

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, 2017*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Prepared by

Business Office

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION – Other Information	
Letter of Transmittal	1
Organizational Chart	8
Roster of Officials	9
Independent Auditors and Advisors	10
FINANCIAL SECTION	
Independent Auditors’ Report	11
Required Supplementary Information – Part I	
Management’s Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	24
A-2 Statement of Activities	25
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33

Table of Contents (continued)

	Page
FINANCIAL SECTION (continued)	
Notes to the Basic Financial Statements	34
Required Supplementary Information – Part II	
Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)	71
Schedule of District Contributions – Public Employee’s Retirement System (PERS)	72
Schedule of the State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)	73
Notes to Required Supplementary Information	74
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary Basis)	75
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)– Not Applicable	N/A
C-1b Community Development Block Grant Program - Budget and Actual (Budgetary Basis) – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary Basis)	80
C-3 Note to Required Supplementary Information - Budget to GAAP Reconciliation	81
Supplementary Information	
D School Based Budget Schedules - Not Applicable	N/A
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	82
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	N/A

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Capital Projects Fund:	
F-1 Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	84
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	92
Enterprise Fund:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	N/A
G-3 Combining Statement of Cash Flows – Not Applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	93
H-2 Combining Statement of Changes in Fiduciary Net Position	94
H-3 Schedule of Cash Receipts and Disbursements – Student Activity Agency Fund	95
H-4 Schedule of Cash Receipts and Disbursements – Payroll Agency Fund	97
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	98
I-2 Schedule of Obligations Under Capital Leases	99
I-3 Budgetary Comparison Schedule – Debt Service Fund	100

Table of Contents (continued)

STATISTICAL SECTION (Unaudited) – Other Information

	<u>Page</u>
Financial Trends:	
J-1 Net Position by Component	101
J-2 Changes in Net Position	102
J-3 Fund Balances – Governmental Funds	104
J-4 Changes in Fund Balances – Governmental Funds	105
J-5 General Fund - Other Local Revenue by Source	106
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	107
J-7 Direct and Overlapping Property Tax Rates	108
J-8 Principal Property Taxpayers	109
J-9 Property Tax Levies and Collections	110
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	111
J-11 Ratios of General Bonded Debt Outstanding	112
J-12 Ratios of Overlapping Governmental Activities Debt	113
J-13 Legal Debt Margin Information	114
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	115
J-15 Principal Employers	116
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	117
J-17 Operating Statistics	118
J-18 School Building Information	119
J-19 Schedule of Required Maintenance	120
J-20 Insurance Schedule	121

Table of Contents (continued)

SINGLE AUDIT SECTION	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	122
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	124
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	127
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	128
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	130
K-6 Schedule of Findings and Questioned Costs - Part I - Summary of Auditors' Results	133
K-7 Schedule of Findings and Questioned Costs – Parts II and III - Schedule of Financial Statement Findings and Federal and State Award Findings and Questioned Costs	135
K-8 Summary Schedule of Prior Year Audit Findings	137

Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

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E-mail: mclaughlin@bernardsboe.com
Business Administrator/Board Secretary

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

October 25, 2017

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, 2017, 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, 2017, 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 2016/2017 fiscal year with an average daily enrollment of 5,529 students, which is 106 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 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	5,529	(1.88)%
2015-16	5,635	(1.05)%
2014-15	5,695	(1.16)%
2013-14	5,762	1.14%
2012-13	5,697	0.21%

2. ECONOMIC CONDITIONS AND OUTLOOK:

The School District continues to proactively address the financial impacts of the state’s fiscal condition and imposed state and federal regulatory requirements. The immediate future continues 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, maintenance and emergency reserves in an effort to support this philosophy and as a way to anticipate fluctuations in future resources.

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 current decline in enrollment is consistent with the end of residential development. The uncertain factor is the potential impact of turnover in home ownership from aging residents to new families as well as potential residential development of previously commercial properties. 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 \$74,300,000, or 91% of serial bond debt outstanding as of July 1, 2012. The refundings have reduced the District’s debt levy by 11.5%. 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 the 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 July of 2016 the district approved a policy for the management of its long-term debt. That policy provides that a prudent strategy for the judicious management of all outstanding long-term debt would: identify and level anomalous increases in outstanding long-term debt to facilitate a smoothing or leveling of any future local debt service levies; provide conservative budgeting and implementation of the school district annual budgets; sustain the Board of Education's high quality credit rating, which results in favorable interest rates on subsequent bond issue; and, as appropriate, establish reserves for the defeasance of segments of outstanding long-term debt which are identified as contributing to anomalous increases in the local debt levy

3. MAJOR INITIATIVES:

Below outlines a summary of major district activities and agendas of the 2016-2017 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. Goals

The 2016-2017 Board of Education Goals included:

- 1) Improve academic outcomes for students.
- 2) Improve the social, emotional, health and well-being outcomes for students.
- 3) Establish a Technology Steering Committee to make recommendations regarding the district's long term technology needs that best supports district goals one and two.

The first district goal was accomplished through a variety of activities including the use of Title I funds to add additional early detection measures for reading literacy concerns and also remedial materials and lessons for identified deficiencies. In addition the district selected a new student information system (Aspen) which holds promise in being able to better analyze student assessment information. The goal was also accomplished through professional development activities including a district wide book talk on *Grading from the Inside Out*.

For the second goal the district focused on baselining data related to suicide, violence, bullying, and substance abuse prevention cases as well as attendance data. The district also updated several policies and procedures related to student wellness and grew student programs such as *The Leader in Me*. The district also gathered data for future action by conducting climate surveys spanning staff, parents and students in grades 3 – 12.

For the third and final goal the district created a Technology Steering Committee. The committee focused on evaluating the district's current use of student devices to see how they might best be used to help support the first two district goals. The committee conducted research, visited other schools, and surveyed staff students and parents to investigate an alternative approach involving a 1:1 student to device scenario. The committee findings will be presented in 2017-2018.

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2016-17 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 2016-2017 budgetary figures with the State Average for K-12 districts with enrollments greater than 3,501 students.

	Bernards Township	State Average
Classroom Instruction	\$9,328	\$9,218
Support Services	\$2,396	\$2,538
Administration	\$1,346	\$1,589
Extracurricular	\$345	\$291
Plant operations/maintenance	\$1,511	\$1,846
Total	\$14,926	15,575

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 continued its implementation of the new elementary gifted and talented program by walking it up in to the fourth grade. In 2017-2108 the elementary implementation will be complete and plans will be made for what to do with the gifted program as the students enter the middle school. In the 2016-2017 school year the district also expanded curricular offerings at both the middle and high school in the area of STEM. Students at the middle school were offered new STEM electives and a STEM science class was piloted for 8th grade students. At the high school three Project Lead the Way sequences (Engineering, Biomedical and Computer Science) were offered for the first time and the overall options for students to access computer science courses was increased. The high school also saw the addition of American Sign Language as a new option in the World Languages department.

D. FACILITIES

The Business Administrator updated the district's long-term capital plan, which incorporates the results of a Feasibility Study that was completed in 2011 by the Spiegle Architectural Group. Since 2012, 45 of these projects totaling \$7,978,398 have been completed. Among the major projects completed prior to 9-1-2017 were the following

- HVAC controls upgrades, unit ventilator replacements and AC installations at Ridge High School, Cedar Hill Elementary School, Liberty Corner Elementary School and Oak Street Elementary School
- Renovation of the Cedar Hill School Annex and the Oak Street School tower
- Renovation and expansion of the William Annin foods room
- Renovation of the high school fitness center
- Replacement of the high school turf field

- Replacement of the Cedar Hill ES interior lighting with LED energy efficient lighting
- Girls Varsity baseball field improvements
- Elementary school entrances security enhancements
- Resurfacing of the high school track

Future major projects under consideration include:

- HVAC controls upgrades, unit ventilator replacements and AC at the William Annin Middle School
- Oak Street School pitched roof renovation
- William Annin Middle School science lab and curtain wall projects
- Ridge High School varsity complex drainage project
- Ridge High School cafeteria project

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 2016-2017 school year to accommodate graduation requirements associated with the Common Core Curriculum and the associated PARCC test. In addition the district focused on updated policies and regulations that were associated with the second district goal to improve the social, emotional and health related environment. Adjustments were aimed at reducing stress related to summer homework assignments and also in the reporting procedures associated with students in a potential health crisis. The district also implemented its new policy to utilize passive alcohol sensing devices as school sponsored functions to deter students attending these events while under the influence.

F. HUMAN RESOURCES

Staffing remained largely stable during the 2016-2017 school year with some minor adjustments. The district hired a new teacher for the American Sign Language program at the high school. The district also addressed the staffing needs of the Special Services Department by hiring additional part time school aides, one new special education teacher and additional speech, occupational therapy and physical therapy staff.

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, 2017.

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.

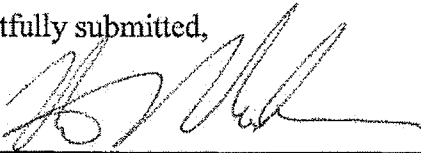
9. OTHER INFORMATION:

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.

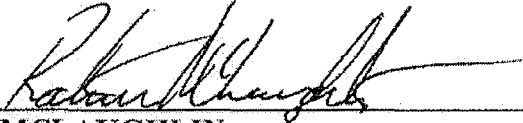
10. ACKNOWLEDGMENTS:

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,

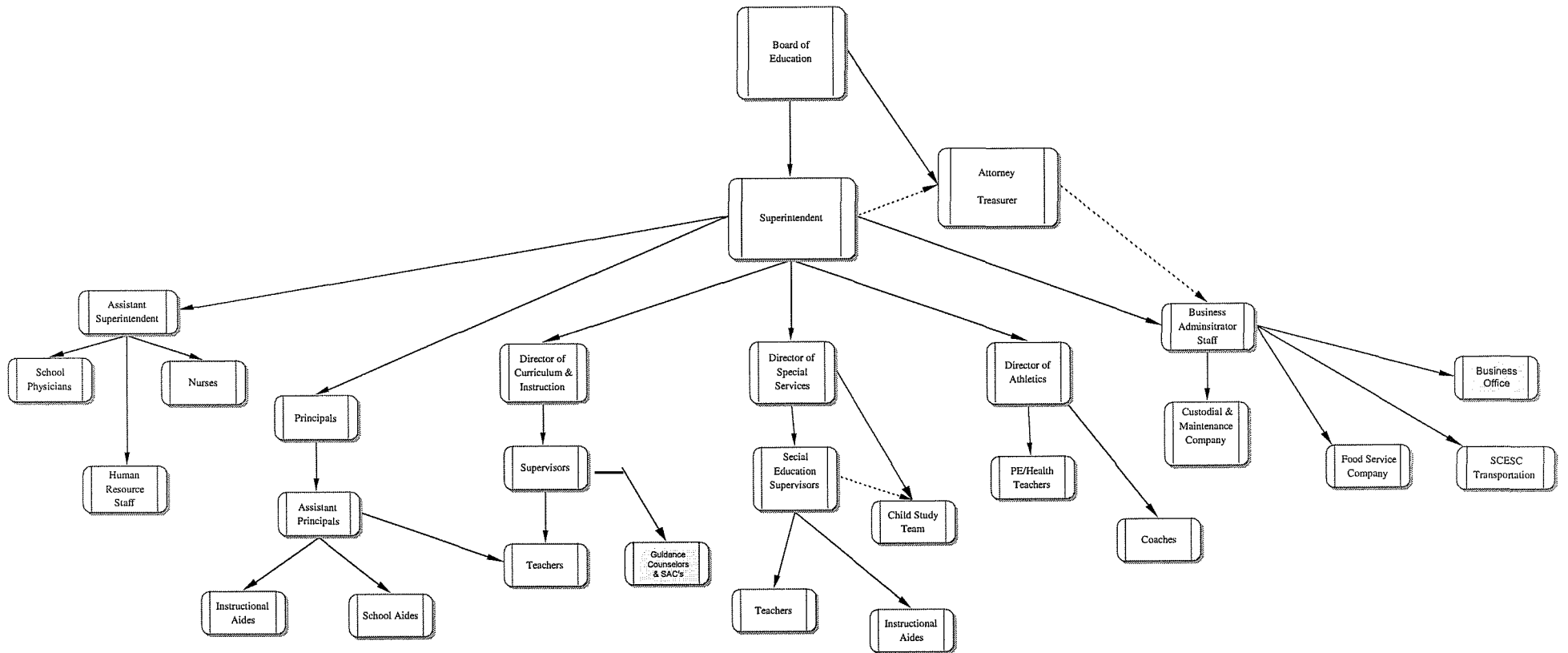


**NICK MARKARIAN
SUPERINTENDENT**



**ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

BERNARDS TOWNSHIP PUBLIC SCHOOLS
 ORGANIZATIONAL CHART
 JUNE 30, 2017



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2017

Members of the Board of Education

Term

Beverly Darvin Cwerner, President	2016-2018
Linda Wooldridge, Vice President	2015-2017
Michael Byrne	2017-2019
Rhonda Dunten	2017-2019
John Fry	2015-2017
Karen Gray	2017-2019
Robin McKeon	2016-2018
Karen Richman	2016-2018
Jennifer Korn	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
1037 Raymond Blvd., Suite 900
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

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, 2017, 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, 2017, 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

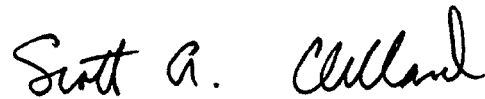
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules, the schedules of expenditures of federal awards and state financial assistance, 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 the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, 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, 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 October 25, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

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, 2017 (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, 2017. 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 71-100 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 \$13,841,628 (net position) at the close of 2017.

Key financial highlights for the 2016-2017 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2017.
- The final approved extraordinary aid awarded to the District for 2016/2017 exceeded the amount budgeted for by the District by \$826,555.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$2,850,000 and emergency of \$282,720.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2017 and June 30, 2016 was \$35,998,029 and \$25,392,348, 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 \$23,954,718 and \$20,748,365 at June 30, 2017 and 2016, respectively.

The following table provides a summary of net position relating to the District's governmental and business-type activities as of June 30, 2017 and 2016:

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

	2017			2016		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 24,126,277	\$ 1,975,311	\$ 26,101,588	\$ 21,476,519	\$ 1,586,877	\$ 23,063,396
Capital assets, net	83,384,347	124,511	83,508,858	82,813,183	132,771	82,945,954
Total assets	107,510,624	2,099,822	109,610,446	104,289,702	1,719,648	106,009,350
Deferred Outflows of Resources	16,137,489	-	16,137,489	9,081,888	-	9,081,888
Liabilities						
Current Liabilities	8,992,700	256,402	9,249,102	8,592,625	267,843	8,860,468
Net Pension Liability	35,998,029		35,998,029	25,392,348		25,392,348
Long Term Liabilities	66,659,176		66,659,176	69,650,233		69,650,233
Total liabilities	111,649,905	256,402	111,906,307	103,635,206	267,843	103,903,049
Deferred Inflow of Resources	-	-	-	408,260	-	408,260
Net position:						
Net investment in capital assets	16,936,066	124,511	17,060,577	13,736,660	132,771	13,869,431
Restricted	19,016,860		19,016,860	16,339,829		16,339,829
Unrestricted (deficit)	(23,954,718)	1,718,909	(22,235,809)	(20,748,365)	1,319,034	(19,429,331)
Total net position	\$ 11,998,208	\$ 1,843,420	\$ 13,841,628	\$ 9,328,124	\$ 1,451,805	\$ 10,779,929

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 \$2,434,243, excess surplus-designated for subsequent year's expenditures of \$2,705,295, \$4,586,061 for a maintenance reserve, \$7,922,988 for a capital reserve, \$910,000 for emergency reserve, \$1,802 is restricted for debt service and \$458,273 is restricted for capital projects.

