900	6,029,535,000	23,132,300	301,600	713,515,600	6,476,500	7,923,800	6,799,350,700	8,113,677	6,807,464,377	6,896,718,944	1.246
2016	19,396,000	6,031,343,100	26,258,500	306,000	717,290,500	6,476,500	8,013,500	6,809,084,100	7,858,035	6,816,942,135	6,976,129,429	1.270

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

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

^a 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	
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
2012	1.190	0.092	1.282	0.318	0.341	1.941
2013	1.198	0.088	1.286	0.318	0.349	1.953
2014	1.185	0.080	1.265	0.317	0.352	1.934
2015	1.171	0.075	1.246	0.316	0.354	1.916
2016	1.193	0.077	1.270	0.322	0.359	1.951

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 Nine Years Ago
Unaudited

	2016			2007		
	<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>
295 North Maple LLC	\$ 197,109,192	1	2.89%			
Fellowship Village, Inc.	49,911,500	2	0.73%	\$ 50,254,800	3	0.70%
AREP Westgate I, LLC	31,120,100	3	0.46%			
Ashford Basking Ridge LLP	23,500,000	4	0.35%			
Mt Airy Rd Investors LLC	22,560,000	5	0.33%			
131 Morristown Rd	22,224,500	6	0.33%	33,865,900	6	0.47%
110 Allen Road LLC	22,195,900	7	0.33%			
120 Mountainview LLC	20,732,800	8	0.30%			
150 Allen Rd LLC	19,131,900	9	0.28%			
Affinity Federal Credit Union	18,322,200	10	0.27%			
Verizon Corporate Services Group Inc.				214,038,108	1	3.00%
OTR / Mack-Cali Realty Corp				51,958,700	2	0.73%
Avaya Inc./CB R Ellis/German				47,960,000	4	0.67%
Realty Assoc Fund				33,920,000	5	0.47%
Pharmacia & Upjohn				25,722,100	7	0.36%
CNL Hotel MI-4				25,068,000	8	0.35%
73 Mountainview Holdings Corp				23,002,800	9	0.32%
Mountainview Realty Holdings Co./Gale Co.				22,001,600	10	0.31%
Total	<u>\$ 426,808,092</u>		<u>6.27%</u>	<u>\$ 527,792,008</u>		<u>7.39%</u>

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	
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%	
2012	80,135,119	80,135,119	100.00%	
2013	81,618,245	81,618,245	100.00%	
2014	82,878,808	82,878,808	100.00%	
2015	84,005,871	92,389,337	109.98%	
2016	85,717,892	85,717,892	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 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			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Other Leases			
2007	\$ 83,900,000	\$ 226,347	\$ 519,368	\$ 84,645,715	4.56%	\$ 72,113
2008	88,745,000	239,959	247,815	89,232,774	4.62%	74,860
2009	86,590,000	21,242		86,611,242	4.73%	70,311
2010	84,650,000	869		84,650,869	4.44%	71,473
2011	82,575,000	178,670		82,753,670	4.16%	74,238
2012	81,455,000	231,913		81,686,913	3.88%	78,163
2013	78,170,000	173,261		78,343,261	3.62%	80,167
2014	73,455,000	111,271		73,566,271	3.25%	83,731
2015	70,365,000	1,242,640		71,607,640	Not Available	Not Available
2016	66,430,000	777,482		67,207,482	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 <u>Capita</u> ^u
	<u>General Obligation Bonds</u>	<u>Net General Bonded Debt Outstanding</u>		
2007	\$ 83,900,000	\$ 83,900,000	1.17%	\$ 72,113
2008	88,745,000	88,745,000	1.24%	74,860
2009	86,590,000	86,590,000	1.27%	70,311
2010	84,650,000	84,650,000	1.32%	71,473
2011	82,575,000	82,575,000	1.29%	74,238
2012	81,455,000	81,455,000	1.29%	78,163
2013	78,170,000	78,170,000	1.22%	80,167
2014	73,455,000	73,455,000	1.11%	83,731
2015	70,365,000	70,365,000	1.03%	Not Available
2016	66,430,000	66,430,000	0.97%	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, 2016
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	\$ 5,535,000	100.000%	\$ 5,535,000
Somerset County General Obligation Debt	167,277,357	12.010%	<u>20,090,011</u>
Subtotal, Overlapping Debt			25,625,011
Bernards School District Direct Debt			<u>66,430,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 92,055,011</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
2007	25,714	\$ 1,854,313,682	\$ 72,113	2.20%
2008	25,785	1,930,265,100	74,860	3.20%
2009	26,034	1,830,476,574	70,311	5.90%
2010	26,699	1,908,257,627	71,473	5.90%
2011	26,826	1,991,508,588	74,238	5.50%
2012	26,931	2,105,007,753	78,163	5.80%
2013	27,020	2,166,112,340	80,167	4.80%
2014	27,074	2,266,933,094	83,731	4.40%
2015	27,010	Not Available	Not Available	3.50%
2016	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept. of Labor and Workforce Development and is reported as of July 1 of the identified year.
- ^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 November 2015 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**

