

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, 2018*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

Prepared by

Business Office

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Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

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

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

January 24, 2019

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, 2018, 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, 2018, 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 2017/2018 fiscal year with an average daily enrollment of 5,423 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		
Fiscal Year	Student Enrollment	Percent Change
2017-18	5,423	(1.92)%
2016-17	5,529	(1.88)%
2015-16	5,635	(1.05)%
2014-15	5,695	(1.16)%
2013-14	5,762	1.14%

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. In an effort to optimally manage the increase in the significant operating cost related to provision of health benefits the district will become self-funded in fiscal year 2018-2019.

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. One factor contributing to some uncertainty 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. Also the Township recently entered into affordable housing settlement agreements, which may begin to offset some of this decline in enrollment over a period of 2-3 years beginning in late 2020. However, at this time there is insufficient planning information to modify current five year demographic projections. In the event that enrollment does in fact begin to decline at a significant rate, there may be an opportunity to reevaluate the 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 five 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 2017-2018 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. Goals

The 2017-2018 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 above goals were in fact two year goals that were begun in the 2016-2017 school year. In year two continuing efforts were an extension of activities that had started in 2016-2017.

For the first goal the district continued to use Title I funds to add additional early detection measures for reading literacy concerns and also remedial materials and lessons for identified deficiencies. In the second year of implementation we were able to expand services to more students and continue to train staff on identification and remediation methods. The district also continued to grow its elementary Gifted and Talented program through the continued implementation of a telescoped math curriculum. At the middle school, opportunities for students to access STEM courses were expanded and the high school saw continued growth in computer science and American Sign Language classes. Staff members began to collaborate and implement a variety of strategies to help students have opportunities to be reassessed if at first they did not succeed. These reassessment strategies were added largely in mathematics classes as a practical step based on the text all staff had read in 2016-2017, *Grading from the Inside Out*.

For the second goal the district focused on continued efforts to gather data related to suicide, violence, bullying, and substance abuse 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*. For 2017-2018 the district began to take action as a result of the data gathering process that had occurred in 2016-2017. Specifically the district hired additional staff for the high school and middle school. At the high school two fulltime social workers were brought in through a contract with Effective School Solutions. At the middle school an additional Substance Abuse Counselor was hired. The Board of Education also formed an AdHoc Committee for Social Emotional Learning. Finally, each school’s safety team was tasked with reviewing the culture and climate survey data collected in the spring of 2017 and forming responses to that data.

For the third and final goal the district finalized the work of the Technology Steering Committee that had begun in 2016-2017. The Steering Committee provided its final report and recommendations to the Board of Education. Recommendations to expand the Chromebook fleet to a 1:1 model for more students were tabled due to financial and SEL considerations.

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2017-18 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 2017-2018 budgetary figures with the State Average for K-12 districts with enrollments greater than 3,501 students.

	Bernards Township	State Average
Classroom Instruction	\$10,002	\$9,447
Support Services	\$2,609	\$2,577
Administration	\$1,402	\$1,726
Extracurricular	\$372	\$319
Plant operations/maintenance	\$1,543	\$1,895
Total	\$15,929	\$15,955

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 108 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 fifth grade. In 2018-2019 the telescoped math program will have its first cohort enter sixth grade. 2017-2018 also saw the district expanding curricular offerings at both the middle and high school in the area of STEM. Students at the middle school were offered more opportunities to participate in STEM classes and at the high school three Project Lead the Way sequences (Engineering, Biomedical and Computer Science) moved in to their next year of implementation. The high school also saw the growth of American Sign Language as it entered its second year and more students enrolled.

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, 50 of these projects totaling \$9,899,326 have been completed. Among the major projects completed prior to 9-1-2018 were the following

- HVAC controls upgrades, unit ventilator replacements and AC installations at Ridge High School, William Annin Middle School (100 and 200 wings), 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:

- Oak Street School pitched roof renovation
- William Annin Middle School HVAC Project (300 and 400 wings), Curtainwall and Science lab renovations
- Ridge High School varsity complex drainage project
- Ridge High School cafeteria project
- Districtwide Door Hardware projects

E. POLICY

The district is steadfast 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 2017-2018 often due to changes in state statute. Notable areas of policy change included:

Reporting Pupil Progress to facilitate the use of standards based report cards
Evaluation Policies for the Superintendent and Teachers to comply with law changes.
Smoking, Code of Conduct and Substance Abuse policies were addressed relative to vaping
Lead Testing of water in schools
Establishment of a School Safety Specialist
Website Accessibility to make website more accessible for those with disabilities
BYOD to address cell phone use at the high school
Physical Restraint Procedures

F. HUMAN RESOURCES

Staffing remained largely stable during the 2017-2018 school year with some minor adjustments to address the Social Emotional Learning goal. The district hired a new Substance Abuse Counselor for the middle school and two social workers for the high school. An additional staff person was added at Ridge High School to address math and computer science needs. The district also addressed the staffing needs of the Special Services Department by hiring additional staff and part time school aides pursuant to IEP needs.