The increase in current and other assets is mainly attributable to the timing of payments, noting a larger accounts payable balance at year-end, allowing for more cash on hand compared to the prior year. Additionally, as of year-end the District had a lower interfund receivable balance with non-governmental funds, which also contributed to the increased cash. Lastly, the receivable balance increased due to an increase in the total state aid receivable, as well as a larger federal receivable balance due to the timing of the IDEA and Title I reimbursement requests. 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 of 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 \$3,061,699 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, 2017 and 2016 are as follows:

Township of Bernards Board of Education
Changes in Net Position, Year ended June 30,

	2017			2016		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,576,128	\$ 3,723,329	\$ 5,299,457	\$ 1,607,951	\$ 3,846,549	\$ 5,454,500
Operating grants and contributions	1,789,911		1,789,911	1,784,900		1,784,900
Capital grants and contributions	696,634		696,634	886,147	79,707	965,854
General revenues:						
Property taxes	87,393,756		87,393,756	85,717,892		85,717,892
Federal and state aid not restricted to a specific purpose	35,255,841		35,255,841	27,345,345		27,345,345
Investment Income	8,240		8,240	8,413		8,413
Miscellaneous	389,550		389,550	736,630		736,630
Total revenues	127,110,060	3,723,329	130,833,389	118,087,278	3,926,256	122,013,534
Expenses:						
Instructional services	81,034,022		81,034,022	72,223,377		72,223,377
Support services	41,146,200		41,146,200	38,914,478		38,914,478
Interest and Other Charges	2,259,754		2,259,754	2,903,168		2,903,168
Business Type Activities		3,331,714	3,331,714		3,650,640	3,650,640
Total expenses	124,439,976	3,331,714	127,771,690	114,041,023	3,650,640	117,691,663
Change in Net Position	2,670,084	391,615	3,061,699	4,046,255	275,616	4,321,871
Net position—beginning	9,328,124	1,451,805	10,779,929	5,281,869	1,176,189	6,458,058
Net position—ending	\$ 11,998,208	\$ 1,843,420	\$ 13,841,628	\$ 9,328,124	\$ 1,451,805	\$ 10,779,929

The increase in governmental activities revenues of approximately \$9 million is mainly the result of the increase in the state aid increase in the TPAF pension contributions made by the State of New Jersey by approximately \$6.7 million. There was also an increase in the tax levy from the 2015/2016 fiscal year of approximately \$1.7 million.

The decrease in miscellaneous revenue was due to the District recording approximately \$311,000 of miscellaneous revenue from cancelling a 2014/2015 liability due to Horizon Blue Cross Blue Shield upon settlement of the termination of the plan. This was a one-time occurrence.

The decrease in capital grants and contributions is the result of less revenue from the SDA in the current year due to the status of the ongoing projects. During the prior year the Ridge High School and Cedar Hill Elementary School Unit Ventilator replacements and HVAC upgrades were both started and completed, while the projects that commenced in the current year have not been completed.

The increase in instructional services expenses is mainly the result of the District receiving increases in some state aids awarded to the District (Security Aid, Transportation Aid and Professional Learning Community Aid), as well as annual contractual increases in teacher salaries as a result of the new collective bargaining agreement for the Education Association.

The decrease in the interest and other charges is due to the decreased interest payments as the principal of bonds is paid down, as well as the prior year including issuance costs due to a bond refunding, which did not occur in the current year.

Business-type revenues decreased 3.2% and expenses decreased from the prior year by approximately 8.7%. The decrease in expenses pertained mostly to a decrease in the food service salaries and related benefits pertaining to lunch aides, who were allocated to the Food Service Fund in the prior year, however, in the 2016/2017 fiscal year, these lunch aides were charged to the operating budget. 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, 2017, and the increases and decreases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 89,546,478	82.8%	\$ 1,326,268	1.5%
State sources	17,198,577	15.9	1,197,413	7.5
Federal sources	1,393,854	1.3	(34,916)	(2.4)
Total	<u>\$108,138,909</u>	<u>100.0 %</u>	<u>\$ 2,488,765</u>	<u>2.4%</u>

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 \$1.2 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2016/2017 compared to the prior year. The increase also resulted from an increase in the Extraordinary Aid in the current year.

The decrease in federal sources is attributable to the District expending decreased 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, 2017 and the increases and decreases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 44,327,484	41.9 %	\$ 779,833	1.8 %
Undistributed	54,289,835	51.3	1,056,658	2.0
Capital outlay	1,726,409	1.6	1,278,534	285.5
Charter School	12,009	0.0	(8,678)	(41.9)
Debt service:				
Principal	3,110,000	2.9	(674,600)	(17.8)
Interest and other charges	2,454,542	2.3	(309,566)	(11.2)
Total	\$105,920,279	100.0 %	\$ 2,122,181	2.0%

The increase in capital outlay expenditures is mainly attributable to the IT equipment purchased for \$1,143,000 under a capital lease in the current year. The decrease in principal payments is attributed to the principal repayment schedule for outstanding debt, in which due to a refunding in the prior year there was an accelerated principal payment of \$999,600, which did not occur in the current year. The decrease in interest and other charges is attributed to the continued reduction of principal balance through pay downs, resulting in decreased interest expenditures. 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, 2017, and the increases and decreases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Decrease from 2016</u>	<u>Percent of Decrease</u>
Local sources	\$ 3,723,329	100.0%	\$ (202,927)	(5.2)%

Local revenues have decreased from the prior year due to a capital contribution from the District's food service management company in the prior year, as well as a contractual guarantee that the company was required to meet. The District did not have either of these revenues in the current year, as the food service management company has met their guarantee in the 2016/2017 fiscal year.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2017, and the increases and decreases in relation to the prior year:

Expenses	Amount	Percent of Total	(Decrease) Increase from 2016	Percent of (Decrease) Increase
Salaries	\$ 2,143,651	64.2%	\$ (200,868)	(8.6) %
Employee benefits	109,718	3.2	(31,252)	(22.2)
Other purchased services	22,980	0.7	508	2.3
Supplies and materials	137,235	4.1	(32,005)	(18.9)
Depreciation	26,330	1.0	4,873	22.7
Cost of sales	664,039	19.9	(46,032)	(6.5)
Management fee	154,965	4.7	1,472	1.0
Miscellaneous expenses	72,796	2.2	(15,622)	(17.7)
Total	\$ 3,331,714	100.0 %	\$ (318,926)	(8.7)%

The decrease in salaries and related insurance is due to the lunch aides being charged to the general fund operating budget rather than to the food service enterprise fund, as they were in the prior year. The decrease in supplies and materials is related to a decrease in cafeteria supplies, as the District utilized supplies purchased in the prior year during the current year. The increase in the cost of 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 decrease in miscellaneous expenses was due to one-time expenses incurred in the prior year, not required during the 2017 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, 2017, the District's governmental activities had capital assets of \$83,384,347 (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, 2017 and 2016:

	June 30	
	2017	2016
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	811,680	988,708
Buildings and building improvements	75,485,526	75,572,209
Machinery, equipment and vehicles	1,809,741	974,866
Total capital assets, net	\$ 83,384,347	\$ 82,813,183

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, 2017 related to the Unit Ventilator and HVAC upgrade projects at Oak Street and William Annin Middle School. In the prior year, the construction in progress was primarily related to the Unit Ventilator and

HVAC upgrades at Liberty Corner Elementary School. The machinery, equipment and vehicles have increased due to the purchase of various IT equipment such as projectors and computers under the capital lease for approximately \$1.1 million. Business-type activity capital assets, net of accumulated depreciation were \$124,511 and \$132,711 at June 30, 2017 and 2016, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2017 and 2016, the District’s governmental activity long-term liabilities consisted of:

	June 30	
	2017	2016
Bonds payable, including		
unamortized bond premium	\$ 68,629,864	\$ 72,322,515
Obligations under capital leases	1,495,568	777,482
Net pension liability	35,998,029	25,392,348
Compensated absences payable	546,144	526,599
Total long-term liabilities	\$ 106,669,605	\$ 99,018,944

The District made the scheduled principal payments during the 2016/2017 fiscal year, and did not have any refundings. Capital leases have increased due to the IT equipment lease for purchase of various computers and projectors, offset by the current year scheduled principal payments. The net pension liability has increased from the prior year based on the valuation performed for the state.

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, which were by approximately \$250,000 or more and 10%:

- Undistributed Expenditures – Other Support Services Students – Extra Services – an increase of \$250,603, which was the result of an increased need for nursing services from Bayada Nursing Services, due to increased special education students enrolled in the current year. Support Services – School Administration – an increase of \$357,660 is the result of the need for increased funds for secretarial and clerical assistants as well as increased funds transferred for principals and assistant principals to increase the original budget to exceed the prior year actual to incorporate for annual raises.
- Unallocated benefits decreased by \$528,895 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 \$2,434,243 of its 2017 unassigned fund balance to partially fund 2017/2018 operations, a decrease of \$271,052 from the prior year.
- The 2017/2018 tax levy was increased in accordance with state regulations.

All of these factors were considered in preparing the District's budget for the 2017/2018 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, 2017.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,469,406	\$ 1,701,398	\$ 9,170,804
Receivables, Net	3,459,361	6,332	3,465,693
Inventories		18,598	18,598
Internal Balances	(248,983)	248,983	-
Restricted assets:			
Cash and Cash Equivalents	13,419,049		13,419,049
Cash Held with Fiscal Agents	27,444		27,444
Capital Assets, Non-Depreciable	6,089,080		6,089,080
Capital Assets, Depreciable, Net	77,295,267	124,511	77,419,778
Total Assets	<u>107,510,624</u>	<u>2,099,822</u>	<u>109,610,446</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	3,677,151		3,677,151
Pension Deferrals	12,460,338		12,460,338
Total Deferred Outflows of Resources	<u>16,137,489</u>		<u>16,137,489</u>
LIABILITIES			
Accounts Payable	3,513,816	151,907	3,665,723
Accrued Interest Payable	1,150,329		1,150,329
Payable to State Government	79,070		79,070
Unearned Revenue	237,085	104,495	341,580
Net Pension Liability	35,998,029		35,998,029
Noncurrent Liabilities:			
Due Within One Year	4,012,400		4,012,400
Due Beyond One Year	66,659,176		66,659,176
Total Liabilities	<u>111,649,905</u>	<u>256,402</u>	<u>111,906,307</u>
NET POSITION			
Net Investment in Capital Assets	16,936,066	124,511	17,060,577
Restricted For:			
Capital Projects	458,273		458,273
Other Purposes	18,558,587		18,558,587
Unrestricted (deficit)	<u>(23,954,718)</u>	<u>1,718,909</u>	<u>(22,235,809)</u>
Total Net Position	<u>\$ 11,998,208</u>	<u>\$ 1,843,420</u>	<u>\$ 13,841,628</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2017

<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	\$ 53,364,699	\$ 1,350,891	\$ 308,878		\$ (51,704,930)		\$ (51,704,930)
Special Education	22,529,787		1,116,483		(21,413,304)		(21,413,304)
Other Special	2,820,956				(2,820,956)		(2,820,956)
Other Instructional Programs	2,307,572				(2,307,572)		(2,307,572)
Support Services:							
Tuition	1,848,121				(1,848,121)		(1,848,121)
Student and Instruction Related Services	17,731,406		364,550		(17,366,856)		(17,366,856)
General Administrative Services	1,316,991				(1,316,991)		(1,316,991)
School Administrative Services	6,174,950				(6,174,950)		(6,174,950)
Central Administrative Services	978,363				(978,363)		(978,363)
Administrative Information Technology	982,707				(982,707)		(982,707)
Plant Operations and Maintenance	6,778,337			\$ 696,634	(6,081,703)		(6,081,703)
Pupil Transportation	5,346,333	225,237			(5,121,096)		(5,121,096)
Interest and Other Charges on Long-Term Debt	2,259,754				(2,259,754)		(2,259,754)
Total Governmental Activities	124,439,976	1,576,128	1,789,911	696,634	(120,377,303)		(120,377,303)
Business-type Activities:							
Food Service	1,898,157	2,261,276				\$ 363,119	363,119
After School Enrichment	110,284	116,747				6,463	6,463
Project Jump Start	82,248	86,450				4,202	4,202
Before and After School Care	1,241,025	1,258,856				17,831	17,831
Total Business-type Activities	3,331,714	3,723,329				391,615	391,615
Total Primary Government	\$ 127,771,690	\$ 5,299,457	\$ 1,789,911	\$ 696,634	(120,377,303)	391,615	(119,985,688)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					82,109,315		82,109,315
Property Taxes, Levied for Debt Service					5,284,441		5,284,441
Federal and State Aid Not Restricted					35,255,841		35,255,841
Interest on Investments					8,240		8,240
Miscellaneous					389,550		389,550
Total General Revenues					123,047,387	-	123,047,387
Changes in Net Position					2,670,084	391,615	3,061,699
Net Position - Beginning					9,328,124	1,451,805	10,779,929
Net Position - Ending					\$ 11,998,208	\$ 1,843,420	\$ 13,841,628

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, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 5,878,055	\$ 587,946	\$ 1,001,603	\$ 1,802	\$ 7,469,406
Intergovernmental Receivable - State	2,736,968	385	291,953		3,029,306
Intergovernmental Receivable - Federal		288,370			288,370
Intergovernmental Receivable - Local	39,767	2,547			42,314
Interfund Receivable	647,631				647,631
Other Accounts Receivable	79,588	2,833			82,421
Restricted assets:					
Cash and Cash Equivalents	13,419,049				13,419,049
Cash Held With Fiscal Agents			27,444		27,444
Total Assets	\$ 22,801,058	\$ 882,081	\$ 1,321,000	\$ 1,802	\$ 25,005,941
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,467,902	\$ 217,790	\$ 748,339		\$ 2,434,031
Interfund Payable	248,983	516,293	114,388		879,664
Payable to State Government		79,070			79,070
Unearned Revenue	168,157	68,928			237,085
Total Liabilities	1,885,042	882,081	862,727		3,629,850
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	2,434,243				2,434,243
Excess Surplus - Designated for Subsequent Year's Expenditures	2,705,295				2,705,295
Capital Reserve	7,922,988				7,922,988
Emergency Reserve	910,000				910,000
Maintenance Reserve	4,586,061				4,586,061
Capital Projects			458,273		458,273
Debt Service				\$ 1,802	1,802
Assigned to:					
Other Purposes	40,462				40,462
Unassigned Reported In:					
General Fund	2,316,967				2,316,967
Total Fund Balances	20,916,016	-	458,273	1,802	21,376,091
Total Liabilities and Fund Balances	\$ 22,801,058	\$ 882,081	\$ 1,321,000	\$ 1,802	

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 \$123,008,102 and the accumulated depreciation is \$39,623,755 (See Note 4).	83,384,347
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.	(1,150,329)
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.	3,677,151
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).	(70,671,576)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	12,460,338
Accrued pension contributions for the June 30, 2017 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.	(35,998,029)
Net Position of Governmental Activities	\$ 11,998,208

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 82,109,315			\$ 5,284,441	\$ 87,393,756
Tuition from Other LEA's	1,296,717				1,296,717
Tuition from Individuals	54,174				54,174
Transportation Fees from Individuals	225,237				225,237
Interest Revenue	8,016		\$ 224		8,240
Miscellaneous	389,550	\$ 179,028			568,578
Total - Local Sources	84,083,009	179,028	224	5,284,441	89,546,702
State Sources	16,697,913	218,761	696,634	281,903	17,895,211
Federal Sources	1,732	1,392,122			1,393,854
Total Revenues	100,782,654	1,789,911	696,858	5,566,344	108,835,767
EXPENDITURES					
Current:					
Regular Instruction	27,780,495	308,878			28,089,373
Special Education Instruction	12,120,402	1,116,483			13,236,885
Other Special Instruction	1,425,485				1,425,485
Other Instructional Programs	1,575,741				1,575,741
Support Services:					
Tuition	1,836,112				1,836,112
Student and Instruction Related Services	11,160,973	251,334			11,412,307
General Administrative Services	1,003,733				1,003,733
School Administrative Services	3,498,321				3,498,321
Central Administrative Services	652,085				652,085
Administrative Information Technology	709,508				709,508
Plant Operations and Maintenance	6,384,898				6,384,898
Pupil Transportation	5,154,251				5,154,251
Unallocated Benefits	12,776,234				12,776,234
On-behalf TPAF FICA and Pension	10,862,386				10,862,386
Debt Service:					
Principal	149,573			3,110,000	3,259,573
Interest	11,008			2,454,542	2,465,550
Charter School	12,009				12,009
Capital Outlay	1,452,612	113,216	1,742,236		3,308,064
Total Expenditures	98,565,826	1,789,911	1,742,236	5,564,542	107,662,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,216,828	-	(1,045,378)	1,802	1,173,252
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	1,143,000				1,143,000
Transfers In	224		883,673		883,897
Transfers Out	(883,673)		(224)		(883,897)
Total Other Financing Sources (Uses)	259,551	-	883,449	-	1,143,000
Net Change in Fund Balances	2,476,379	-	(161,929)	1,802	2,316,252
Fund Balance - July 1	18,439,637		620,202		19,059,839
Fund Balance - June 30	\$ 20,916,016	\$ -	\$ 458,273	\$ 1,802	\$ 21,376,091

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, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 2,316,252

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

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

Depreciation Expense	\$ (2,725,786)	
Capital Asset Additions	<u>3,296,950</u>	571,164

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.