	2016		2007	
<u>Employer</u>	<u>Employees</u>	Percentage of Total Municipal Employment	<u>Employees</u>	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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Teachers - General Fund	449.0	450.5	482.6	469.8	442.8	440.6	450.0	467.0	482.7	490.1
Classroom Aides - General Fund	92.8	100.5	116.5	123.0	96.5	109.0	120.0	116.8	122.3	119.5
Athletic	-	-	-	-	-	-	-	2.0	2.0	2.0
Health Services	10.0	10.5	11.9	11.9	11.0	11.0	10.0	10.0	12.0	12.5
Related Services	8.0	9.0	12.0	11.6	11.6	12.0	13.0	13.5	13.5	13.0
Extraordinary Services	2.0	5.0	5.2	6.0	8.4	11.0	9.0	9.5	7.6	9.0
Guidance - Professional	18.2	19.2	22.0	20.2	19.2	21.2	21.0	20.2	20.0	20.7
Guidance - Support	5.0	5.2	7.0	6.0	8.0	8.0	8.0	9.0	8.0	8.0
Child Study Team	15.8	15.8	17.2	17.2	16.4	17.8	21.0	20.8	21.6	23.0
Child Study Team - Support	2.0	2.0	2.0	2.0	2.0	2.0	6.0	5.0	5.0	5.0
Supervisors and Other Professionals	4.5	4.5	4.6	4.0	3.5	9.8	5.0	4.5	4.5	5.5
Improvement of Instruction - Support	2.0	2.0	2.0	3.0	2.0	4.0	3.0	2.0	3.0	2.0
Media Services/Technology	15.0	14.0	14.0	13.0	10.0	10.0	10.0	10.0	9.0	10.0
Professional Development - Professionals	5.0	4.5	5.5	5.5	5.0	5.5	-	-	-	-
Professional Development - Support	4.0	4.8	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0
General District Administrators	1.5	-	-	-	-	-	3.0	5.0	5.5	9.0
General Administration - Professional	-	1.5	1.5	1.5	1.5	2.5	3.0	2.0	2.0	2.0
General Administration - Support	1.0	1.0	1.0	1.0	1.0	-	6.0	0.5	1.0	-
Principals/Assistant Professionals	17.0	16.0	16.0	17.0	17.0	16.0	17.0	17.0	17.0	17.0
School Administration - Support	19.0	18.0	19.0	18.0	19.0	21.0	19.0	19.0	19.0	19.0
Central Services - Administrators	1.0	1.0	1.0	1.0	1.0	7.0	1.0	7.5	9.0	6.0
Central Services - Support	6.6	2.5	5.6	5.6	4.6	-	-	-	-	-
Administration Information Technology Services	5.5	5.3	9.0	9.0	8.0	9.0	11.0	9.5	9.0	9.0
Operation and Maintenance	-	-	-	-	-	-	-	2.0	3.0	2.0
Support Staff - Special Revenue	7.6	1.8	3.0	3.0	3.0	6.0	-	-	-	-
Total	692.5	694.6	764.6	755.3	696.5	728.4	741.0	757.9	780.8	788.2