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 mission to provide a superior education which results in academic excellence, responsible behavior, good citizenship and fosters social-emotional development so that ultimately each student will be able to:

- Maximize his/her potential.
- Become a contributing member of society.
- Maintain a commitment to life-long learning.
- Achieve the New Jersey Student Learning Standards at all grade levels.

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, 2018.

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.

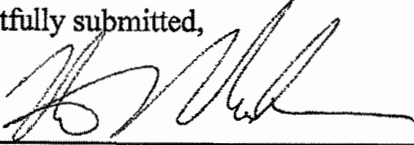
9. OTHER INFORMATION:

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,

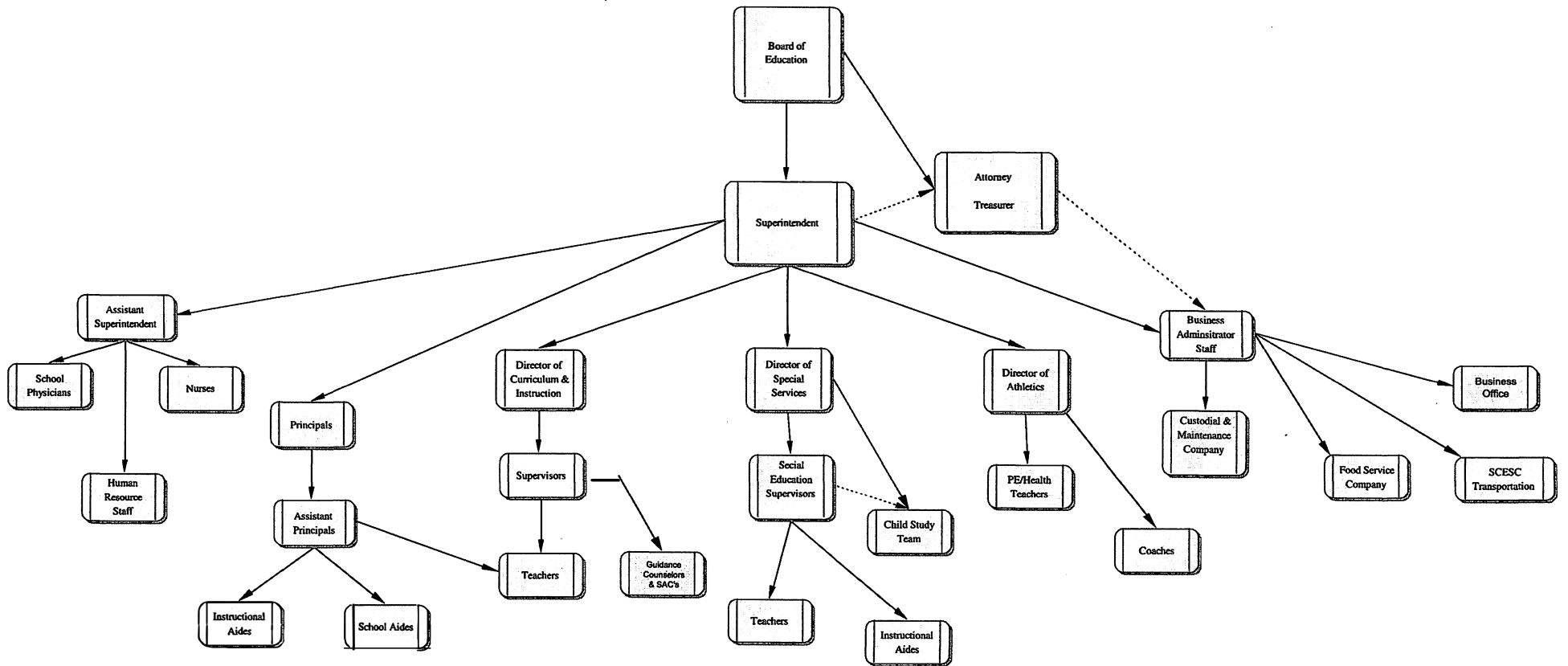


**NICK MARKARIAN
SUPERINTENDENT**



**ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

**BERNARDS TOWNSHIP PUBLIC SCHOOLS
ORGANIZATIONAL CHART
JUNE 30, 2018**



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2018

Members of the Board of Education

Term

Robin KcKeon President	2016-2018
Karen Gray, Vice President	2017-2019
Michael Byrne	2017-2019
Beverly Darvin Cwerner	2016-2018
Jennifer Korn	2018-2020
Karen Richman	2016-2018
Timothy Salmoon	2018
Jennifer White	2018-2020
Linda Woldridge	2018-2020