Serial Bonds Payable	3,110,000	
Obligations Under Capital Leases	<u>424,914</u>	3,534,914

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.

Amortization of Premium on Bonds	582,651	
Amortization of Deferred Interest Costs	<u>(346,323)</u>	236,328

Proceeds from 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.

Obligations Under Capital Leases		(1,143,000)
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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.

(30,532)

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 (+).

(19,545)

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.

Pension expense		<u>(2,795,497)</u>
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Change in Net Position of Governmental Activities (A-2)		<u>\$ 2,670,084</u>
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Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2017

	Major Funds				Totals
	Business-type Activities - Enterprise Funds			Before and After	
	Food Service	After School Enrichment	Project Jump Start	School Care	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,018,695	\$ 92,935	\$ 268,429	\$ 321,339	\$ 1,701,398
Other Accounts Receivable	6,332				6,332
Interfund Receivable	248,983				248,983
Inventories	18,598				18,598
Total Current Assets	1,292,608	92,935	268,429	321,339	1,975,311
Noncurrent Assets:					
Capital Assets:					
Furniture, Machinery and Equipment	405,795				405,795
Less: Accumulated Depreciation	(281,284)				(281,284)
Total Capital Assets, net	124,511	-	-	-	124,511
Total Assets	1,417,119	92,935	268,429	321,339	2,099,822
LIABILITIES					
Current Liabilities:					
Accounts Payable	147,216		1,501	3,190	151,907
Unearned Revenue		23,895	80,600		104,495
Total Current Liabilities	147,216	23,895	82,101	3,190	256,402
Total Liabilities	147,216	23,895	82,101	3,190	256,402
NET POSITION					
Net Investment in Capital Assets	124,511				124,511
Unrestricted	1,145,392	69,040	186,328	318,149	1,718,909
Total Net Position	\$ 1,269,903	\$ 69,040	\$ 186,328	\$ 318,149	\$ 1,843,420

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

	Major Funds				Totals
	Business-type Activities - Enterprise Funds				
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
Operating Revenues:					
Charges for Services:					
Daily Sales	\$ 2,165,403				\$ 2,165,403
Tuition and fees		\$ 116,747	\$ 86,450	\$ 1,258,856	1,462,053
Miscellaneous	95,873				95,873
Total Operating Revenues	2,261,276	116,747	86,450	1,258,856	3,723,329
Operating Expenses:					
Salaries	863,446	100,304	67,980	1,111,921	2,143,651
Employee Benefits	27,725	7,673	5,201	69,119	109,718
Other Purchased Services	19,112		3,868		22,980
Supplies and Materials	69,744	2,307	5,199	59,985	137,235
Depreciation	26,330				26,330
Cost of Sales	664,039				664,039
Management Fee	154,965				154,965
Miscellaneous	72,796				72,796
Total Operating Expenses	1,898,157	110,284	82,248	1,241,025	3,331,714
Operating Income and Change in Net Position	363,119	6,463	4,202	17,831	391,615
Total Net Position - Beginning	906,784	62,577	182,126	300,318	1,451,805
Total Net Position - Ending	<u>\$ 1,269,903</u>	<u>\$ 69,040</u>	<u>\$ 186,328</u>	<u>\$ 318,149</u>	<u>\$ 1,843,420</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Major Funds				Totals
	Business-type Activities - Enterprise Funds				
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,396,968	\$ 126,330	\$ 80,600	\$ 1,258,856	\$ 3,862,754
Payments to employees	(863,446)	(100,304)	(67,980)	(1,111,921)	(2,143,651)
Payments for general insurance	(27,725)	(7,673)	(5,201)	(69,119)	(109,718)
Payments to suppliers	(996,724)	(2,307)	(8,995)	(61,978)	(1,070,004)
Net cash provided by (used for) operating activities	<u>509,073</u>	<u>16,046</u>	<u>(1,576)</u>	<u>15,838</u>	<u>539,381</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash Disbursed to Other Funds	<u>(248,983)</u>				<u>(248,983)</u>
Net cash used for non-capital financing activities	<u>(248,983)</u>				<u>(248,983)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	<u>(18,070)</u>				<u>(18,070)</u>
Net cash (used for) capital and related financing activities	<u>(18,070)</u>				<u>(18,070)</u>
Net increase (decrease) in cash and cash equivalents	242,020	16,046	(1,576)	15,838	272,328
Cash and cash equivalents, beginning of year	776,675	76,889	270,005	305,501	1,429,070
Cash and cash equivalents, end of year	<u>\$ 1,018,695</u>	<u>\$ 92,935</u>	<u>\$ 268,429</u>	<u>\$ 321,339</u>	<u>\$ 1,701,398</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income	\$ 363,119	\$ 6,463	\$ 4,202	\$ 17,831	\$ 391,615
Adjustments to reconcile income net cash provided by (used for) operating activities:					
Depreciation	26,330				26,330
Change in assets and liabilities:					
Decrease in other accounts receivable	135,692				135,692
(Increase) in inventories	(2,815)				(2,815)
Increase (decrease) in unearned revenue		9,583	(5,850)		3,733
(Decrease) increase in accounts payable	(13,253)		72	(1,993)	(15,174)
Net cash provided by (used for) operating activities	<u>\$ 509,073</u>	<u>\$ 16,046</u>	<u>\$ (1,576)</u>	<u>\$ 15,838</u>	<u>\$ 539,381</u>

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 476,160	\$ 7,599	\$ 1,259,775
Accounts Receivable	1,258		
Total Current Assets	<u>477,418</u>	<u>7,599</u>	<u>\$ 1,259,775</u>
LIABILITIES			
Interfunds Payable			\$ 16,950
Accounts Payable	25,592		
Due to Student Groups			811,883
Payroll Deductions and Withholdings Payable			<u>430,942</u>
Total Liabilities	<u>25,592</u>	<u>-</u>	<u>\$ 1,259,775</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 451,826</u>		
Held in Trust for Scholarship Awards		<u>\$ 7,599</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2017

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 86,541	
Donations		\$ 3,046
	<u> </u>	<u> </u>
Total Additions	<u>86,541</u>	<u>3,046</u>
DEDUCTIONS		
Payment of Unemployment Claims	56,638	
Payment of Scholarship Awards and Other Expenses		1,310
	<u> </u>	<u> </u>
Total Deductions	<u>56,638</u>	<u>1,310</u>
Change in Net Position	29,903	1,736
Net Position - Beginning of the Year	<u>421,923</u>	<u>5,863</u>
Net Position - End of the Year	<u>\$ 451,826</u>	<u>\$ 7,599</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2017

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, 2017

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, 2017

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 aid funds 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, 2017

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, 2017

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, 2017

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, 2017, the District had inventories in the Food Service Enterprise Fund of \$18,598.

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 2016-2017 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, 2017

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, 2017

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, 2017, a liability existed for compensated absences in the Government-wide financial statements in the amount of \$546,144 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, 2017

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. Unearned revenue in proprietary funds represent cash received in advance for summer programs and after school programs, which have not yet been 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. Currently, the District does not have any items that qualify for reporting in this category.

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, 2017 amounted to \$346,323. As of June 30, 2017, the District has recorded an unamortized balance of \$3,677,151 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 statement of net position.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

M. Long-Term Obligations (continued)

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, 2017

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 \$20,916,016 of fund balances in the General Fund at June 30, 2017, \$40,462 of encumbrances are assigned to other purposes, \$2,434,243 has been restricted for excess surplus-current year, \$2,705,295 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$7,922,988 has been restricted for the capital reserve, \$4,586,061 has been restricted for the maintenance reserve, \$910,000 has been restricted for the emergency reserve, and \$2,316,967 is classified as unassigned. The District also has \$458,273 of fund balance in the Capital Projects Fund, which is restricted for capital projects and \$1,802 in the Debt Service Fund, which is restricted for debt service.

O. Net Position

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources 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, 2017

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 \$18,274,293 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, 2017 was \$5,139,538. Of this amount, \$2,705,295 has been appropriated in the 2017/18 budget and the remaining \$2,434,243 will be appropriated in the 2018/19 budget.

S. GASB Pronouncements

GASB Pronouncements implemented in the 2017 Fiscal Year

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 31, 2015. As the District is not a taxing government, the Statement did not result in a change in the District's assets, revenues or fund balance. However, certain required disclosures were included in Note 17.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB No. 75”). This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and 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 requirements of this Statement are effective for financial statements for reporting periods beginning after June 30, 2017. Management has not yet determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and October 25, 2017, 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.

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 \$70,671,576 difference are as follows:

Bonds payable	\$ 63,320,000
Unamortized premium on bonds	5,309,864
Capital leases payable	1,495,568
Compensated absences payable	<u>546,144</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 70,671,576</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

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, 2017, the carrying amount of the District's deposits for all funds was \$24,333,386 and the bank balance was \$24,561,071. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2017 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$23,473,177. \$587,893 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 \$27,444, 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

- 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 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, 2017, 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, 2017.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,277,400			\$ 5,277,400
Construction in progress	988,708	\$ 1,999,380	\$ (2,176,408)	811,680
Total capital assets, not being depreciated	<u>6,266,108</u>	<u>1,999,380</u>	<u>(2,176,408)</u>	<u>6,089,080</u>
Capital assets, being depreciated:				
Buildings and building improvements	109,892,700	20,191	2,176,408	112,089,299
Machinery, equipment and vehicles	3,552,344	1,277,379		4,829,723
Total capital assets, being depreciated	<u>113,445,044</u>	<u>1,297,570</u>	<u>2,176,408</u>	<u>116,919,022</u>
Less accumulated depreciation for:				
Buildings and building improvements	(34,320,491)	(2,283,282)		(36,603,773)
Machinery, equipment and vehicles	(2,577,478)	(442,504)		(3,019,982)
Total accumulated depreciation	<u>(36,897,969)</u>	<u>(2,725,786)</u>	<u>-</u>	<u>(39,623,755)</u>
Total capital assets, being depreciated, net	<u>76,547,075</u>	<u>(1,428,216)</u>	<u>2,176,408</u>	<u>77,295,267</u>
Governmental activities capital assets, net	<u>\$ 82,813,183</u>	<u>\$ 571,164</u>	<u>\$ -</u>	<u>\$ 83,384,347</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2017 as follows:

Instruction:	
Regular	\$ 1,046,799
Special education	493,296
Other special instruction	53,123
School sponsored/ other instructional	58,723
Support Services:	
Student and instruction related services	425,300
General administrative services	37,406
School administrative services	130,371
Central administrative services	24,301
Administrative information technology	26,441
Plant operations and maintenance	237,944
Pupil transportation	192,082
Total	<u>\$ 2,725,786</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

4. Capital Assets (continued)

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2017:

	Beginning Balance	Additions	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	\$ 387,725	\$ 18,070	\$ 405,795
Less accumulated depreciation for:			
Machinery and equipment	(254,954)	(26,330)	(281,284)
Total business-type activities capital assets, net	<u>\$ 132,771</u>	<u>\$ (8,260)</u>	<u>\$ 124,511</u>

5. Long-Term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 66,430,000		\$ 3,110,000	\$ 63,320,000	\$ 2,940,000
Unamortized premium on bonds	5,892,515		582,651	5,309,864	582,651
Obligations under capital leases	777,482	\$ 1,143,000	424,914	1,495,568	415,062
Compensated absences payable	526,599	715,174	695,629	546,144	74,687
Subtotal	<u>73,626,596</u>	<u>1,858,174</u>	<u>4,813,194</u>	<u>70,671,576</u>	<u>4,012,400</u>
Net pension liability	<u>25,392,348</u>	<u>10,605,681</u>		<u>35,998,029</u>	
Total governmental activity long-term liabilities	<u>\$ 99,018,944</u>	<u>\$ 12,463,855</u>	<u>\$ 4,813,194</u>	<u>\$ 106,669,605</u>	<u>\$ 4,012,400</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, 2017

5. Long-Term Liabilities (continued)

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

Year	Principal	Interest	Total
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	2,032,213	5,372,213
2022	3,495,000	1,874,263	5,369,263
2023-2027	23,945,000	6,445,394	30,390,394
2028-2031	23,350,000	1,497,200	24,847,200
	<u>\$ 63,320,000</u>	<u>\$ 18,771,084</u>	<u>\$ 82,091,084</u>

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2017 are comprised of the following issues:

\$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 \$375,000 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 \$2,500,000 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 \$3,215,000 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, 2017, \$8,440,000 of defeased debt remains outstanding.

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, 2017, \$24,005,000 of defeased debt remains outstanding.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities (continued)

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, 2017, \$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. As of June 30, 2017, \$8,850,000 of the defeased debt remains outstanding.

Capital Leases Payable

The District is leasing several copiers and is participating in two lease purchase agreements for the construction of the Wellness Center and Turf Field and acquisition of technology equipment, totaling \$1,495,567 under capital leases, with interest rates ranging from 1.47% to 16.89%. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2017:

Year	Principal	Interest	Total
2018	\$ 415,062	\$ 25,003	\$ 440,065
2019	423,730	17,110	440,840
2020	411,949	9,331	421,280
2021	244,827	2,836	247,663
	<u>\$ 1,495,568</u>	<u>\$ 54,280</u>	<u>\$ 1,549,848</u>

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

Assets capitalized through capital leases at June 30, 2017 are as follows:

Machinery, equipment and vehicles	\$ 1,668,733
Less accumulated depreciation	(611,100)
Total	<u>\$ 1,057,633</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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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 noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2017, the State of New Jersey contributed \$7,885,999 to the TPAF for on-behalf medical, long-term disability insurance, 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 \$2,976,387 during the year ended June 30, 2017 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, 2017, 2016 and 2015 were \$1,079,785, \$972,497 and \$893,254, 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 this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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, 2017, the District reported a liability of \$35,998,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2015, which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.1215446151 percent, which was an increase of 0.008428926 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized full accrual pension expense of \$3,875,282 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 7,456,869	
Difference between expected and actual experience	1,372,638	
Net difference between projected and actual earnings on pension plan investments	669,454	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,881,592	
District contributions subsequent to the measurement date	1,079,785	
	<u>\$ 12,460,338</u>	<u>\$ -</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:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Year ended June 30:		
2018	\$	2,578,669
2019		2,578,669
2020		2,884,185
2021		2,480,875
2022		858,155
	\$	<u>11,380,553</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increase through 2026	1.65 - 4.15%
Thereafter	based on age 2.65 - 5.15%
Investment rate of return	based on age 7.65%

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

In addition, the tables for service retirements and beneficiaries of formers members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High yield bonds	2.00%	4.56%
Inflation-indexed bonds	1.50%	3.44%
Broad U.S. equities	26.00%	8.53%
Developed foreign equities	13.25%	6.83%
Emerging market equities	6.50%	9.95%
Private equity	9.00%	12.40%
Hedge funds/Absolute return	12.50%	4.68%
Real Estate (property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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, 2016 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	At 1% decrease (2.98%)	At current discount rate (3.98%)	At 1% increase (4.98%)
District's proportionate share of the net pension liability	\$ 44,111,383	\$ 35,998,029	\$ 29,999,752

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, 2017

6. Pension Plans (continued)

Additional Information

Collective balances – Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$	8,685,338,380
Deferred inflows of resources	\$	870,133,595
Net pension liability	\$	29,617,131,759
District's Proportion		0.1215446151%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,830,763,540.