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				
2007	5,529	\$ 69,266,377	\$ 12,528	-0.80%	449	10.8	10.5	10.7	5,466	5,263	3.00%	96.29%
2008	5,519	70,425,155	12,760	1.86%	451	11.7	10.3	10.8	5,517	5,310	0.93%	96.25%
2009	5,640	81,405,471	14,434	13.11%	483	11.3	9.8	10.7	5,632	5,413	2.08%	96.11%
2010	5,725	83,442,076	14,575	0.98%	470	10.7	9.5	10.7	5,701	5,490	1.23%	96.30%
2011	5,671	80,855,788	14,258	-2.18%	443	10.8	10.0	11.0	5,663	5,444	-0.67%	96.13%
2012	5,705	86,541,976	15,169	6.39%	441	14.7	9.9	12.6	5,685	5,481	0.39%	96.41%
2013	5,765	89,385,959	15,505	2.21%	450	12.9	11.6	13.6	5,697	5,461	0.21%	95.86%
2014	5,720	91,476,115	15,992	3.14%	467	10.6	10.0	11.1	5,762	5,458	1.14%	94.72%
2015	5,677	93,533,147	16,476	3.02%	483	10.2	10.3	11.1	5,695	5,449	-1.16%	95.68%
2016	5,626	96,688,609	17,186	4.31%	490	10.0	10.5	11.4	5,635	5,407	-1.05%	95.95%

Source: District Records.

Note: Enrollment based on annual October District count.

^a Operating expenditures equal total expenditures less debt service, capital outlay and costs of issuance on debt.

^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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	59,500	59,500	59,500	68,022	68,022	68,022	68,022	68,022	68,022	68,022
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	649	649	614	624	607	604	593	612	610	601
Liberty Corner Elementary School										
Square Feet	82,200	82,200	82,200	82,240	82,240	82,240	82,240	82,240	82,240	82,240
Capacity (students)	682	682	682	682	682	682	682	682	682	682
Enrollment	626	626	608	575	561	570	598	581	556	531
Mount Prospect Elementary School										
Square Feet	87,000	87,000	87,000	97,708	97,708	97,708	97,708	97,708	103,440	103,440
Capacity (students)	625	625	625	839	839	839	839	839	839	839
Enrollment	713	713	780	761	719	715	707	680	672	651
Oak Street Elementary School										
Square Feet	65,470	65,470	65,470	69,272	69,272	69,272	69,272	69,272	75,927	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	623	623	607	623	627	636	607	616	579	550
<u>Middle School:</u>										
William Anin Middle School										
Square Feet	146,000	146,000	146,000	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,460	1,460	1,460	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,277	1,277	1,348	1,399	1,433	1,406	1,405	1,366	1,382	1,396
<u>High School:</u>										
Ridge High School										
Square Feet	209,500	209,500	209,500	297,158	297,158	297,158	297,158	297,158	312,939	312,939
Capacity (students)	1,831	1,831	1,831	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,604	1,604	1,695	1,715	1,724	1,774	1,815	1,865	1,878	1,897
<u>Other:</u>										
Administration Building										
Square Feet	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076

Number of Schools at June 30, 2016:

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	Ridge H.S.	William Aninn M.S.	Cedar Hill E.S.	Liberty Corner E.S.	Mount Prospect E.S.	Oak Street E.S.	Total
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	660,846	361,855	151,273	182,892	217,291	154,053	1,728,210
2012	1,281,483	701,694	293,342	354,657	421,362	298,733	3,351,271
2013	677,259	370,842	155,030	187,434	222,688	157,879	1,771,132
2014	646,721	354,120	148,039	178,983	212,646	150,760	1,691,269
2015	726,010	397,536	166,189	200,926	238,717	169,244	1,898,622
2016	721,482	394,688	133,261	203,013	236,712	177,041	1,866,197
Total School Facilities	\$ 9,696,271	\$ 4,770,843	\$ 1,941,400	\$ 2,433,815	\$ 2,962,717	\$ 2,147,698	\$ 22,086,547

*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, 2016

School Package Policy - NJSBAIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$ 169,181,367	\$ 5,000
Electronic Data Processing	1,600,000	5,000
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	20,000
Environmental Liability	1,000,000	25,000
 N.J. Cap Program - Fireman's Fund Insurance Co.	 10,000,000	 -
 Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	-
Treasurer	400,000	-
 General Security Property and Casualty Company for all other employees	 250,000	 -
 Student Accident - Zurich American Insurance Co.	 1,000,000	 -

Source: Bernards Township Board of Education.