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bernards Township School District, County of Somerset, New Jersey (the "District"), as of and for the year ended June 30, 2018, 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, 2018, 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 pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and changes in the total OPEB liability and related ratios – (PERS and 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

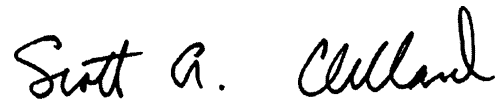
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules, the schedules 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 January 24, 2019, 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

Livingston, New Jersey
January 24, 2019

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, 2018

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, 2018. 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 26-27 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 28-30 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 31-33 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 34-35 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 36-76 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 76-107 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 \$16,294,224 (net position) at the close of 2018.

Key financial highlights for the 2017-2018 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2018.
- The final approved extraordinary aid awarded to the District for 2017/2018 exceeded the amount budgeted for by the District by \$992,045.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$1,577,434 and maintenance of \$554,203.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2018 and June 30, 2017 was \$27,614,659 and \$35,998,029, 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 \$22,387,269 and \$23,954,718 at June 30, 2018 and 2017, respectively.
- The District implemented GASB No. 75 during the 2018 fiscal year resulting in the recording of revenue and expense in the amount of \$11,859,988 relating to post-employment health benefits paid for by the State on behalf of the District.

The following table provides a summary of net position relating to the District's governmental and business-type activities as of June 30, 2018 and 2017:

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

	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 24,776,556	\$ 2,144,604	\$ 26,921,160	\$ 24,126,277	\$ 1,975,311	\$ 26,101,588
Capital assets, net	82,050,561	103,854	82,154,415	83,384,347	124,511	83,508,858
Total assets	106,827,117	2,248,458	109,075,575	107,510,624	2,099,822	109,610,446
Deferred Outflows of Resources	12,336,625	-	12,336,625	16,137,489	-	16,137,489
Liabilities						
Current Liabilities	8,519,397	205,311	8,724,708	8,992,700	256,402	9,249,102
Net Pension Liability	27,614,659		27,614,659	35,998,029		35,998,029
Long Term Liabilities	62,715,728		62,715,728	66,659,176		66,659,176
Total liabilities	98,849,784	205,311	99,055,095	111,649,905	256,402	111,906,307
Deferred Inflow of Resources	6,062,881	-	6,062,881	-	-	-
Net position:						
Net investment in capital assets	19,080,016	103,854	19,183,870	16,936,066	124,511	17,060,577
Restricted	19,510,590		19,510,590	19,016,860		19,016,860
Unrestricted (deficit)	(24,339,529)	1,939,293	(22,400,236)	(23,954,718)	1,718,909	(22,235,809)
Total net position	\$ 14,251,077	\$ 2,043,147	\$ 16,294,224	\$ 11,998,208	\$ 1,843,420	\$ 13,841,628

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 \$2,128,932, excess surplus-designated for subsequent year's expenditures of \$2,434,243, \$4,586,061 for a maintenance reserve, \$8,911,490 for a capital reserve, \$910,000 for emergency reserve, \$3,182 is restricted for debt service and \$539,864 is restricted for capital projects.

The increase in current and other assets is mainly attributable to the timing of reimbursement requests as well as increased overall aid, noting larger federal and state receivable balances at year-end. Additionally, the accounts payable balance was lower than the prior year due to the timing of payments, therefore allowing for more cash on hand compared to the prior year. The decrease in capital assets, net is the result of current year depreciation expense exceeding the additions in the current year. A significant amount of construction in progress was transferred to capitalized assets

in the current year and began accumulating depreciation expense. The decrease in the net pension liability is the result of the actuarial valuation of the PERS pension liability performed for the fiscal year, in conjunction with the state contributing a higher percentage than in the prior year. The decrease in long-term liabilities is mainly the result of the pay down of the principal on bonds outstanding and payment of compensated absences for retired employees. The increase in deferred inflow of resources is the result of the actuarial valuation of the PERS pension deferrals District. 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 maintenance reserves in the current year.

The total net position of the District increased \$2,465,563 which was due to the increase in revenues and generated excess surplus, as well as decreased long-term liabilities and net pension liability.