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, 2015 (the beginning of the measurement period ended June 30, 2016) is 5.57 years and 5.72 years for the period ended June 30, 2015.

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, 2016 was \$300,395,079. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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, 2016, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3818596058 percent, which was an increase of 0.0033378786 from its proportion measured as of June 30, 2015.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$22,570,510 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	7.65%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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, 2017

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, 2016 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 (2.22%)	At current discount rate (3.22%)	At 1% increase (4.22%)
State's proportionate share of the net pension liability associated with the District	\$ 358,738,855	\$ 300,395,079	\$ 252,749,856

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, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	\$ 195,027,919
Net pension liability	\$ 78,666,367,052
District's Proportion	0.3818596058%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

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, 2015 (the beginning of the measurement period ended June 30, 2016) is 8.3 years.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the state contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016. The State Employees Health Benefits Program (SEHBP) Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website. 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

thirty years. The State’s contributions to the SEHBP Fund for TPAF retirees’ post-retirement benefits on behalf of the District for the years ended June 30, 2017, 2016 and 2015 were \$3,579,726, \$3,640,420 and \$3,248,704 respectively, which equaled the required contributions for each year. The State’s contributions to the SEHBP Fund for PERS retirees’ post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

7. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 647,631	\$ 248,983
Special Revenue Fund		516,293
Capital Projects Fund		114,388
Food Service Enterprise Fund	248,983	
Payroll Agency Fund		16,950
	\$ 896,614	\$ 896,614

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 Food Service Enterprise Fund and the General Fund represents a return of funds to the General Fund for expenditures initially charged to Food Service Enterprise Fund which were reclassified and charged against the General Fund and related funds were not returned prior to year-end. 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 interfund accounts 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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, 2017 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its capital projects. The costs associated with the funding received from the NJSDA are subject to final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

10. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 5,955,661
Deposits:	
Interest earned on investments	1,000
Approved by Resolution at the June 19, 2017 meeting	2,850,000
Withdrawals:	
Transfer to Capital Projects Fund by Resolution	883,673
Ending balance, June 30, 2017	<u>\$ 7,922,988</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

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 adopt 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, 2017. The District has included \$554,203 of this balance in its 2017-18 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 627,280
Deposits:	
Approved by Resolution at the June 19, 2017 meeting	282,720
Ending balance, June 30, 2017	<u>\$ 910,000</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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.

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.

14. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2017 fiscal year:

	In	Out
General Fund	<u> </u>	<u>\$ 883,673</u>
Capital Projects Fund	\$ 883,673	
	<u>\$ 883,673</u>	<u>\$ 883,673</u>

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 2017 fiscal year or for additional contracts awarded on in progress projects.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

15. Deferred Compensation (continued)

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, 2017 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$40,462 and in the Capital Projects Fund as restricted for capital projects in the amount of \$745,517 which is offset by an unrestricted deficit of \$287,243.

17. GASB 77 Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Bernards has entered into a tax abatement agreement, of which has reduced the District's tax revenues. The Township entered into this agreement dated July 28, 2009, which is a full abatement of taxes for a nonprofit housing corporation for its senior citizen housing development, and in return the nonprofit housing corporation is required to pay the Township an annual service charge. The annual service charge is to be calculated at 15% of the annual gross rents derived from such housing project as detailed in the agreement. The agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

17. GASB 77 Tax Abatements (continued)

For the 2016 year, the Township recognized revenue of \$266,099 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property were \$462,131, resulting in a reduction of taxes collected by the Township of \$196,032. A portion of this would have been allocated to the District.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - Local Group	0.1215446151%	0.1131163225%	0.1095265402%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 35,998,029	\$ 25,392,348	\$ 20,506,364	\$ 20,822,890	n/a	n/a	n/a	n/a	n/a	n/a
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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	446.14%	319.32%	273.56%	293.23%	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	40.14%	47.93%	52.08%	52.08%	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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,079,785	\$ 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)	(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	\$ 8,093,970	\$ 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	13.34%	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*

	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3818596058%	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	\$ 300,395,079	\$ 239,241,896	\$ 201,307,735
Total proportionate share of the net pension liability (asset) associated with the District	\$ 300,395,079	\$ 239,241,896	\$ 201,307,735
Plan fiduciary net position as a percentage of the total pension liability	27.96%	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, 2017

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues					
Local Sources					
Local Tax Levy	\$ 82,109,315		\$ 82,109,315	\$ 82,109,315	
Tuition from Other LEA's	1,204,349		1,204,349	1,296,717	\$ 92,368
Tuition from Individuals	29,055		29,055	54,174	25,119
Transportation Fees from Individuals	220,000		220,000	225,237	5,237
Private Contributions	46,200		46,200	46,200	
Interest Earned on Capital Reserve Funds	1,000		1,000	1,000	
Interest Revenue				7,016	7,016
Miscellaneous	269,000		269,000	343,350	74,350
Total - Local Sources	83,878,919		83,878,919	84,083,009	204,090
State Sources					
Special Education Aid	2,538,589		2,538,589	2,538,589	
Security Aid	101,447		101,447	101,447	
Transportation Aid	443,670		443,670	443,670	
Extraordinary Aid	1,700,000		1,700,000	2,526,555	826,555
PARCC Readiness Aid	57,590		57,590	57,590	
Per Pupil Growth Aid	57,590		57,590	57,590	
Prof Learning Comm Aid	56,390		56,390	56,390	
Additional Nonpublic Transportation Aid				64,206	64,206
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				7,885,999	7,885,999
TPAF Social Security (Reimbursed - Non-Budgeted)				2,976,387	2,976,387
Total - State Sources	4,955,276		4,955,276	16,708,423	11,753,147
Federal Sources					
Medicaid Reimbursement	16,103		16,103	1,732	(14,371)
Total - Federal Sources	16,103		16,103	1,732	(14,371)
Total Revenues	88,850,298		88,850,298	100,793,164	11,942,866
Expenditures					
Current Expenditures:					
Instruction - Regular Programs:					
Salaries of Teachers					
Preschool	66,147	\$ 13,469	79,616	79,616	
Kindergarten	1,077,704	35,713	1,113,417	1,112,843	574
Grades 1-5	9,003,138	(225,275)	8,777,863	8,774,935	2,928
Grades 6-8	6,797,307	217,216	7,014,523	7,011,681	2,842
Grades 9-12	8,641,473	(17,254)	8,624,219	8,620,400	3,819
Home Instruction:					
Salaries of Teachers	125,656	(36,858)	88,798	88,798	
Purchased Professional-Educational Services		30,000	30,000	17,236	12,764
Undistributed Instruction:					
Purchased Professional-Educational Services	24,275		24,275	3,320	20,955
Other Purchased Services	313,353	(73,166)	240,187	213,500	26,687
General Supplies	2,158,086	(150,273)	2,007,813	1,689,465	318,348
Textbooks	355,421	(127,069)	228,352	168,701	59,651
Total Regular Programs - Instruction	28,562,560	(333,497)	28,229,063	27,780,495	448,568
Special Education:					
Cognitive - Moderate:					
Salaries of Teachers	381,428	24,072	405,500	405,500	
Other Salaries for Instruction	621,814	(16,080)	605,734	605,734	
General Supplies	13,900	(1,611)	12,289	7,103	5,186
Textbooks	18,000	(5,000)	13,000		13,000
Total Cognitive - Moderate	1,035,142	1,381	1,036,523	1,018,337	18,186
Learning and/or Language Disabilities:					
Salaries of Teachers	338,507	3,600	342,107	342,069	38
Other Salaries for Instruction	642,487	67,650	710,137	702,296	7,841
General Supplies	19,900	(1,139)	18,761	14,241	4,520
Textbooks	750	(750)			
Total Learning and/or Language Disabilities	1,001,644	69,361	1,071,005	1,058,606	12,399
Auditory Impairments:					
Salaries of Teachers	85,994	2,400	88,394	88,017	377
General Supplies	3,000	(889)	2,111	2,111	
Total Auditory Impairments	88,994	1,511	90,505	90,128	377
Behavioral Disabilities:					
Salaries of Teachers	241,232	12,470	253,702	253,702	
Other Salaries for Instruction	370,224	(61,212)	309,012	309,012	
General Supplies	11,000	2,082	13,082	11,231	1,851
Total Behavioral Disabilities	622,456	(46,660)	575,796	573,945	1,851
Resource Room/Resource Center:					
Salaries of Teachers	4,827,388	15,100	4,842,488	4,817,860	24,628
Other Salaries for Instruction	557,063	21,250	578,313	577,898	415
General Supplies	26,475	10,777	37,252	36,014	1,238
Total Resource Room/Resource Center	5,410,926	47,127	5,458,053	5,431,772	26,281

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued)					
Autism:					
Salaries of Teachers	\$ 980,484	\$ 177,656	\$ 1,158,140	\$ 1,156,507	\$ 1,633
Other Salaries for Instruction	2,496,891	(78,435)	2,418,456	2,413,613	4,843
General Supplies	30,000	(516)	29,484	26,445	3,039
Total Autism	3,507,375	98,705	3,606,080	3,596,565	9,515
Preschool Disabilities-Part-Time:					
Salaries of Teachers	136,146	2,350	138,496	138,485	11
Other Salaries for Instruction	133,937	51,750	185,687	185,640	47
General Supplies	9,500	657	10,157	10,088	69
Total Preschool Disabilities-Part-Time	279,583	54,757	334,340	334,213	127
Preschool Disabilities-Full-Time:					
General Supplies	20,000	(2,955)	17,045	16,836	209
Total Preschool Disabilities-Full-Time	20,000	(2,955)	17,045	16,836	209
Total Special Education - Instruction	11,966,120	223,227	12,189,347	12,120,402	68,945
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	706,350	13,650	720,000	719,559	441
General Supplies	12,000		12,000	11,161	839
Total Basic Skills/Remedial - Instruction	718,350	13,650	732,000	730,720	1,280
Bilingual Education - Instruction:					
Salaries of Teachers	235,391	72,266	307,657	307,601	56
Other Salaries for Instruction		1,863	1,863	1,863	
Other Purchased Services	1,000		1,000	172	828
General Supplies	2,100	(500)	1,600	124	1,476
Total Bilingual Education - Instruction	238,491	73,629	312,120	309,760	2,360
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	288,073	29,666	317,739	317,189	550
Supplies and Materials	68,090	(8,000)	60,090	52,961	7,129
Other Objects	1,000		1,000		1,000
Total School-Sponsored Cocurricular Activities - Instruction	357,163	21,666	378,829	370,150	8,679
School-Sponsored Athletics - Instruction:					
Salaries	853,705	56,854	910,559	910,559	
Purchased Services	115,200	(23,000)	92,200	66,057	26,143
Supplies and Materials	155,600	(29,000)	126,600	112,697	13,903
Other Objects	52,450		52,450	46,278	6,172
Transfers to Cover Deficit (Agency Funds)	93,060	(23,000)	70,060	70,000	60
Total School-Sponsored Athletics - Instruction	1,270,015	(18,146)	1,251,869	1,205,591	46,278
Other Supplemental / At-Risk Programs - Instruction:					
Salaries of Reading Specialists	376,612	8,700	385,312	385,005	307
Total Other Supplemental / At Risk Programs - Instruction	376,612	8,700	385,312	385,005	307
Total Instruction	43,489,311	(10,771)	43,478,540	42,902,123	576,417
Undistributed Expenditures - Instruction					
Instruction:					
Tuition To Other LEAs Within the State - Special	317,036	44,243	361,279	205,465	155,814
Tuition to County Vocational School Districts - Regular	14,851	(5,931)	8,920	6,875	2,045
Tuition to County Vocational School Districts - Special	1,591	5,931	7,522	7,522	
Tuition To Private Schools for the Disabled Within State	1,475,091	(297,037)	1,178,054	1,122,918	55,136
Tuition To Private Schools for the Disabled and Other LEAs	470,909	47,790	518,699	493,332	25,367
Total Undistributed Instruction	2,279,478	(205,004)	2,074,474	1,836,112	238,362
Health Services:					
Salaries	724,805	19,700	744,505	736,950	7,555
Purchased Professional and Technical Services	35,930	(1,000)	34,930	17,748	17,182
Other Purchased Services	2,530		2,530	1,846	684
Supplies and Materials	55,501		55,501	48,681	6,820
Total Health Services	818,766	18,700	837,466	805,225	32,241
Other Support Services Students - Speech, OT & Related Services:					
Salaries	975,087	67,200	1,042,287	1,040,495	1,792
Purchased Professional-Educational Services	57,642		57,642	56,555	1,087
Supplies and Materials	8,900	2,627	10,627	10,282	345
Total Other Support Services Students - Speech, OT and Related Services	1,040,729	69,827	1,110,556	1,107,332	3,224

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2017

	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	\$ 680,023	\$ 111,350	\$ 791,373	\$ 791,331	\$ 42
Purchased Professional-Educational Services	239,000	140,000	379,000	277,745	101,255
Supplies and Materials	7,050	(747)	6,303	6,257	46
Total Other Support Services Students - Extra Services	926,073	250,603	1,176,676	1,075,333	101,343
Guidance:					
Salaries of Other Professional Staff	1,610,975	79,950	1,690,925	1,690,120	805
Salaries of Secretarial and Clerical Assistants	459,392	13,100	472,492	472,403	89
Purchased Professional-Educational Services	70,350	(10,000)	60,350	56,518	3,832
Other Purchased Prof. and Tech. Services	165,770	32,000	197,770	197,033	737
Other Purchased Services	2,590		2,590	1,008	1,582
Supplies and Materials	21,454	(10,000)	11,454	8,216	3,238
Other Objects	744		744	424	320
Total Guidance	2,331,275	105,050	2,436,325	2,425,722	10,603
Child Study Teams:					
Salaries of Other Professional Staff	2,044,897	(16,758)	2,028,139	2,028,139	
Salaries of Secretarial and Clerical Assistants	274,177	3,350	277,527	277,485	42
Other Purchased Professional and Technical Services	75,000	49,652	124,652	120,240	4,412
Miscellaneous Purchased Services	20,006	600	20,606	18,278	2,328
Supplies and Materials	66,100	(6,534)	59,566	55,905	3,661
Other Objects	2,500		2,500	666	1,834
Total Child Study Teams	2,482,680	30,310	2,512,990	2,500,713	12,277
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	709,916	9,650	719,566	719,522	44
Salaries of Secretarial and Clerical Assistants	173,685	(4,267)	169,418	169,418	
Other Salaries	277,285	(24,950)	252,335	250,320	2,015
Other Purchased Services	300	(300)			
Supplies and Materials	14,100	12,880	26,980	22,375	4,605
Other Objects	13,650	1,020	14,670	13,058	1,612
Total Improvement of Instructional Services	1,188,936	(5,967)	1,182,969	1,174,693	8,276
Educational Media Serv./School Library:					
Salaries	612,948	2,150	615,098	614,760	338
Salaries of Technology Coordinators	73,759	12,800	86,559	86,462	97
Purchased Professional and Technical Services	110,850	(1,500)	109,350	61,978	47,372
Supplies and Materials	82,580	(7,500)	75,180	70,109	5,071
Total Educational Media Serv./School Library	880,237	5,950	886,187	833,309	52,878
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	709,916	90,700	800,616	800,584	32
Salaries of Secretarial and Clerical Assistants	231,386	28,450	259,836	259,828	8
Other Salaries	45,000	5,083	50,083	50,083	
Purchased Professional-Educational Services	25,000		25,000	20,848	4,152
Other Purchased Prof. and Tech. Services	49,700		49,700	39,108	10,592
Other Purchased Services	69,200	(6,802)	62,398	37,528	24,870
Supplies and Materials	44,295		44,295	28,397	15,898
Other Objects	2,725		2,725	2,270	455
Total Instructional Staff Training Services	1,177,222	117,431	1,294,653	1,238,646	56,007
Support Services - General Administration:					
Salaries	400,735	(25,850)	374,885	342,261	32,624
Legal Services	95,000	90,130	185,130	182,399	2,731
Audit Fees	50,000	(3,380)	46,620	46,500	120
Architect / Engineer Services	31,053	(8,702)	22,351	5,875	16,476
Other Purchased Prof Services	59,350	51,343	110,693	95,406	15,287
Communications/Telephone	77,500	(7,595)	69,905	14,475	55,430
BOE Other Purchased Services	9,000	(4,500)	4,500	2,386	2,114
Miscellaneous Purchased Services	270,036	(61)	269,975	269,975	
General Supplies	13,450	(2,730)	10,720	10,720	
Miscellaneous Expenditures	51,450	9,995	61,445	33,736	27,709
Total Support Services - General Administration	1,057,574	98,650	1,156,224	1,003,733	152,491