Single Audit Section

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent 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, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, 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, 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

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

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

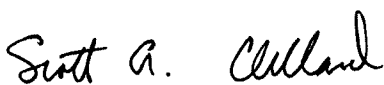
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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


Scott A. Clelland
Licensed Public School Accountant
No. 1049


WISS & COMPANY, LLP

November 4, 2016
Livingston, New Jersey

**Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB Circular 15-08**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Bernards Township School District, in the County of Somerset, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and

the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

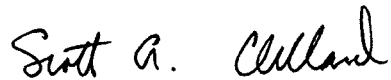
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 4, 2016
Livingston, New Jersey

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2016	Unearned Revenue June 30, 2016	Due to Grantor at June 30, 2016
				From	To								
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
Title II - Part A	84.367A	S367A150029	\$ 63,106	07/01/14	06/30/15	\$ (6,827)		\$ 6,827					
Title II - Part A	84.367A	S367A150029	67,630	07/01/15	06/30/16			49,332	\$ 62,689		\$ (13,357)		
Title III	84.365A	S365A150030	16,157	07/01/14	06/30/15	(1,439)		1,439					
Title III	84.365A	S365A150030	11,397	07/01/15	06/30/16			1,896	2,971		(1,075)		
Title III Immigrant	84.365A	S365A150030	43,766	07/01/14	06/30/15	(13,216)		13,216					
Title III Immigrant	84.365A	S365A150030	36,869	07/01/15	06/30/16			10,413	33,934		(23,521)		
I.D.E.A., Part B, Basic	84.027	S027A150100	1,276,609	07/01/14	06/30/15	(264,252)		264,252					
I.D.E.A., Part B, Basic	84.027	S027A150100	1,352,610	07/01/15	06/30/16			975,953	1,284,511		(308,558)		
I.D.E.A., Part B, Preschool	84.173	S173A150114	45,233	07/01/15	06/30/16			44,665	44,665				
Total Special Revenue Fund						(285,734)	-	1,367,993	1,428,770	-	(346,511)	-	-
U.S. Department of Agriculture													
Passed-through State Department of Education													
Enterprise Fund:													
Food Donation Program (NC)	10.555	16161NJ304N1095	40,003	07/01/14	06/30/16	42				\$ (42)			
National PBJ Lunch Program	10.555	16161NJ304N1095	9,361	07/01/14	06/30/15	(725)		725					
National School Lunch Program	10.555	16161NJ304N1095	64,341	07/01/14	06/30/15	(4,891)		4,891					
Total Enterprise Fund						(5,574)	-	5,616	-	(42)	-	-	-
Total Expenditures of Federal Awards						\$ (291,308)	\$ -	\$ 1,373,609	\$ 1,428,770	\$ (42)	\$ (346,511)	\$ -	\$ -

NC - non cash expenditures.