District activities. The key elements of the District’s changes in net position for the years ended June 30, 2018 and 2017 are as follows:

Township of Bernards Board of Education Changes in Net Position, Year ended June 30,						
	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 1,530,987	\$ 3,849,120	\$ 5,380,107	\$ 1,576,128	\$ 3,723,329	\$ 5,299,457
Operating grants and contributions	1,837,957		1,837,957	1,789,911		1,789,911
Capital grants and contributions	338,092		338,092	696,634		696,634
General revenues:						
Property taxes	88,853,769		88,853,769	87,393,756		87,393,756
Federal and state aid not restricted to a specific purpose	39,315,637		39,315,637	35,255,841		35,255,841
Investment Income	91,958		91,958	8,240		8,240
Miscellaneous	288,076		288,076	389,550		389,550
Total revenues	132,256,476	3,849,120	136,105,596	127,110,060	3,723,329	130,833,389
Expenses:						
Instructional services	82,806,724		82,806,724	81,034,022		81,034,022
Support services	45,044,621		45,044,621	41,146,200		41,146,200
Interest and Other Charges	2,152,262		2,152,262	2,259,754		2,259,754
Business-Type Activities		3,649,393	3,649,393		3,331,714	3,331,714
Total expenses	130,003,607	3,649,393	133,653,000	124,439,976	3,331,714	127,771,690
Change in Net Position	2,252,869	199,727	2,452,596	2,670,084	391,615	3,061,699
Net position—beginning	11,998,208	1,843,420	13,841,628	9,328,124	1,451,805	10,779,929
Net position—ending	\$ 14,251,077	\$ 2,043,147	\$ 16,294,224	\$ 11,998,208	\$ 1,843,420	\$ 13,841,628

The increase in governmental activities revenues of approximately \$8.9 million is attributed to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits*

Other Than Pensions, which required the District to record \$1.8 million in revenues, which were contributions made on behalf of the District by the State for post-employment benefits. This increase is offset by the decrease in the TPAF adjustment in regards to GASB 68 of \$6.3 million, an increase in the state aid increase in the TPAF pension contributions made by the State of New Jersey by approximately \$2 million and by increases in the tax levy from the 2016/17 fiscal year of approximately \$1.5 million.

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 Oak Street and Liberty Corner Schools Unit Ventilator and HVAC upgrade projects were both started but completed in the current year. The William Annin Middle School Unit Ventilator replacements and HVAC upgrades were both awarded and started but scheduled to be underway and completed in the summer of 2018.

The increase in instructional services expenses is mainly the result of the revenues related to the implementation of GASB 75, offset by several factors, including the decreased allocation of TPAF Social Security and Pension expenses due to the GASB 68 valuation, and the increase in certain expenses due to the District receiving increases in state aid awarded to the District (Special Education Aid, Extraordinary Aid, Transportation Aid and Professional Learning Community Aid). The increase in support services expenses is mainly the result of increases in depreciation expense, compensated absence expenses, tuition expenses, as well as the implementation of GASB 75.

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 increased 3.5% and expenses increased from the prior year by approximately 9.5%. The increase in revenues are the result of increases in Project Jump Start and Before and After School Care enrollments. In addition to increased enrollment, the Project Jump Start program was run twice during the fiscal year, as the program which would have run during the summer of 2018 was operated during May and June of 2018 due to the scheduled HVAC upgrades that were going to take place in the summer. The increase in expenses pertained mostly to increases in salaries related to the increased enrollment and the program being run twice, as well as increases in the Food Service Enterprise Fund salaries and related benefits pertaining to lunch aides who were allocated to the fund in the 2017/18 fiscal year. The remainder of the fluctuations are minimal and current year activity is comparable to the prior year.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The fund balance is divided into three separate components, restricted, assigned and unassigned as required by GASB.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the year ended June 30, 2018, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2017</u>	<u>Percent of Increase</u>
Local sources	\$ 90,809,536	81.1%	\$ 1,263,058	1.4%
State sources	19,623,998	17.5%	2,425,421	14.1%
Federal sources	<u>1,562,588</u>	<u>1.4%</u>	<u>168,734</u>	<u>12.1%</u>
Total	<u>\$ 111,996,122</u>	<u>100.0%</u>	<u>\$ 3,857,213</u>	<u>3.6%</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 \$1.9 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2017/2018 compared to the prior year. The increase also resulted from an increase in the Extraordinary Aid and Special Education Aid in the current year.

The increase in federal sources is attributable to the District expending increased IDEA and Title I program funds 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, 2018 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 2017</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 45,227,030	41.1%	\$ 899,546	2.0%
Undistributed	58,735,894	53.2%	4,446,059	8.2%
Capital Outlay	584,617	0.5%	(1,141,792)	(66.1)%
Charter School	10,346	0.0%	(1,663)	(13.8)%
Debt service:				
Principal	3,316,784	3.0%	206,784	6.6%
Interest and Other Charges	<u>2,447,189</u>	<u>2.2%</u>	<u>(7,353)</u>	<u>(0.3)%</u>
Total	<u>\$ 110,321,860</u>	<u>100.0%</u>	<u>\$ 4,401,581</u>	<u>4.2%</u>

The increase in undistributed expenditures is mainly attributable to the increases in the on-behalf TPAF FICA and pension of approximately \$2 million, the increase in tuition expenditures of approximately \$440,000, as well as the increase in Student and Instruction Related Services salaries

and other purchased services which was the result of contractual increases and increases with mental health providers and other student services based on the needs of the students.