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2017

	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	\$ 2,291,611	\$ 213,650	\$ 2,505,261	\$ 2,208,097	\$ 297,164
Salaries of Other Professional Staff	153,932	15,200	169,132	154,037	15,095
Salaries of Secretarial and Clerical Assistants	1,040,239	100,800	1,141,039	1,051,744	89,295
Other Purchased Services	126,726	22,500	149,226	54,811	94,415
Supplies and Materials	23,600	(1,974)	21,626	10,536	11,090
Other Objects	45,815	7,484	53,299	19,096	34,203
Total Support Services - School Administration	3,681,923	357,660	4,039,583	3,498,321	541,262
Central Services:					
Salaries	612,643	37,500	650,143	540,133	110,010
Purchased Professional Services	74,952	14,768	89,720	74,720	15,000
Miscellaneous Purchased Services	19,331	(2,018)	17,313	16,744	569
Supplies and Materials	14,000	17,750	31,750	14,992	16,758
Miscellaneous Expenditures	1,900	7,000	8,900	5,496	3,404
Total Central Services	722,826	75,000	797,826	652,085	145,741
Admin. Info. Tech.:					
Salaries	571,665	57,706	629,371	604,371	25,000
Purchased Technical Services	129,550	2,181	131,731	83,399	48,332
Supplies and Materials	24,700	3,000	27,700	21,738	5,962
Total Admin. Info. Tech.	725,915	62,887	788,802	709,508	79,294
Required Maint. For School Facilities:					
Salaries	210,267	(78,000)	132,267	132,196	71
Cleaning, Repair, and Maintenance Services	2,254,562	93,620	2,348,182	1,670,459	677,723
General Supplies	180,300	(47,320)	132,980	127,559	5,421
Total Required Maint. For School Facilities	2,645,129	(31,700)	2,613,429	1,930,214	683,215
Custodial Services:					
Salaries		6,000	6,000	4,958	1,042
Salaries of Non-Instructional Aides	172,467	108,571	281,038	281,038	
Purchased Profession and Technical Services	95,000		95,000	84,768	10,232
Cleaning, Repair, and Maintenance Services	2,463,228	(174,572)	2,288,656	1,869,728	418,928
Other Purchased Property Services	227,000	28,105	255,105	254,597	508
Insurance	353,052	(155)	352,897	330,175	22,722
General Supplies	210,000	(31,300)	178,700	171,944	6,756
Energy (Natural Gas)	660,461	(317,927)	342,534	288,276	54,258
Energy (Electricity)	856,989	(31,232)	825,757	783,553	42,204
Total Custodial Services	5,038,197	(412,510)	4,625,687	4,069,037	556,650
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	578,513	(15,000)	563,513	323,838	239,675
General Supplies	15,000	(90)	14,910	12,819	2,091
Total Care and Upkeep of Grounds	593,513	(15,090)	578,423	336,657	241,766
Security:					
Salaries	46,700	2,290	48,990	48,990	
Total Security	46,700	2,290	48,990	48,990	
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Prog.	212,000		212,000	101,873	110,127
Cleaning, Repair and Maint. Services	7,000	(198)	6,802	596	6,206
Contracted Services-Aid in Lieu of Payments	172,380	45,000	217,380	216,508	872
Contracted Services (Between Home and School)-Vendors	2,869,749	(118,012)	2,751,737	2,751,737	
Contracted Services (Other Than Between Home and School) - Vendors	285,100	27,844	312,944	287,809	25,135
Contracted Services (Spec. Ed. Students)-Vendors	10,200		10,200	8,950	1,250
Contracted Services (Spec. Ed. Students)-ESCs and CTSA's	1,747,478	47,800	1,795,278	1,786,228	9,050
Miscellaneous Purchased Services-Transportation	10,000	(4,000)	6,000		6,000
Other Objects	2,162		2,162	550	1,612
Total Student Transportation Services	5,316,069	(1,566)	5,314,503	5,154,251	160,252
Unallocated Benefits:					
Social Security Contributions	1,051,000		1,051,000	1,038,984	12,016
Other Retirement Contributions - Regular	1,033,889	105,500	1,139,389	1,138,454	935
Unemployment Compensation	40,000	(1,000)	39,000		39,000
Workmen's Compensation	263,667	(2,500)	261,167	243,940	17,227
Health Benefits	11,616,830	(647,685)	10,969,145	9,971,463	997,682
Tuition Reimbursement	353,033	(7,000)	346,033	230,518	115,515
Other Employee Benefits	172,116	13,790	185,906	152,875	33,031
Total Unallocated Benefits	14,530,535	(538,895)	13,991,640	12,776,234	1,215,406
On-Behalf TPAF Pension Contributions				7,885,999	(7,885,999)
Reimbursed TPAF Social Security Contributions				2,976,387	(2,976,387)
Total On-Behalf and Reimbursed Contributions				10,862,386	(10,862,386)
Total Undistributed Expenditures	47,483,777	(16,374)	47,467,403	54,038,501	(6,571,098)
Total Current Expenditures	90,973,088	(27,145)	90,945,943	96,940,624	(5,994,681)

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Capital Outlay:					
Equipment:					
Regular Program Instruction:					
Grade 6-8		\$ 45,520	\$ 45,520	\$ 45,520	
Grade 9-12	\$ 43,000	1,893	44,893	44,893	
School Sponsored and Other Instruction		21,326	21,326	21,256	\$ 70
Undistributed Expenditures:					
Required Maintenance	65,000	(1,597)	63,403	26,548	36,855
Total Equipment	108,000	67,142	175,142	138,217	36,925
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	2,000	18,449	20,449	20,139	310
Construction Services	250,000	(58,450)	191,550	151,256	40,294
Lease Purchase Agreements - Principal	161,000		161,000	160,581	419
Total Facilities Acquisition and Construction Services	413,000	(40,001)	372,999	331,976	41,023
Interest Deposit to Capital Reserve	1,000		1,000		1,000
Assets Acquired Under Capital Leases (non-budgeted)				1,143,000	(1,143,000)
Total Expenditures - Capital Outlay	522,000	27,141	549,141	1,613,193	(1,064,052)
Transfer of funds to Charter Schools	20,687	4	20,691	12,009	8,682
Total Expenditures	91,515,775	-	91,515,775	98,565,826	(7,050,051)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,665,477)	-	(2,665,477)	2,227,338	4,892,815
Other Financing Sources (Uses):					
Capital Lease Proceeds (non-budgeted)				1,143,000	1,143,000
Transfers In - Capital Projects Fund - Interest Earnings				224	224
Transfers Out - Capital Reserve Transfer to Capital Projects Fund		(883,673)	(883,673)	(883,673)	
Total Other Financing Sources (Uses)		(883,673)	(883,673)	259,551	1,143,224
(Deficiency) Excess of Revenues and Other Financing Sources (Uses) (Under) Over Expenditures	(2,665,477)	(883,673)	(3,549,150)	2,486,889	6,036,039
Fund Balances, July 1	18,751,803		18,751,803	18,751,803	
Fund Balances, June 30	\$ 16,086,326	\$ (883,673)	\$ 15,202,653	\$ 21,238,692	\$ 6,036,039
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses					
Budgeted Fund Balance	\$ (2,134,528)	\$ (3,637,398)	\$ (5,771,926)	\$ 264,113	\$ 6,036,039
Budgeted Fund Balance - Maintenance Reserve	(504,678)	504,678			
Withdrawal From Capital Reserve		(883,673)	(883,673)	(883,673)	
Deposit To Capital Reserve	1,000	2,850,000	2,851,000	2,851,000	
Deposit to Emergency Reserve		282,720	282,720	282,720	
Adjustment for Prior Year Encumbrances	(27,271)		(27,271)	(27,271)	
Total	\$ (2,665,477)	\$ (883,673)	\$ (3,549,150)	\$ 2,486,889	\$ 6,036,039
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 2,705,295	
Reserved - Excess Surplus - Current Year				2,434,243	
Capital Reserve				7,922,988	
Maintenance Reserve				4,586,061	
Emergency Reserve				910,000	
Assigned Fund Balance:					
Year End Encumbrances				40,462	
Unassigned Fund Balance				2,639,643	
				21,238,692	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(322,676)	
Fund Balance per Governmental Funds (GAAP)				\$ 20,916,016	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 247,955	\$ 247,955	\$ 85,497	\$ (162,458)
State Sources		297,831	297,831	218,761	(79,070)
Federal Sources	\$ 1,659,910	375,080	2,034,990	1,392,122	(642,868)
Total Revenues	<u>1,659,910</u>	<u>920,866</u>	<u>2,580,776</u>	<u>1,696,380</u>	<u>(884,396)</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers	\$ 64,845	\$ (61,845)	\$ 3,000		\$ 3,000
Purchased Professional and Educational Services		252,191	252,191	\$ 181,520	70,671
Other Purchased Services	1,549,490	(269,730)	1,279,760	1,116,483	163,277
General Supplies		377,593	377,593	94,916	282,677
Textbooks		24,440	24,440	21,893	2,547
Total Instruction	<u>1,614,335</u>	<u>322,649</u>	<u>1,936,984</u>	<u>1,414,812</u>	<u>522,172</u>
Support Services:					
Salaries	45,575	14,294	59,869	56,701	3,168
Personal Services - Employee Benefits		13,054	13,054	11,981	1,073
Purchased Professional and Technical Services		183,510	183,510	98,970	84,540
Other Purchased Services		38,993	38,993	3,294	35,699
Supplies and Materials		225,596	225,596	78,610	146,986
Other Objects		5,738	5,738	738	5,000
Total Support Services	<u>45,575</u>	<u>481,185</u>	<u>526,760</u>	<u>250,294</u>	<u>276,466</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		6,500	6,500	6,500	
Construction Services		110,532	110,532	24,774	85,758
Total Facilities Acquisition and Construction Services		<u>117,032</u>	<u>117,032</u>	<u>31,274</u>	<u>85,758</u>
Total Expenditures	<u>1,659,910</u>	<u>920,866</u>	<u>2,580,776</u>	<u>1,696,380</u>	<u>884,396</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, 2017

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)	\$ 100,793,164	\$ 1,696,380
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year (net of cancellations)		93,531
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	312,166	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(322,676)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 100,782,654</u>	<u>\$ 1,789,911</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 98,565,826	\$ 1,696,380
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.		
Prior Year (net of Cancellations)		<u>93,531</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 98,565,826</u>	<u>\$ 1,789,911</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, 2017

	Nonpublic Textbooks	Nonpublic Security	NJ Nonpublic Auxiliary Services, Ch. 192			NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	Nonpublic Technology
			Nonpublic Comp. Education	Home Instruction	E.S.L.	Nonpublic Exam and Class.	Nonpublic Corrective Speech	Nonpublic Suppl. Instruction		
REVENUES:										
State Sources	\$ 21,893	\$ 15,348	\$ 39,146	\$ 385	\$ 8,770	\$ 55,817	\$ 19,349	\$ 17,028	\$ 30,850	\$ 10,175
Federal Sources										
Other Sources										
Total Revenues	\$ 21,893	\$ 15,348	\$ 39,146	\$ 385	\$ 8,770	\$ 55,817	\$ 19,349	\$ 17,028	\$ 30,850	\$ 10,175
EXPENDITURES:										
Instruction:										
Purchased Prof. - Educ. Services			\$ 39,146	\$ 385	\$ 8,770	\$ 55,817	\$ 19,349	\$ 17,028	\$ 30,850	\$ 10,175
Other Purchased Services										
General Supplies										
Textbooks	\$ 21,893									
Total Instruction	21,893		39,146	385	8,770	55,817	19,349	17,028	30,850	10,175
Support Services:										
Salaries										
Personal Svcs. - Employee Benefits										
Purchased Prof. and Tech. Svcs.										
Other Purchased Services										
Supplies and Materials		\$ 15,348								
Other Objects										
Total Support Services		15,348								
Facilities Acquisition and Construction Services:										
Noninstructional Equipment										
Construction Services										
Total Facilities Acquisition and Construction Services										
Total Expenditures	\$ 21,893	\$ 15,348	\$ 39,146	\$ 385	\$ 8,770	\$ 55,817	\$ 19,349	\$ 17,028	\$ 30,850	\$ 10,175

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2017

	Local Grants	I.D.E.A. Part B	Title I	Title III	Title III Immigrant	Title IIA	Totals
REVENUES:							
State Sources							\$ 218,761
Federal Sources		\$ 1,169,653	\$ 128,913	\$ 22,529	\$ 11,649	\$ 59,378	1,392,122
Other Sources	\$ 85,497						85,497
Total Revenues	<u>\$ 85,497</u>	<u>\$ 1,169,653</u>	<u>\$ 128,913</u>	<u>\$ 22,529</u>	<u>\$ 11,649</u>	<u>\$ 59,378</u>	<u>\$ 1,696,380</u>
EXPENDITURES:							
Instruction:							
Purchased Prof.- Educ. Services							\$ 181,520
Other Purchased Services		\$ 1,116,483					1,116,483
General Supplies	\$ 18,776		\$ 76,140				94,916
Textbooks							21,893
Total Instruction	<u>18,776</u>	<u>1,116,483</u>	<u>76,140</u>				<u>1,414,812</u>
Support Services:							
Salaries					\$ 10,620	\$ 46,081	56,701
Personal Svcs-Employee Benefits						11,981	11,981
Purchased Prof. and Tech. Svcs.		53,170	35,000	\$ 10,800			98,970
Other Purchased Services			837	1,141		1,316	3,294
Supplies and Materials	35,447		16,936	10,588	291		78,610
Other Objects					738		738
Total Support Services	<u>35,447</u>	<u>53,170</u>	<u>52,773</u>	<u>22,529</u>	<u>11,649</u>	<u>59,378</u>	<u>250,294</u>
Facilities Acquisition and Construction Services:							
Noninstructional Equipment	6,500						6,500
Construction Services	24,774						24,774
Total Facilities Acquisition and Construction Services	<u>31,274</u>						<u>31,274</u>
Total Expenditures	<u>\$ 85,497</u>	<u>\$ 1,169,653</u>	<u>\$ 128,913</u>	<u>\$ 22,529</u>	<u>\$ 11,649</u>	<u>\$ 59,378</u>	<u>\$ 1,696,380</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, 2017