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, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Carryover/ (Walkover) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016			MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education																	
General Fund:																	
Special Education Aid	15-495-034-5120-089	#####	7/1/2014	6/30/2015	\$ (254,457)				\$ 254,457								
Special Education Aid	16-495-034-5120-089	2,579,730	7/1/2015	6/30/2016					2,325,902	\$ 2,579,730					\$ (253,828)	\$ 2,579,730	
Security Aid	15-495-034-5120-084	88,737	7/1/2014	6/30/2015	(8,753)				8,753						(8,731)	88,737	
Security Aid	16-495-034-5120-084	88,737	7/1/2015	6/30/2016					80,906	88,737							
Transportation Aid	15-495-034-5120-014	388,999	7/1/2014	6/30/2015	(38,370)				38,370								
Transportation Aid	16-495-034-5120-014	388,999	7/1/2015	6/30/2016					350,724	388,999					(38,275)	388,999	
PARCC Readiness Aid	15-495-034-5120-098	57,590	7/1/2014	6/30/2015	(5,680)				5,680								
PARCC Readiness Aid	16-495-034-5120-098	57,590	7/1/2015	6/30/2016					51,924	57,590					(5,666)	57,590	
Per Pupil Growth Aid	15-495-034-5120-097	57,590	7/1/2014	6/30/2015	(5,680)				5,680								
Per Pupil Growth Aid	16-495-034-5120-097	57,590	7/1/2015	6/30/2016					51,924	57,590					(5,666)	57,590	
Extraordinary Aid	15-100-034-5120-473	2,561,871	7/1/2014	6/30/2015	(2,534,080)				2,534,080								
Extraordinary Aid	16-100-034-5120-473	2,612,848	7/1/2015	6/30/2016						2,612,848		\$ (2,612,848)				2,612,848	
Nonpublic School Transportation Costs	n/a	71,138	7/1/2014	6/30/2015	(71,138)				71,138								
Nonpublic School Transportation Costs	n/a	66,802	7/1/2015	6/30/2016						66,802		(66,802)				66,802	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	2,949,508	7/1/2015	6/30/2016					2,949,435						(73)	2,949,508	
On Behalf TPAF Pension and Medical	16-495-034-5095-001/006/007	6,697,737	7/1/2015	6/30/2016					6,697,737							6,697,737	
Total General Fund					(2,918,158)	-	-	-	15,425,810	15,499,541	-	(2,679,723)	-	-	(312,166)	15,499,541	
Special Revenue Fund:																	
N.J. Nonpublic Aid:																	
Textbook Aid	15-100-034-5120-064	29,433	7/1/2014	6/30/2015				\$ 749			\$ 749						
Textbook Aid	16-100-034-5120-064	26,266	7/1/2015	6/30/2016					26,266	22,499				\$ 3,767		22,499	
Nursing Services	15-100-034-5120-070	46,857	7/1/2014	6/30/2015				9,406			9,406						
Nursing Services	16-100-034-5120-070	41,400	7/1/2015	6/30/2016					41,400	35,260				6,140		35,260	
Technology	15-100-034-5120-373	15,808	7/1/2014	6/30/2015				10,374			10,374						
Technology	16-100-034-5120-373	11,960	7/1/2015	6/30/2016					11,960	8,685				3,275		8,685	
Security	16-100-034-5120-509	11,500	7/1/2015	6/30/2016					11,500	8,484				3,016		8,484	
Auxiliary Services:																	
Home Instruction	15-000-034-5120-067	3,030	7/1/2014	6/30/2015	(3,030)				3,030								
English as a Second Language	15-100-034-5120-067	3,654	7/1/2014	6/30/2015				1,644			1,644						
English as a Second Language	16-100-034-5120-067	6,126	7/1/2015	6/30/2016					6,126	4,745				1,381		4,745	
Compensatory Education	15-100-034-5120-067	51,240	7/1/2014	6/30/2015				4,569			4,569						
Compensatory Education	16-100-034-5120-067	46,278	7/1/2015	6/30/2016					46,278	44,415				1,863		44,415	
Handicapped Services:																	
Supplemental Instruction	15-100-034-5120-066	29,034	7/1/2014	6/30/2015				9,495			9,495						
Supplemental Instruction	16-100-034-5120-066	25,247	7/1/2015	6/30/2016					25,247	15,595				9,652		15,595	
Examination and Classification	15-100-034-5120-066	44,308	7/1/2014	6/30/2015				11,891			11,891						
Examination and Classification	16-100-034-5120-066	45,500	7/1/2015	6/30/2016					45,500	38,346				7,154		38,346	
Corrective Speech	15-100-034-5120-066	59,195	7/1/2014	6/30/2015				10,425			10,425						
Corrective Speech	16-100-034-5120-066	48,492	7/1/2015	6/30/2016					48,492	28,344				20,148		28,344	
Total Special Revenue Fund					(3,050)	-	58,553	-	265,819	206,373	58,553	-	-	56,396	-	206,373	
NISDA Grants:																	
Capital Projects Fund:																	
Ridge High School - Unit Ventilator Replacement	0350-050-14-G2NU	196,240	#####	Completion	(78,107)				186,428	118,133		(9,812)			(9,812)	196,240	
Ridge High School - HVAC Upgrades	0350-050-14-G2NV	141,008	#####	Completion	(73,674)				118,160	67,334		(22,848)			(22,848)	141,008	