The decrease in capital outlay expenditures is mainly attributable to the IT equipment purchased for \$1,143,000 under a capital lease in the prior year. The increase in principal payments is attributed to the principal repayment schedule for outstanding debt and capital leases.

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, 2018, and the increase in relation to the prior year:

Revenue	Amount	Percent of Total	Increase from 2017	Percent of Increase
Local sources	\$ 3,849,120	100.0%	\$ 138,758	3.5%

Local revenues have increased from the prior year due to increases in Project Jump Start and Before and After School Care enrollments. In addition to increased enrollment, the Project Jump Start program was run twice during the fiscal year, as the program which would have run during the summer 2018 was run during May and June of 2018 due to the scheduled HVAC upgrades that were going to take place in the summer.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2018, and the increases and decreases in relation to the prior year:

Expenses	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Salaries	\$ 2,418,966	66.4%	\$ 275,315	12.8%
General insurance	151,204	4.1%	41,486	37.8%
Other purchased services	29,261	0.8%	6,281	27.3%
Supplies and materials	154,889	4.2%	17,654	12.9%
Depreciation	23,762	0.7%	(2,568)	(9.8)%
Cost of sales	650,654	17.8%	(13,385)	(2.0)%
Management fee	150,871	4.1%	(4,094)	(2.6)%
Miscellaneous expenses	69,786	1.9%	(3,010)	(4.1)%
Total	\$ 3,649,393	100.0%	\$ 317,679	9.5%

The increase in salaries and general insurance is due to the lunch aides being charged to the food service enterprise fund rather than the general fund operating budget, as they were in the prior year.

The increase in other purchased services was due to additional field trip expenses in the current year for the Project Jump Start program which was run twice in the current fiscal year compared to once in the prior year. The increase in supplies and materials is related to an increase in supplies for the Project Jump Start and Before and After School Care programs, as the District purchased additional supplies to operate the programs with increased enrollment. The remaining expenses were comparable to the prior year.

Capital Assets

Capital Assets. At June 30, 2018, the District’s governmental activities had capital assets of \$82,050,561 (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, 2018 and 2017:

	June 30,	
	2018	2017
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	197,126	811,680
Buildings and building improvements	75,012,062	75,485,526
Machinery, equipment, and vehicles	1,563,973	1,809,741
Total capital assets, net	<u>\$ 82,050,561</u>	<u>\$ 83,384,347</u>

The decrease in capital assets is mainly due to the capital asset depreciation in the current year exceeding current year additions. There was a significant amount of construction in progress at June 30, 2017, which related to the Unit Ventilator and HVAC upgrade projects at Oak Street and William Annin Middle School, which was placed in service in the current fiscal year and begun accumulating depreciation. The construction in progress at June 30, 2018 was primarily related to the Unit Ventilator and HVAC upgrades at William Annin Middle School. Business-type activity capital assets, net of accumulated depreciation were \$103,854 and \$124,511 at June 30, 2018 and 2017, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2018 and 2017, the District’s governmental activity long-term liabilities consisted of:

	June 30,	
	2018	2017
Bonds payable (net)	\$ 65,107,213	\$ 68,629,864
Obligations under capital leases	1,194,159	1,495,568
Net pension liability	27,614,659	35,998,029
Compensated absences	586,061	546,144
Total long-term liabilities	<u>\$ 94,502,092</u>	<u>\$ 106,669,605</u>

The District made the scheduled principal payments during the 2017/2018 fiscal year, and did not have any refundings. Capital leases have decreased due to the current year scheduled payments

exceeding the additional copier leases entered into in the current year. The net pension liability has decreased 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%:

- Regular Instruction – Grades 1-5 – a decrease of \$361,222, which was the result of unanticipated turnover savings generated by the difference between staff leaving and their replacements.
- Special Education Instruction – Learning and/or Language Disabilities – Other Salaries Instruction – a decrease of \$255,000 due to the re-alignment of aides in accordance with GAAP.
- Undistributed Expenditures – Tuition to Other LEAs Within the State - Special – an increase of \$436,500, which was the result of change in the mix and cost of out of district placements as well as the state's requirement that a budget may only reflect the actual out of district placement at the time of budgeting and not any projected changes.
- Undistributed Expenditures – Guidance – Other Purchased Services – an increase of \$275,000, which was the result of the District contracting with Effective School Solutions for therapeutic mental health services in the current year.
- Undistributed Expenditures – Custodial Services – Energy (Natural Gas) – a decrease of \$279,500, which was the result of energy bills remaining low due to several energy initiatives and programs the District has participated in as well as unanticipated lower commodity costs, while leaving the budget the same based on historical cost trends. The funds which were transferred were utilized to cover some of the out of district placements.
- Undistributed Expenditures – Unallocated Benefits – Health Benefits – a decrease of \$471,000, which was the result of unanticipated employee leave savings and budgeted positions, which remained unfilled.