REVENUES

State Sources	
SDA Grants	\$ 589,115
Local Sources	
Interest Earned on Investments	224
Total Revenues	<u>589,339</u>

EXPENDITURES AND OTHER FINANCING USES

Other Purchased Professional and Technical Services	42,779
Construction Services	1,699,457
Total Expenditures	<u>1,742,236</u>

(Deficiency) of Revenues (under) Expenditures (1,152,897)

OTHER FINANCING SOURCES (USES)

Transfers In - Withdrawal from Capital Reserve	883,673
Transfers Out - Interest Earned to General Fund	<u>(224)</u>
Total Other Financing Sources (Uses)	<u>883,449</u>

Net Change in Fund Balances (269,448)

Fund Balance - July 1 1,032,435

Fund Balance - June 30 \$ 762,987

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2017 - budgetary- basis	\$ 762,987
GAAP Basis Revenues not recognized	<u>(304,714)</u>
Fund balance, June 30, 2017 - GAAP Basis	<u>\$ 458,273</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 - Wellness Center
Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Lease Proceeds	\$ 462,000		\$ 462,000	\$ 462,000
Total Revenues	<u>462,000</u>		<u>462,000</u>	<u>462,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Construction Services	460,148	\$ 650	460,798	462,000
Total Expenditures and Other Financing Uses	<u>460,148</u>	<u>650</u>	<u>460,798</u>	<u>462,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,852</u>	<u>\$ (650)</u>	<u>\$ 1,202</u>	<u>\$ -</u>
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 Increase (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
Liberty Corner Elementary School - Unit Ventilator Replacement
Year Ended June 30, 2017

	<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	\$ 2,484	\$ 509,378	\$ 584,640
Transfer from capital reserve	760,341	3,725	764,066	876,960
Total Revenues	<u>1,267,235</u>	<u>6,209</u>	<u>1,273,444</u>	<u>1,461,600</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	75,733	7,739	83,472	135,600
Construction Services	461,041	724,663	1,185,704	1,326,000
Total Expenditures and Other Financing Uses	<u>536,774</u>	<u>732,402</u>	<u>1,269,176</u>	<u>1,461,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 730,461</u>	<u>\$ (726,193)</u>	<u>\$ 4,268</u>	<u>\$ -</u>
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 Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		100.00%		
Original Target Completion Date		9/1/16		
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 - HVAC Upgrades
Year Ended June 30, 2017

	<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	<u>641,990</u>		<u>641,990</u>	<u>967,600</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	55,832	\$ 1,130	56,962	82,500
Construction Services	299,086	273,942	573,028	885,100
Total Expenditures and Other Financing Uses	<u>354,918</u>	<u>275,072</u>	<u>629,990</u>	<u>967,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 287,072</u>	<u>\$ (275,072)</u>	<u>\$ 12,000</u>	<u>\$ -</u>
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 Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		100.00%		
Original Target Completion Date		9/1/16		
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
Oak Street Elementary School - Unit Ventilator Replacement
Year Ended June 30, 2017

	<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	\$ 355,000	\$ 377,212	\$ 399,000
Transfer from capital reserve	33,318	532,501	565,819	598,500
Total Revenues	<u>55,530</u>	<u>887,501</u>	<u>943,031</u>	<u>997,500</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	47,485	5,569	53,054	91,500
Construction Services		439,470	439,470	906,000
Total Expenditures and Other Financing Uses	<u>47,485</u>	<u>445,039</u>	<u>492,524</u>	<u>997,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,045</u>	<u>\$ 442,462</u>	<u>\$ 450,507</u>	<u>\$ -</u>
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 Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		52.23%		
Original Target Completion Date		9/1/17		
Revised Target Completion Date		9/1/17		

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, 2017

	<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	\$ 206,831	\$ 220,865	\$ 246,200
Transfer from capital reserve	21,052	310,247	331,299	369,300
Total Revenues	<u>35,086</u>	<u>517,078</u>	<u>552,164</u>	<u>615,500</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	30,081	3,841	33,922	52,000
Construction Services		260,732	260,732	563,500
Total Expenditures and Other Financing Uses	<u>30,081</u>	<u>264,573</u>	<u>294,654</u>	<u>615,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,005</u>	<u>\$ 252,505</u>	<u>\$ 257,510</u>	<u>\$ -</u>
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 Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		53.36%		
Original Target Completion Date		9/1/17		
Revised Target Completion Date		9/1/17		

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School - Unit Ventilator Replacement
Year Ended June 30, 2017

	<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	\$	14,027	\$ 14,027	\$ 524,640
Transfer from capital reserve		21,041	21,041	786,960
Total Revenues		35,068	35,068	1,311,600
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		13,857	13,857	117,500
Construction Services				1,194,100
Total Expenditures and Other Financing Uses		13,857	13,857	1,311,600
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$ 21,211	\$ -

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	\$ 1,311,600
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,311,600
Percentage Increase (Decrease) over Original Authorized Cost	0.00%
Percentage Completed	1.06%
Original Target Completion Date	9/1/18
Revised Target Completion Date	9/1/18

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School - HVAC Upgrades
Year Ended June 30, 2017

	<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		\$ 10,773	\$ 10,773	\$ 401,720
Transfer from capital reserve		16,159	16,159	602,580
Total Revenues		<u>26,932</u>	<u>26,932</u>	<u>1,004,300</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		10,643	10,643	84,000
Construction Services				920,300
Total Expenditures and Other Financing Uses		<u>10,643</u>	<u>10,643</u>	<u>1,004,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 16,289</u>	<u>\$ 16,289</u>	<u>\$ -</u>
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	\$	1,004,300		
Additional Authorized Cost				
Revised Authorized Cost	\$	1,004,300		
Percentage Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		1.06%		
Original Target Completion Date		9/1/18		
Revised Target Completion Date		9/1/18		

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund

Summary Schedule of Project Expenditures
Year Ended June 30, 2017

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2017</u>
			<u>Prior Years</u>	<u>Current Years</u>	
Ridge High School - Wellness Center	4/9/2015	\$ 462,000	\$ 460,148	\$ 650	\$ 1,202
Liberty Corner E.S. - Unit Ventilator Replacement	12/12/2014	1,273,444	536,774	732,402	4,268
Liberty Corner E.S. - HVAC Upgrades	12/12/2014	641,990	354,918	275,072	12,000
Oak Street E.S. - Unit Ventilator Replacement	12/12/2014	943,031	47,485	445,039	450,507
Oak Street E.S. - HVAC Upgrades	12/12/2014	552,164	30,081	264,573	257,510
William Annin M.S. - Unit Ventilator Replacement	12/12/2014	35,068	-	13,857	21,211
William Annin M.S. - HVAC Upgrades	12/12/2014	26,932	-	10,643	16,289
	Totals	\$ 3,934,629	\$ 1,429,406	\$ 1,742,236	\$ 762,987
Lease Purchase Agreements		\$ 462,000			
State Grant (SDA)		1,389,051			
Transfer From Capital Reserve		2,083,578			
Total		\$ 3,934,629			

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2017

	<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	\$ 476,160	\$ 7,599	\$ 483,759	\$ 811,883	\$ 447,892	\$ 1,259,775
Accounts Receivable	1,258		1,258			
Total Assets	<u>477,418</u>	<u>7,599</u>	<u>485,017</u>	<u>\$ 811,883</u>	<u>\$ 447,892</u>	<u>\$ 1,259,775</u>
LIABILITIES						
Accounts Payable	25,592		25,592			
Interfund Payable					\$ 16,950	\$ 16,950
Due to Student Groups				\$ 811,883		811,883
Payroll Deductions and Withholdings Payable					430,942	430,942
Total Liabilities	<u>25,592</u>	<u>-</u>	<u>25,592</u>	<u>\$ 811,883</u>	<u>\$ 447,892</u>	<u>\$ 1,259,775</u>
NET POSITION						
Held in Trust for Unemployment Claims	<u>\$ 451,826</u>		451,826			
Held in Trust for Scholarship Awards		<u>\$ 7,599</u>	7,599			
			<u>\$ 459,425</u>			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2017

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 86,541	
Donations		\$ 3,046
Total Additions	<u> 86,541</u>	<u> 3,046</u>
DEDUCTIONS		
Payment of Unemployment Claims	56,638	
Payment of Scholarship Awards and Other Expenses		1,310
Total Deductions	<u> 56,638</u>	<u> 1,310</u>
Change in Net Position	29,903	1,736
Net Position - Beginning of the Year	<u> 421,923</u>	<u> 5,863</u>
Net Position - End of the Year	<u> \$ 451,826</u>	<u> \$ 7,599</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 714,189	\$ 1,760,918	\$ 1,663,224	\$ 811,883
Total Assets	<u>\$ 714,189</u>	<u>\$ 1,760,918</u>	<u>\$ 1,663,224</u>	<u>\$ 811,883</u>
LIABILITIES:				
Due to Student Groups	\$ 714,189	\$ 1,760,918	\$ 1,663,224	\$ 811,883
Total Liabilities	<u>\$ 714,189</u>	<u>\$ 1,760,918</u>	<u>\$ 1,663,224</u>	<u>\$ 811,883</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools:				
Liberty Corner	\$ 37,281	\$ 68,070	\$ 53,873	\$ 51,478
Oak Street	20,586	28,559	30,056	19,089
Cedar Hill	82,823	53,920	45,832	90,911
Mount Prospect	14,678	10,171	14,359	10,490
Total Elementary Schools	<u>155,368</u>	<u>160,720</u>	<u>144,120</u>	<u>171,968</u>
Middle School:				
William Annin	<u>95,353</u>	<u>357,388</u>	<u>384,931</u>	<u>67,810</u>
High School:				
Athletic Fund	8,221	115,521	113,647	10,095
Performing Arts	12,605	161,033	143,960	29,678
Ridge High School	442,642	966,256	876,566	532,332
Total High School	<u>463,468</u>	<u>1,242,810</u>	<u>1,134,173</u>	<u>572,105</u>
Totals	<u>\$ 714,189</u>	<u>\$ 1,760,918</u>	<u>\$ 1,663,224</u>	<u>\$ 811,883</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 419,137	\$ 61,328,396	\$ 61,299,641	\$ 447,892
Total Assets	<u>\$ 419,137</u>	<u>\$ 61,328,396</u>	<u>\$ 61,299,641</u>	<u>\$ 447,892</u>
LIABILITIES:				
Interfund Payable	\$ 3,359	\$ 16,950	\$ 3,359	\$ 16,950
Payroll Deductions and Withholdings Payable	<u>415,778</u>	<u>61,311,446</u>	<u>61,296,282</u>	<u>430,942</u>
Total Liabilities	<u>\$ 419,137</u>	<u>\$ 61,328,396</u>	<u>\$ 61,299,641</u>	<u>\$ 447,892</u>

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2017

<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, 2016</u>	<u>Paid</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	12/1/06	\$ 10,000,000				\$ 35,000	\$ 35,000	
Refunding School Bonds	5/22/12	9,700,000	07/15/17	\$ 65,000	3.000 %	9,360,000	65,000	\$ 9,295,000
			7/15/18-7/15/19	70,000	3.000			
			07/15/20	70,000	4.000			
			07/15/21	75,000	4.000			
			07/15/22	80,000	4.000			
			07/15/23	80,000	2.375			
			07/15/24	85,000	2.500			
			07/15/25	85,000	2.750			
			07/15/26	90,000	3.000			
			07/15/27	1,455,000	3.000			
			07/15/28	5,230,000	3.000			
			07/15/29	1,840,000	3.000			
Refunding School Bonds	2/6/13	23,745,000	07/15/17	375,000	4.000	23,665,000	360,000	23,305,000
			07/15/18	390,000	4.000			
			07/15/19	405,000	4.000			
			07/15/20	425,000	4.000			
			07/15/21	430,000	2.000			
			07/15/22	440,000	4.000			
			07/15/23	4,090,000	4.000			
			07/15/24	4,260,000	4.000			
			07/15/25	4,435,000	4.000			
			07/15/26	4,620,000	4.000			
			07/15/27	3,435,000	4.000			
Refunding School Bonds	9/17/13	23,920,000	01/01/18	2,500,000	4.000	19,175,000	2,405,000	16,770,000
			01/01/19	2,605,000	4.000			
			01/01/20	2,710,000	5.000			
			01/01/21	2,845,000	5.000			
			01/01/22	2,990,000	4.000			
			01/01/23	3,120,000	5.000			
Refunding School Bonds	2/25/15	5,515,000	07/15/23	840,000	4.000	5,515,000		5,515,000
			07/15/24	295,000	4.000			
			07/15/25	795,000	4.000			
			07/15/26	630,000	4.000			
			07/15/27	700,000	4.000			
			07/15/28	700,000	4.000			
			07/15/29	740,000	4.000			
			07/15/30	815,000	4.000			
Refunding School Bonds	5/18/16	8,680,000	07/15/29	3,215,000	3.000	8,680,000	245,000	8,435,000
			07/15/30	5,220,000	3.000			
						<u>\$ 66,430,000</u>	<u>\$ 3,110,000</u>	<u>\$ 63,320,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2017

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Principal</u>	<u>Interest</u>					
2012 Savin Copier - Ridge High School	3/7/2012	5 Years	\$ 26,300	\$ 4,156	15.80 %	\$ 4,457		\$ 4,457	
2012 Savin Copier - Ridge High School Guidance	3/7/2012	5 Years	15,458	2,611	16.89	2,640		2,640	
2012 Savin Copier - Board of Education Office	3/7/2012	5 Years	28,244	4,463	15.80	4,787		4,787	
2012 Savin Copier - Board of Education Office	3/7/2012	5 Years	26,587	4,201	15.80	4,507		4,507	
2015 Savin Copiers - Various Schools	11/30/2014	5 Years	139,065	13,545	5.34	95,548		27,433	\$ 68,115
2015 Construction Projects - Wellness Center and Turf Field	4/20/2015	5 Years	763,200	40,472	1.90	616,490		149,573	466,917
2016 Copiers - Oak Street	5/1/2016	5 Years	40,097	6,335	5.93	38,943		7,170	31,773
2016 Copiers - Ridge High School	12/1/2015	5 Years	11,278	1,579	6.62	10,110		2,087	8,023
2017 - Various IT Equipment	7/1/2016	5 Years	1,143,000	45,468	1.47		\$ 1,143,000	222,260	920,740
						<u>\$ 777,482</u>	<u>\$ 1,143,000</u>	<u>\$ 424,914</u>	<u>\$ 1,495,568</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,284,441		\$ 5,284,441	\$ 5,284,441	
Total Local Source Revenues	5,284,441		5,284,441	5,284,441	
State Sources-Debt Service Aid	281,903		281,903	281,903	
Total Revenue	5,566,344		5,566,344	5,566,344	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,865,000	\$ 245,000	3,110,000	3,110,000	
Interest on Bonds	2,701,344	(245,000)	2,456,344	2,454,542	\$ 1,802
Total Expenditures	5,566,344	-	5,566,344	5,564,542	1,802
Excess of Revenues Over Expenditures	-	-	-	1,802	1,802
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 1,802	\$ 1,802

**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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 16,936,066
Restricted	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	19,016,860
Unrestricted (deficit)	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)	(23,954,718)
Total Governmental Activities Net Position	\$ 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	\$ 11,998,208
Business-type Activities:										
Net Investment in Capital Assets	\$ 69,094	\$ 52,700	\$ 54,958	\$ 56,950	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521	\$ 132,771	\$ 124,511
Unrestricted	323,954	407,256	737,189	951,881	918,635	874,073	1,041,476	1,114,668	1,319,034	1,718,909
Total Business-type Activities Net Position	\$ 393,048	\$ 459,956	\$ 792,147	\$ 1,008,831	\$ 983,194	\$ 946,339	\$ 1,103,998	\$ 1,176,189	\$ 1,451,805	\$ 1,843,420
Government-wide:										
Net Investment in Capital Assets	\$ 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	\$ 17,060,577
Restricted	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	19,016,860
Unrestricted (deficit)	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)	(22,235,809)
Total Government-Wide Net Position	\$ 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	\$ 13,841,628