Cedar Hill E.S. - Unit Ventilator Replacement	0350-070-14-G2OC	332,169	#####	Completion	(142,367)				315,538	189,802		(16,631)			(16,631)	332,169	
Cedar Hill E.S. - HVAC Upgrades - LC	0350-070-14-G2OB	235,153	#####	Completion	(111,978)				223,383	123,175		(11,770)			(11,770)	235,153	
Liberty Corner E.S. - Unit Ventilator Replacement	0350-080-14-G2OD	584,640	#####	Completion					214,710	214,710		(214,710)			(506,894)	214,710	
Liberty Corner E.S. - HVAC Upgrades - LC	0350-80-14-G2OE	387,040	#####	Completion					141,967	141,967		(141,967)			(256,796)	141,967	
Oak Street E.S. - Unit Ventilator Replacement	0350-060-14G2NZ	399,000	#####	Completion					18,994	18,994		(18,994)			(22,212)	18,994	
Oak Street E.S. - HVAC Upgrades - LC	0350-060-14G2OA	246,200	#####	Completion					12,032	12,032		(12,032)			(14,034)	12,032	
Total Capital Projects Fund					(406,126)	-	-	-	843,509	886,147	-	(448,764)	-	-	(860,997)	1,292,273	
Debt Service Fund:																	
Debt Service Aid	16-495-034-5120-075	294,476	7/1/2015	6/30/2016					294,476	294,476						294,476	
Total Debt Service Fund									294,476	294,476						294,476	
State Department of Agriculture																	
Enterprise Fund:																	
National School Lunch Program (State Share)	15-100-010-3350-023	6,548	7/1/2014	6/30/2015	(682)				682								
Total Enterprise Fund					(682)	-	-	-	682	-	-	-	-	-	-	-	
Total Expenditures of State Financial Assistance					\$ (3,328,016)	\$ -	\$ 58,553	\$ -	\$ -	\$ 16,830,296	\$ 16,886,537	\$ 58,553	\$ (3,128,487)	\$ -	\$ 56,396	\$ (1,173,163)	\$ 17,292,663
State Financial Assistance Not Subject to Single Audit Determination:																	
On Behalf TPAF Pension and Medical	16-495-034-5095-001/006/007	6,697,737	7/1/2015	6/30/2016					6,697,737	6,697,737						6,697,737	
Total State Financial Assistance Subject to Single Audit Determination					\$ (3,328,016)	\$ -	\$ 58,553	\$ -	\$ -	\$ 10,132,559	\$ 10,188,800	\$ 58,553	\$ (3,128,487)	\$ -	\$ 56,396	\$ (1,173,163)	\$ 10,594,926

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, 2016

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. The Board of Education is defined in Note 1 to the board's basic financial statements. 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 and those recorded in the special revenue fund, which are presented using the budgetary 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 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules 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, 2016

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:22-44.2. 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:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$774 for the general fund and \$78,024 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		\$ 15,500,315	\$ 15,500,315
Special Revenue Fund	\$1,428,770	206,373	1,635,143
Capital Projects Fund		886,147	886,147
Debt Service Fund		294,476	294,476
Total financial award revenues	<u>\$ 1,428,770</u>	<u>\$ 16,887,311</u>	<u>\$ 18,316,081</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, 2016

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, 2016.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2016 amounted to \$6,697,737. 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 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Adjustments

The adjustment presented on exhibit K-3 represents the cancellation of a prior year unearned revenue.

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

Is any noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027,84.173	S027A150100/S173A150114	IDEA Part B, Basic and Preschool Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

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

Year ended June 30, 2016

Part I - Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

Are any significant deficiencies identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major state programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? _____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

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

Year ended June 30, 2016

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, 2016

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Township of Bernards Board of Education
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2016

Not Applicable