Economic Factors and Next Year's Budget

- The District budgeted \$2,128,932 of its 2018 unassigned fund balance to partially fund 2018/2019 operations, a decrease of \$305,311 from the prior year.
- The 2018/2019 tax levy was increased in accordance with state regulations.
- After the 2018-2019 budget was adopted, the State awarded the District additional state aid in the amount of \$433,753.

All of these factors were considered in preparing the District's budget for the 2018/2019 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, 2018.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,537,831	\$ 2,048,404	\$ 8,586,235
Receivables, Net	3,831,174	81,315	3,912,489
Inventories		14,885	14,885
Restricted assets:			
Cash and Cash Equivalents	14,407,551		14,407,551
Capital Assets, Non-Depreciable	5,474,526		5,474,526
Capital Assets, Depreciable, Net	<u>76,576,035</u>	<u>103,854</u>	<u>76,679,889</u>
Total Assets	<u>106,827,117</u>	<u>2,248,458</u>	<u>109,075,575</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	3,330,827		3,330,827
Pension Deferrals	<u>9,005,798</u>		<u>9,005,798</u>
Total Deferred Outflows of Resources	<u>12,336,625</u>		<u>12,336,625</u>
LIABILITIES			
Accounts Payable	2,934,029	180,884	3,114,913
Accrued Interest Payable	1,091,729		1,091,729
Payable to State Government	56,191		56,191
Unearned Revenue	265,743	24,427	290,170
Net Pension Liability	27,614,659		27,614,659
Noncurrent Liabilities:			
Due Within One Year	4,171,705		4,171,705
Due Beyond One Year	<u>62,715,728</u>		<u>62,715,728</u>
Total Liabilities	<u>98,849,784</u>	<u>205,311</u>	<u>99,055,095</u>
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	<u>6,062,881</u>		<u>6,062,881</u>
Total Deferred Inflow of Resources	6,062,881		6,062,881
NET POSITION			
Net Investment in Capital Assets	19,080,016	103,854	19,183,870
Restricted For:			
Capital Projects	539,864		539,864
Capital Reserve	8,911,490		8,911,490
Maintenance Reserve	4,586,061		4,586,061
Emergency Reserve	910,000		910,000
Reserved for Excess Surplus	2,128,932		2,128,932
Excess Surplus Designated for Subsequent Years	2,434,243		2,434,243
Unrestricted (deficit)	<u>(24,339,529)</u>	<u>1,939,293</u>	<u>(22,400,236)</u>
Total Net Position	<u>\$ 14,251,077</u>	<u>\$ 2,043,147</u>	<u>\$ 16,294,224</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 53,242,764	\$ 1,323,962	\$ 325,373		\$ (51,593,429)		\$ (51,593,429)
Special Education	23,778,056		1,137,549		(22,640,507)		(22,640,507)
Other Special	3,183,051				(3,183,051)		(3,183,051)
Other Instructional Programs	2,602,853				(2,602,853)		(2,602,853)
Support Services:							
Tuition	2,285,833				(2,285,833)		(2,285,833)
Student and Instruction Related Services	20,048,518		375,035		(19,673,483)		(19,673,483)
General Administrative Services	1,437,136				(1,437,136)		(1,437,136)
School Administrative Services	6,616,137				(6,616,137)		(6,616,137)
Central Administrative Services	1,067,485				(1,067,485)		(1,067,485)
Administrative Information Technology	1,159,516				(1,159,516)		(1,159,516)
Plant Operations and Maintenance	6,576,526			\$ 338,092	(6,238,434)		(6,238,434)
Pupil Transportation	5,853,470	207,025			(5,646,445)		(5,646,445)
Interest and Other Charges on Long-Term Debt	2,152,262				(2,152,262)		(2,152,262)
Total Governmental Activities	130,003,607	1,530,987	1,837,957	338,092	(126,296,571)		(126,296,571)
Business-type Activities:							
Food Service	2,094,777	2,246,569			\$ 151,792		151,792
After School Enrichment	125,212	122,995			(2,217)		(2,217)
Project Jump Start	119,029	139,100			20,071		20,071
Before and After School Care	1,310,375	1,340,456			30,081		30,081
Total Business-type Activities	3,649,393	3,849,120			199,727		199,727
Total Primary Government	\$ 133,653,000	\$ 5,380,107	\$ 1,837,957	\$ 338,092	(126,296,571)	199,727	(126,096,844)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					83,751,501		83,751,501
Property Taxes, Levied for Debt Service					5,102,268		5,102,268
Federal and State Aid Not Restricted					39,315,637		39,315,637
Interest on Investments					91,958		91,958
Miscellaneous					288,076		288,076
Total General Revenues					128,549,440	-	128,549,440
Changes in Net Position					2,252,869	199,727	2,452,596
Net Position - Beginning					11,998,208	1,843,420	13,841,628
Net Position - Ending					\$ 14,251,077	\$ 2,043,147	\$ 16,294,224