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,									
	2008	2009	2010	2011	2011	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 53,375,707
Special Education Instruction	11,336,917	11,539,915	13,146,006	12,209,009	12,941,908	15,643,646	16,438,289	19,374,066	20,646,861	22,529,787
Other Special Instruction	1,309,818	1,280,227	1,753,775	1,711,885	1,684,311	2,005,530	1,429,424	1,958,334	2,331,613	2,820,956
Other Instruction	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	2,307,372
Support Services:										
Tuition	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	1,848,121
Related Services	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	17,731,406
General Administration Services	1,088,805	1,101,854	1,078,925	986,457	1,036,011	877,443	956,971	914,351	1,224,933	1,316,991
School Administration Services	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	6,174,950
Central Services	626,904	641,946	692,996	706,896	734,577	845,125	966,214	958,597	955,062	978,363
Administrative Information Technology	504,806	669,800	754,135	772,235	771,620	800,194	813,294	839,648	888,132	982,707
Plant Operations and Maintenance	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	6,778,337
Pupil Transportation	4,212,269	5,049,825	4,112,632	4,972,228	5,275,700	5,445,939	5,399,062	5,346,667	5,506,213	5,346,333
Capital outlay	265,159									
Interest and other charges on Long-Term Debt	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	2,248,746
Total Governmental Activities Expenses	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	124,439,976
Business-type Activities:										
Food Service	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	1,898,157
After School Enrichment	216,126	210,271	258,311	204,180	162,681	139,716	116,740	102,696	115,744	110,284
Project Jump Start	52,215	76,115	91,640	82,501	98,082	85,069	90,065	90,088	90,703	82,248
Camp Bridge	43,783									
Before and After School Care	434,770	545,341	1,034,402	1,085,360	1,233,364	1,277,769	988,525	1,196,661	1,265,941	1,241,025
Total Business-type Activities Expense	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	3,331,714
Total District Expenses	\$ 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	\$ 127,771,690
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 502,434	\$ 748,296	\$ 691,186	\$ 1,020,789	\$ 1,268,721	\$ 1,203,364	\$ 1,328,285	\$ 1,384,605	\$ 1,370,663	\$ 1,350,891
Pupil Transportation	251,257	235,341	272,498	229,278	222,716	223,270	231,752	240,193	237,288	225,237
Operating Grants and Contributions	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	1,789,911
Capital Grants and Contributions		145,287	-	1,765		3,226	455,123	393,512	886,147	696,634
Total Governmental Activities Program Revenues	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	4,062,673
Business-type Activities:										
Charges for Services:										
Food Service	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	2,261,276
After School Enrichment	231,969	216,580	233,410	186,759	171,084	153,863	127,127	126,920	123,030	116,747
Project Jump Start	120,604	119,946	112,687	112,105	106,760	105,189	109,857	105,007	86,250	86,450
Camp Bridge	1,075									
Before and After School Care	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	1,258,856
Operating Grants and Contributions	131,197	118,668	119,882	134,876	124,916	100,101	132,132	120,253	79,707	
Total Business-type Activities Program Revenues	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	3,723,329
Total District Program Revenues	\$ 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	\$ 7,786,002
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (120,377,303)
Business-type Activities	49,880	186,238	332,191	216,684	(25,637)	(49,403)	157,659	72,191	275,616	391,615
Total Government-wide Net Expense	\$ (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)	\$ (119,985,688)

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

	Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 82,109,315
Taxes Levied for Debt Service	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	5,284,441
Unrestricted Grants and Contributions	10,878,874	12,539,127	10,864,349	8,622,247	11,210,045	13,446,943	13,192,149	23,047,087	27,345,345	35,253,841
Investment Earnings	1,036,083	129,895	63,067	42,182	13,873	8,805	8,162	8,333	8,413	8,240
Miscellaneous Income	2,799,935	231,600	267,986	154,079	421,748	474,894	476,605	735,725	736,630	389,550
Transfers	(40,195)									
Total Governmental Activities	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	123,047,387
Business-type Activities:										
Miscellaneous Income						12,548				
Transfers	40,195									
Total Business-type Activities	40,195	-	-	-	-	12,548	-	-	-	-
Total Government-wide	\$ 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	\$ 123,047,387
Change in Net Position										
Governmental Activities	\$ 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	\$ 2,670,084
Business-type Activities	90,075	186,238	332,191	216,684	(25,637)	(36,855)	157,659	72,191	275,616	391,615
Total District	\$ 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	\$ 3,061,699

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 4,250,314	\$ 3,192,027	\$ 3,985,240							
Unreserved	3,947,427	3,156,914	3,265,329							
Restricted for				\$ 3,333,862	\$ 7,480,823	\$ 11,574,851	\$ 13,089,585	\$ 14,017,605	\$ 15,719,627	\$ 18,558,587
Assigned to				4,793,453	2,471,993	695,042	1,039,137	953,179	315,469	40,462
Unassigned				1,714,905	1,880,382	1,913,623	2,396,534	2,347,624	2,404,541	2,316,967
Total General Fund	<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>	<u>\$ 20,916,016</u>
All Other Governmental Funds:										
Reserved	\$ 2,839,671	\$ 4,000								
Unreserved, Reported In:										
Capital Projects Fund ^a	237,506	563,549	\$ 563,549							
Debt Service Fund	1									
Restricted for:										
Capital Projects Fund ^a				\$ 565,314	\$ 565,314	\$ 568,540	\$ 148,540	\$ 1,664,801	\$ 620,202	\$ 458,273
Debt Service Fund				1	1,399	45,263	286,069	36,069		1,802
Total All Other Governmental Funds	<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>	<u>\$ 460,075</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

	Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 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	\$ 87,393,756
Tuition Charges	502,434	748,296	691,186	1,020,789	1,268,721	1,203,364	1,328,285	1,336,604	1,370,663	1,296,717
Interest Earnings	1,036,083	129,895	63,067	42,182	13,873	8,805	8,162	48,001	8,413	8,240
Miscellaneous	3,184,338	565,167	632,321	514,882	782,344	771,371	757,915	1,248,876	1,123,675	847,989
State Sources	11,131,142	12,931,937	11,093,362	8,862,302	11,206,655	13,657,525	13,398,089	14,832,731	16,887,311	17,895,211
Federal Sources	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	1,393,854
Total Revenues	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	108,835,767
Expenditures										
Instruction:										
Regular Instruction	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	28,089,373
Special Education Instruction	8,471,628	8,659,776	9,453,524	8,893,940	9,479,261	11,473,971	11,998,460	12,846,421	13,167,825	13,236,885
Other Special Instruction	926,385	931,147	1,221,772	1,217,099	1,187,619	1,364,300	993,832	1,314,366	1,306,749	1,425,485
School-sponsored/Other Instructional	1,386,510	1,542,525	1,275,094	1,290,187	1,405,440	1,493,450	1,924,663	1,514,095	1,514,095	1,575,741
Support Services:										
Tuition	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	1,836,112
Student and Instruction Related Services	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	11,412,307
General Administrative Services	942,838	977,098	926,229	832,971	888,616	750,997	821,333	778,801	963,463	1,003,733
School Administrative Services	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	3,498,321
Central Services	508,263	501,705	516,161	532,298	558,173	632,848	728,026	696,289	675,431	652,085
Admin. Information Technology	365,946	511,976	550,664	571,542	578,041	606,420	625,303	648,290	661,173	709,508
Plant Operations and Maintenance	9,282,058	8,442,915	7,101,641	7,287,634	8,324,895	6,536,556	6,140,155	6,032,621	6,400,037	6,384,898
Pupil Transportation	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	5,154,251
Other Support Services										
Employee Benefits	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	23,638,620
Charter Schools					9,765	19,750	20,373	20,589	20,687	12,009
Capital Outlay	28,075,456	4,270,907	315,596	860,359	425,472	1,468,161	735,665	3,123,933	3,310,221	3,468,645
Cost of issuance					107,095	176,244	171,194	84,661	112,906	
Debt Service:										
Principal	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	3,110,000
Interest and Other Charges	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	2,454,542
Total Expenditures	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	107,662,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,702,206)	(4,358,429)	897,628	2,384,337	1,788,692	2,166,710	1,991,352	442,873	(123,720)	1,173,252
Other Financing Sources (Uses)										
Proceeds from Borrowing	6,500,000									
Capital Leases (Non-budgeted)				209,080	96,589			1,531,879	51,375	1,143,000
Payments to Escrow Agent					(9,651,344)	(26,930,622)	(26,384,529)	(6,395,704)	(9,037,678)	
Refunding Bonds Issued					9,700,000	23,745,000	23,920,000	5,515,000	8,680,000	
Premium on Bonds Refunded					58,439	3,361,866	2,635,723	965,365	470,584	
Insurance Proceeds						54,454				
Transfers In	658,508	38,787	209	82	137	254	420,000	1,717,801	2,468,243	883,897
Transfers Out	(698,703)	(38,787)	(209)	(82)	(137)	(254)	(420,000)	(1,717,801)	(2,468,243)	(883,897)
Total Other Financing Sources (Uses)	6,459,805	-	-	209,080	203,684	230,698	171,194	1,616,540	164,281	1,143,000
Net Change in Fund Balances	\$ (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	\$ 2,316,252
Debt service as a percentage of noncapital expenditures	6.56%	7.16%	6.57%	6.82%	6.58%	6.33%	5.73%	5.65%	6.34%	5.34%
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>
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
2017	225,237	129,242	105,434	162,890	622,803

Source: District Records

Note:

The significant amount reported as prior year refunds 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
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
2017	20,557,600	5,988,078,700	31,572,700	300,300	728,288,600	6,476,500	8,131,800	6,783,406,200	7,895,242	6,791,301,442	6,791,301,442	1.297

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 <u>June 30,</u>	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u> ^a	General Obligation Debt <u>Service</u> ^b	(From J-6) Total Direct School <u>Tax Rate</u>	<u>Bernards Township</u>	<u>Somerset County</u>	
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
2017	1.221	0.076	1.297	0.329	0.363	1.989

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

	2017			2008		
	<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	2.91%			
Fellowship Village, Inc.	51,506,000	2	0.76%	\$ 54,049,300	2	0.76%
AREP Westgate I, LLC	31,120,100	3	0.46%			
Verizon Corporate Services Group Inc.	25,481,500	4	0.38%			
Ashford Basking Ridge LP	23,500,000	5	3.50%	29,280,000	8	0.41%
Mt Airy Investors LLC	22,560,000	6	0.33%			
131 Morristown Road	22,224,500	7	0.33%	35,559,200	5	0.50%
110 Allen Rd LLC	22,195,900	8	0.33%			
120 Mountainview LLC	20,732,800	9	0.31%			
150 Allen Road LLC	19,131,900	10	0.28%			
Verizon Corporate Services Group Inc.				218,149,800	1	3.06%
Avaya Inc./CB R Ellis/German				48,125,000	3	0.67%
OTR / Mack-Cali Realty Corp				39,320,200	4	0.55%
Realty Assoc Fund				34,344,000	6	0.48%
BRCP NJ Prop LLC c/o Broadreach Cap				29,925,000	7	0.42%
Mountainview Realty Holdings Co./Gale Co.				21,398,100	9	0.30%
73 Mountainview Holdings Corp/SJP				20,849,400	10	0.29%
Total	<u><u>\$ 435,561,892</u></u>		<u><u>9.59%</u></u>	<u><u>\$ 531,000,000</u></u>		<u><u>7.44%</u></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	
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%	
2017	87,393,756	87,393,756	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			
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	3.07%	86,468
2016	66,430,000	777,482		67,207,482	Not Available	Not Available
2017	63,320,000	1,495,568		64,815,568	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>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
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%	86,468
2016	66,430,000		66,430,000	0.97%	Not Available
2017	63,320,000	\$ 1,802	63,318,198	0.93%	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, 2017
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	\$ 2,785,000	100.000%	\$ 2,785,000
Somerset County General Obligation Debt	198,783,605	12.028%	<u>23,910,456</u>
Subtotal, Overlapping Debt			26,695,456
Bernards School District Direct Debt			<u>63,320,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 90,015,456</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
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

<u>Year</u>	<u>Equalized Valuation Basis</u>
2017	\$ 6,971,301,442
2016	6,976,129,429
2015	6,896,718,944
	<u>\$ 20,844,149,815</u>
	Average Equalized Valuation of Taxable Property
	\$ 6,948,049,938
	Debt Limit (4% of Average Equalization Value)
	\$ 277,921,998 ^a
	Total Net Debt Applicable to Limit
	63,318,198
	Legal Debt Margin
	<u>\$ 214,603,800</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>2017</u>
Debt Limit	\$ 285,996,501	\$ 285,885,713	\$ 290,748,866	\$ 283,579,726	\$ 278,379,151	\$ 274,865,133	\$ 273,097,869	\$ 271,639,443	\$ 277,231,659	\$ 277,921,998
Total Net Debt Applicable to Limit	<u>88,745,000</u>	<u>86,590,000</u>	<u>84,650,000</u>	<u>82,575,000</u>	<u>81,455,000</u>	<u>78,170,000</u>	<u>73,455,000</u>	<u>70,365,000</u>	<u>66,430,000</u>	<u>63,318,198</u>
Legal Debt Margin	<u>\$ 197,251,501</u>	<u>\$ 199,295,713</u>	<u>\$ 206,098,866</u>	<u>\$ 201,004,726</u>	<u>\$ 196,924,151</u>	<u>\$ 196,695,133</u>	<u>\$ 199,642,869</u>	<u>\$ 201,274,443</u>	<u>\$ 210,801,659</u>	<u>\$ 214,603,800</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.03%	30.29%	29.11%	29.12%	29.26%	28.44%	26.90%	25.90%	23.96%	22.78%

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

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

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
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	2,335,500,680	86,468	3.50%
2016	26,978	Not Available	Not Available	3.70%
2017	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**

	2017		2008	
<u>Employer</u>	<u>Employees</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	Percentage of Total Municipal <u>Employment</u>

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>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>2017</u>
Teachers - General Fund	450.5	482.6	469.8	442.8	440.6	450.0	467.0	482.7	490.1	489.0
Classroom Aides - General Fund	100.5	116.5	123.0	96.5	109.0	120.0	116.8	122.3	119.5	128.2
Athletic	-	-	-	-	-	-	2.0	2.0	2.0	2.0
Health Services	10.5	11.9	11.9	11.0	11.0	10.0	10.0	12.0	12.5	12.6
Related Services	9.0	12.0	11.6	11.6	12.0	13.0	13.5	13.5	13.0	13.0
Extraordinary Services	5.0	5.2	6.0	8.4	11.0	9.0	9.5	7.6	9.0	10.0
Guidance - Professional	19.2	22.0	20.2	19.2	21.2	21.0	20.2	20.0	20.7	21.0
Guidance - Support	5.2	7.0	6.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0
Child Study Team	15.8	17.2	17.2	16.4	17.8	21.0	20.8	21.6	23.0	21.6
Child Study Team - Support	2.0	2.0	2.0	2.0	2.0	6.0	5.0	5.0	5.0	5.0
Supervisors and Other Professionals	4.5	4.6	4.0	3.5	9.8	5.0	4.5	4.5	5.5	5.5
Improvement of Instruction - Support	2.0	2.0	3.0	2.0	4.0	3.0	2.0	3.0	2.0	3.0
Media Services/Technology	14.0	14.0	13.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0
Professional Development - Professionals	4.5	5.5	5.5	5.0	5.5	-	-	-	-	-
Professional Development - Support	4.8	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
General District Administrators	-	-	-	-	-	3.0	5.0	5.5	9.0	8.5
General Administration - Professional	1.5	1.5	1.5	1.5	2.5	3.0	2.0	2.0	2.0	1.0
General Administration - Support	1.0	1.0	1.0	1.0	-	6.0	0.5	1.0	-	-
Principals/Assistant Professionals	16.0	16.0	17.0	17.0	16.0	17.0	17.0	17.0	17.0	17.0
School Administration - Support	18.0	19.0	18.0	19.0	21.0	19.0	19.0	19.0	19.0	19.0
Central Services - Administrators	1.0	1.0	1.0	1.0	7.0	1.0	7.5	9.0	6.0	6.0
Central Services - Support	2.5	5.6	5.6	4.6	-	-	-	-	-	-
Administration Information Technology Services	5.3	9.0	9.0	8.0	9.0	11.0	9.5	9.0	9.0	9.0
Operation and Maintenance	-	-	-	-	-	-	2.0	3.0	2.0	2.0
Support Staff - Special Revenue	1.8	3.0	3.0	3.0	6.0	-	-	-	-	-
Total	694.6	764.6	755.3	696.5	728.4	741.0	757.9	780.8	788.2	795.4