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, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 5,170,815	\$ 387,808	\$ 976,026	\$ 3,182	\$ 6,537,831
Intergovernmental Receivable - State	2,926,509	4,223	184,301		3,115,033
Intergovernmental Receivable - Federal		535,580			535,580
Intergovernmental Receivable - Local	55,364	326			55,690
Interfund Receivable	1,105,851				1,105,851
Other Accounts Receivable	123,871				123,871
Restricted assets:					
Cash and Cash Equivalents	<u>14,407,551</u>				<u>14,407,551</u>
Total Assets	<u>\$ 23,789,961</u>	<u>\$ 927,937</u>	<u>\$ 1,160,327</u>	<u>\$ 3,182</u>	<u>\$ 25,881,407</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,484,989	\$ 255,197	\$ 32,894		\$ 1,773,080
Interfund Payable		517,282	587,569		1,104,851
Payable to State Government		56,191			56,191
Unearned Revenue	<u>166,476</u>	<u>99,267</u>			<u>265,743</u>
Total Liabilities	<u>1,651,465</u>	<u>927,937</u>	<u>620,463</u>		<u>3,199,865</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	2,128,932				2,128,932
Excess Surplus - Designated for Subsequent Year's Expenditures	2,434,243				2,434,243
Capital Reserve	8,911,490				8,911,490
Emergency Reserve	910,000				910,000
Maintenance Reserve	4,586,061				4,586,061
Capital Projects			539,864		539,864
Debt Service				\$ 3,182	3,182
Assigned to:					
Designated for Subsequent Year's Expenditures	618,390				618,390
Other Purposes	2,592				2,592
Unassigned Reported In:					
General Fund	<u>2,546,788</u>				<u>2,546,788</u>
Total Fund Balances	<u>22,138,496</u>	<u>-</u>	<u>539,864</u>	<u>3,182</u>	<u>22,681,542</u>
Total Liabilities and Fund Balances	<u>\$ 23,789,961</u>	<u>\$ 927,937</u>	<u>\$ 1,160,327</u>	<u>\$ 3,182</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$124,463,823 and the accumulated depreciation is \$42,413,262 (See Note 4).	82,050,561
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.	(1,091,729)
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.	3,330,827
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).	(66,887,433)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	2,942,917
Accrued pension contributions for the June 30, 2018 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.	(1,160,949)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds (See Note 5).	<u>(27,614,659)</u>
Net Position of Governmental Activities	<u>\$ 14,251,077</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 83,751,501			\$ 5,102,268	\$ 88,853,769
Tuition from Other LEA's	1,235,909				1,235,909
Tuition from Individuals	88,053				88,053
Transportation Fees from Individuals	207,025				207,025
Interest Revenue	90,405		\$ 1,553		91,958
Miscellaneous	286,696	\$ 46,299		1,380	334,375
Total - Local Sources	85,659,589	46,299	1,553	5,103,648	90,811,089
State Sources	19,120,630	239,348	338,092	264,020	19,962,090
Federal Sources	10,278	1,552,310			1,562,588
Total Revenues	104,790,497	1,837,957	339,645	5,367,668	112,335,767
EXPENDITURES					
Current:					
Regular Instruction	28,028,968	325,373			28,354,341
Special Education Instruction	12,434,419	1,137,549			13,571,968
Other Special Instruction	1,633,136				1,633,136
Other Instructional Programs	1,667,585				1,667,585
Support Services:					
Tuition	2,275,487				2,275,487
Student and Instruction Related Services	11,975,067	357,035			12,332,102
General Administrative Services	1,094,848				1,094,848
School Administrative Services	3,644,988				3,644,988
Central Administrative Services	696,564				696,564
Administrative Information Technology	768,126				768,126
Plant Operations and Maintenance	6,211,074				6,211,074
Pupil Transportation	5,645,226				5,645,226
Unallocated Benefits	13,215,497				13,215,497
On-behalf TPAF FICA and Pension	12,851,982				12,851,982
Debt Service:					
Principal	376,784			2,940,000	3,316,784
Interest	20,901			2,426,288	2,447,189
Charter School	10,346				10,346
Capital Outlay	566,617	18,000	845,231		1,429,848
Total Expenditures	103,117,615	1,837,957	845,231	5,366,288	111,167,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,672,882	-	(505,586)	1,380	1,168,676
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	136,775				136,775
Transfers In	33,796		620,973		654,769
Transfers Out	(620,973)		(33,796)		(654,769)
Total Other Financing Sources (Uses)	(450,402)	-	587,177	-	136,775
Net Change in Fund Balances	1,222,480	-	81,591	1,380	1,305,451
Fund Balance - July 1	20,916,016		458,273	1,802	21,376,091
Fund Balance - June 30	\$ 22,138,496	\$ -	\$ 539,864	\$ 3,182	\$ 22,681,542