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				
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%
2017	5,521	98,629,328	17,864	3.95%	489	9.8	10.5	11.1	5,529	5,300	-1.88%	95.86%

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>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>2017</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	59,500	59,500	68,022	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	614	624	607	604	593	612	610	601	592
Liberty Corner Elementary School										
Square Feet	82,200	82,200	82,240	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	608	575	561	570	598	581	556	531	545
Mount Prospect Elementary School										
Square Feet	87,000	87,000	97,708	97,708	97,708	97,708	97,708	103,440	103,440	103,440
Capacity (students)	625	625	839	839	839	839	839	839	839	839
Enrollment	713	780	761	719	715	707	680	672	651	611
Oak Street Elementary School										
Square Feet	65,470	65,470	69,272	69,272	69,272	69,272	69,272	75,927	75,927	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	623	607	623	627	636	607	616	579	550	513
<u>Middle School:</u>										
William Anin Middle School										
Square Feet	146,000	146,000	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,460	1,460	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,277	1,348	1,399	1,433	1,406	1,405	1,366	1,382	1,396	1,359
<u>High School:</u>										
Ridge High School										
Square Feet	209,500	209,500	297,158	297,158	297,158	297,158	297,158	312,939	312,939	312,939
Capacity (students)	1,831	1,831	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,604	1,695	1,715	1,724	1,774	1,815	1,865	1,878	1,897	1,901
<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, 2017:

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

Source: District Facilities Office

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

N/A - Not Available

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

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

*School Facilities	<u>Ridge H.S.</u>	<u>William Aninn M.S.</u>	<u>Cedar Hill E.S.</u>	<u>Liberty Corner E.S.</u>	<u>Mount Prospect E.S.</u>	<u>Oak Street E.S.</u>	<u>Total</u>
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	285,762	370,842	155,030	187,434	222,688	157,879	1,379,635
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
2017	752,998	403,255	161,308	205,125	230,845	176,683	1,930,214
Total School Facilities	\$ 9,160,925	\$ 4,557,350	\$ 1,850,619	\$ 2,294,419	\$ 2,781,816	\$ 2,045,343	\$ 20,760,258

*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, 2017

School Package Policy - NJSBAIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$178,496,090	\$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.	 50,000,000	 -
 Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	-
Treasurer	410,000	-
 Student Accident - Bollinger 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2017.

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.

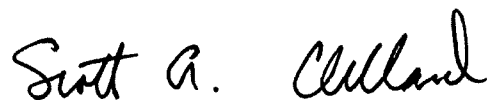
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Livingston, New Jersey
October 25, 2017

Report on Compliance For Each Major Federal and State Program and
Report 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's, 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, 2017. 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;

the audit requirements of Title 2 U.S. Code of Federal Regulations 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*. 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 unmodified opinion on compliance for major federal and state programs. 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, 2017.

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

Livingston, New Jersey
October 25, 2017

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2016	Cash Received	Budgetary Expenditures	(Accounts Receivable) June 30, 2017	Unearned Revenue June 30, 2017	Due to Grantor at June 30, 2017
				From	To						
U.S. Department of Health and Human Services											
Pass-Through State Department of Education											
General Fund:											
Medicaid Assistance Program - SEMI	93.778	1705NJ5MAP	\$ 1,732	07/01/16	06/30/17		\$ 1,732	\$ 1,732			
Total General Fund							<u>1,732</u>	<u>1,732</u>			
U.S. Department of Education											
Passed-through State Department of Education											
Special Revenue Fund:											
Title II - Part A	84.367A	S367A150029	67,630	07/01/15	06/30/16	\$ (13,357)	13,357				
Title II - Part A	84.367A	S367A160029	60,855	07/01/16	06/30/17		46,081	59,378	\$ (13,297)		
Language Instruction for English Learners and Immigrant Students:											
Title III	84.365A	S365A150030	11,397	07/01/15	06/30/16	(1,075)	1,075				
Title III	84.365A	S365A160030	22,942	07/01/16	06/30/17		21,115	22,529	(1,414)		
Title III Immigrant	84.365A	S365A150030	36,869	07/01/15	06/30/16	(23,521)	23,521				
Title III Immigrant	84.365A	S365A160030	16,200	07/01/16	06/30/17		8,778	11,649	(2,871)		
Subtotal Language Instruction for English Learners and Immigrant Students						<u>(24,596)</u>	<u>54,489</u>	<u>34,178</u>	<u>(4,285)</u>		
Title I, Part A	84.010	S010A160030	327,144	07/01/16	06/30/17		116,198	128,913	(12,715)		
Special Education Grant Cluster:											
I.D.E.A., Part B, Basic	84.027	H027A150100	1,352,610	07/01/15	06/30/16	(308,558)	308,558				
I.D.E.A., Part B, Basic	84.027	H027A160100	1,239,193	07/01/16	06/30/17		911,580	1,169,653	(258,073)		
Subtotal of Special Education Grant Cluster						<u>(308,558)</u>	<u>1,220,138</u>	<u>1,169,653</u>	<u>(258,073)</u>		
Total Special Revenue Fund						<u>(346,511)</u>	<u>1,450,263</u>	<u>1,392,122</u>	<u>(288,370)</u>	-	-
Total Expenditures of Federal Awards						<u>\$ (346,511)</u>	<u>\$ 1,451,995</u>	<u>\$ 1,393,854</u>	<u>\$ (288,370)</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016					Repayment of Prior Years' Balances	Balance at June 30, 2017			MEMO		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
																From
State Department of Education																
General Fund:																
Special Education Aid	16-495-034-5120-089	\$ 2,579,730	7/1/2015	6/30/2016	\$ (253,828)			\$ 253,828								
Special Education Aid	17-495-034-5120-089	2,538,589	7/1/2016	6/30/2017				2,286,955	\$ 2,538,589					\$ (251,634)	\$ 2,538,589	
Security Aid	16-495-034-5120-084	88,737	7/1/2015	6/30/2016	(8,731)			8,731								
Security Aid	17-495-034-5120-084	101,447	7/1/2016	6/30/2017				91,391	101,447					(10,056)	101,447	
Transportation Aid	16-495-034-5120-014	388,999	7/1/2015	6/30/2016	(38,275)			38,275								
Transportation Aid	17-495-034-5120-014	443,670	7/1/2016	6/30/2017				399,692	443,670					(43,978)	443,670	
PARCC Readiness Aid	16-495-034-5120-098	57,590	7/1/2015	6/30/2016	(5,666)			5,666								
PARCC Readiness Aid	17-495-034-5120-098	57,590	7/1/2016	6/30/2017				51,881	57,590					(5,709)	57,590	
Per Pupil Growth Aid	16-495-034-5120-097	57,590	7/1/2015	6/30/2016	(5,666)			5,666								
Per Pupil Growth Aid	17-495-034-5120-097	57,590	7/1/2016	6/30/2017				51,881	57,590					(5,709)	57,590	
Professional Learning Community Aid	17-495-034-5120-101	56,390	7/1/2016	6/30/2017				50,800	56,390					(5,590)	56,390	
Extraordinary Aid	16-100-034-5120-473	2,612,848	7/1/2015	6/30/2016	(2,612,848)			2,612,848								
Extraordinary Aid	17-100-034-5120-473	2,526,555	7/1/2016	6/30/2017					2,526,555		\$ (2,526,555)				2,526,555	
Nonpublic School Transportation Costs	n/a	66,802	7/1/2015	6/30/2016	(66,802)			66,802								
Nonpublic School Transportation Costs	n/a	64,206	7/1/2016	6/30/2017					64,206		(64,206)				64,206	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	2,976,387	7/1/2016	6/30/2017	(73)			2,830,180	2,976,387		(146,207)				2,976,387	
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-002	4,296,217	7/1/2016	6/30/2017				4,296,217	4,296,217						4,296,217	
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	17-495-034-5094-001	3,579,726	7/1/2016	6/30/2017				3,579,726	3,579,726						3,579,726	
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	17-495-034-5094-004	10,056	7/1/2016	6/30/2017				10,056	10,056						10,056	
Total General Fund					(2,991,889)	-	-	16,640,595	16,708,423	-	(2,736,968)	-	-	(322,676)	16,708,423	
Special Revenue Fund:																
N.J. Nonpublic Aid:																
Textbook Aid	16-100-034-5120-064	26,266	7/1/2015	6/30/2016			\$ 3,767		\$ 3,767							
Textbook Aid	17-100-034-5120-064	24,440	7/1/2016	6/30/2017				24,440	21,893				\$ 2,547		21,893	
Nursing Services	16-100-034-5120-070	41,400	7/1/2015	6/30/2016			6,140			6,140						
Nursing Services	17-100-034-5120-070	38,160	7/1/2016	6/30/2017				38,160	30,850				7,310		30,850	
Technology	16-100-034-5120-373	11,960	7/1/2015	6/30/2016			3,275			3,275						
Technology	17-100-034-5120-373	11,024	7/1/2016	6/30/2017				11,024	10,175				849		10,175	
Security	16-100-034-5120-509	11,500	7/1/2015	6/30/2016			3,016			3,016						
Security	17-100-034-5120-509	21,200	7/1/2016	6/30/2017				21,200	15,348				5,852		15,348	
Auxiliary Services:																
Home Instruction	17-000-034-5120-067	385	7/1/2016	6/30/2017					385		(385)				385	
English as a Second Language	16-100-034-5120-067	6,126	7/1/2015	6/30/2016			1,381			1,381						
English as a Second Language	17-100-034-5120-067	9,409	7/1/2016	6/30/2017				9,409	8,770				639		8,770	
Compensatory Education	16-100-034-5120-067	46,278	7/1/2015	6/30/2016			1,863			1,863						
Compensatory Education	17-100-034-5120-067	53,121	7/1/2016	6/30/2017				53,121	39,146				13,975		39,146	
Handicapped Services:																
Supplemental Instruction	16-100-034-5120-066	25,247	7/1/2015	6/30/2016			9,652			9,652						
Supplemental Instruction	17-100-034-5120-066	24,326	7/1/2016	6/30/2017				24,326	17,028				7,298		17,028	
Examination and Classification	16-100-034-5120-066	45,500	7/1/2015	6/30/2016			7,154			7,154						
Examination and Classification	17-100-034-5120-066	58,338	7/1/2016	6/30/2017				58,338	55,817				2,521		55,817	
Corrective Speech	16-100-034-5120-066	48,492	7/1/2015	6/30/2016			20,148			20,148						
Corrective Speech	17-100-034-5120-066	57,428	7/1/2016	6/30/2017				57,428	19,349				38,079		19,349	
Total Special Revenue Fund					-	-	56,396	297,446	218,761	56,396	(385)	-	79,070	-	218,761	
NJSDA Grants:																
Capital Projects Fund:																
Ridge High School - Unit Ventilator Replacement	0350-050-14-G2NU	196,240	12/12/2014	Completion	(9,812)			9,812							196,240	
Ridge High School - HVAC Upgrades	0350-050-14-G2NV	141,008	12/12/2014	Completion	(22,848)			22,848							141,008	
Cedar Hill E.S. - Unit Ventilator Replacement	0350-070-14-G2OC	332,169	12/12/2014	Completion	(16,631)			16,631							332,169	
Cedar Hill E.S. - HVAC Upgrades	0350-070-14-G2OB	235,153	12/12/2014	Completion	(11,770)			11,770							235,153	
Liberty Corner E.S. - Unit Ventilator Replacement	0350-080-14-G2OD	584,640	12/12/2014	Completion	(214,710)			483,909	292,961		(23,762)		(25,469)		507,671	
Liberty Corner E.S. - HVAC Upgrades	0350-080-14-G2OE	387,040	12/12/2014	Completion	(141,967)			243,955	110,028		(8,040)		(12,840)		251,996	
Oak Street E.S. - Unit Ventilator Replacement	0350-060-14-G2NZ	399,000	12/12/2014	Completion	(18,994)			39,900	178,016		(157,110)		(337,313)		197,010	
Oak Street E.S. - HVAC Upgrades	0350-060-14-G2OA	246,200	12/12/2014	Completion	(12,032)			24,620	105,829		(93,241)		(196,245)		117,861	
WAMS - Unit Ventilator Replacement	0350-050-14-G2NX	524,640	12/12/2014	Completion				5,543	5,543				(14,027)		5,543	
WAMS - HVAC Upgrades	0350-050-14-G2NW	401,720	12/12/2014	Completion				4,257	4,257		(4,257)		(10,773)		4,257	
Total Capital Projects Fund					(448,764)	-	-	853,445	696,634	-	(291,953)	-	-	(596,667)	1,988,908	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016					Repayment of Prior Years' Balances	Balance at June 30, 2017			MEMO		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
																From
Debt Service Fund:																
Debt Service Aid	17-495-034-5120-075	\$ 281,903	7/1/2016	6/30/2017				\$ 281,903	\$ 281,903							\$ 281,903
Total Debt Service Fund					-	-	-	281,903	281,903	-	-	-	-	-	-	281,903
Total Expenditures of State Financial Assistance					\$ (3,440,653)	\$ -	\$ 56,396	\$ 18,073,389	\$ 17,905,721	\$ 56,396	\$ (3,029,306)	\$ -	\$ 79,070	\$ (919,343)	\$ 19,197,995	
State Financial Assistance Not Subject to Single Audit Determination:																
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-002	\$ 4,296,217	7/1/2016	6/30/2017				\$ 4,296,217	\$ 4,296,217							\$ 4,296,217
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	17-495-034-5094-001	3,579,726	7/1/2016	6/30/2017				3,579,726	3,579,726							3,579,726
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	17-495-034-5094-004	10,056	7/1/2016	6/30/2017				10,056	10,056							10,056
Total On-Behalf State Financial Assistance					-	-	-	7,885,999	7,885,999	-	-	-	-	-	-	7,885,999
Total State Financial Assistance Subject to Single Audit Determination					\$ (3,440,653)	\$ -	\$ 56,396	\$ 10,187,390	\$ 10,019,722	\$ 56,396	\$ (3,029,306)	\$ -	\$ 79,070	\$ (919,343)	\$ 11,311,996	

Township of Bernards Board of Education

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Year ended June 30, 2017

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, 2017

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 \$10,510 for the general fund and \$93,531 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	\$1,732	\$ 16,697,913	\$ 16,699,645
Special Revenue Fund	1,392,122	218,761	1,610,883
Capital Projects Fund		696,634	696,634
Debt Service Fund		281,903	281,903
Total financial award revenues	<u>\$ 1,393,854</u>	<u>\$ 17,895,211</u>	<u>\$ 19,289,065</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, 2017

5. Other

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, 2017.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2017 amounted to \$7,885,999. 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. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to the basic financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) 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 federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	H027A160100	IDEA Part B, Basic (Special Education 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, 2017

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

State Awards

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) 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 as applicable? _____ Yes X No

Identification of major state programs:

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

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, 2017

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, 2017

**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, 2017

Not Applicable