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, 2018

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	1,305,451
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions in the period.</p>		
Depreciation Expense	\$ (2,789,507)	
Capital Asset Additions	<u>1,455,721</u>	(1,333,786)
<p>Repayments of bond principal and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Serial Bonds Payable	2,940,000	
Obligations Under Capital Leases	<u>438,184</u>	3,378,184
<p>Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.</p>		
Amortization of Premium on Bonds	582,651	
Amortization of Deferred Interest Costs	<u>(346,324)</u>	236,327
<p>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.</p>		
Obligations Under Capital Leases		(136,775)
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
		58,600
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (sick and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(39,917)
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Pension expense		<u>(1,215,215)</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>2,252,869</u></u>

Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2018

	Major Funds				Totals
	Business-type Activities		Enterprise Funds		
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,395,068	\$ 91,859	\$ 207,346	\$ 354,131	\$ 2,048,404
Other Accounts Receivable	81,315				81,315
Inventories	14,885				14,885
Total Current Assets	<u>1,491,268</u>	<u>91,859</u>	<u>207,346</u>	<u>354,131</u>	<u>2,144,604</u>
Noncurrent Assets:					
Capital Assets:					
Furniture, Machinery and Equipment	408,900				408,900
Less: Accumulated Depreciation	<u>(305,046)</u>				<u>(305,046)</u>
Total Capital Assets, net	<u>103,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,854</u>
Total Assets	<u>1,595,122</u>	<u>91,859</u>	<u>207,346</u>	<u>354,131</u>	<u>2,248,458</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	173,427	609	947	5,901	180,884
Unearned Revenue		24,427			24,427
Total Current Liabilities	<u>173,427</u>	<u>25,036</u>	<u>947</u>	<u>5,901</u>	<u>205,311</u>
Total Liabilities	<u>173,427</u>	<u>25,036</u>	<u>947</u>	<u>5,901</u>	<u>205,311</u>
NET POSITION					
Investment in Capital Assets	103,854				103,854
Unrestricted	<u>1,317,841</u>	<u>66,823</u>	<u>206,399</u>	<u>348,230</u>	<u>1,939,293</u>
Total Net Position	<u>\$ 1,421,695</u>	<u>\$ 66,823</u>	<u>\$ 206,399</u>	<u>\$ 348,230</u>	<u>\$ 2,043,147</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2018

	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	\$ 2,090,638				\$ 2,090,638
Tuition and Fees		\$ 122,995	\$ 139,100	\$ 1,340,456	1,602,551
Miscellaneous	155,931				155,931
Total Operating Revenues	2,246,569	122,995	139,100	1,340,456	3,849,120
Operating Expenses:					
Salaries	1,045,867	113,117	99,239	1,160,743	2,418,966
Employee Benefits	60,378	8,653	7,557	74,616	151,204
Other Purchased Services	19,006		10,255		29,261
Supplies and Materials	74,453	3,442	1,978	75,016	154,889
Depreciation	23,762				23,762
Cost of Sales	650,654				650,654
Management Fee	150,871				150,871
Miscellaneous	69,786				69,786
Total Operating Expenses	2,094,777	125,212	119,029	1,310,375	3,649,393
Operating Income (Loss) and Change in Net Position	151,792	(2,217)	20,071	30,081	199,727
Total Net Position - Beginning	1,269,903	69,040	186,328	318,149	1,843,420
Total Net Position - Ending	<u>\$ 1,421,695</u>	<u>\$ 66,823</u>	<u>\$ 206,399</u>	<u>\$ 348,230</u>	<u>\$ 2,043,147</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Major Funds				Totals
	Business-type Activities - Enterprise Funds			Before and After	
	Food Service	After School Enrichment	Project Jump Start	School Care	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,171,586	\$ 123,527	\$ 58,500	\$ 1,340,456	\$ 3,694,069
Payments to employees	(1,045,867)	(113,117)	(99,239)	(1,160,743)	(2,418,966)
Payments for general insurance	(60,378)	(8,653)	(7,557)	(74,616)	(151,204)
Payments to suppliers	(934,846)	(2,833)	(12,787)	(72,305)	(1,022,771)
Net cash provided by (used for) operating activities	<u>130,495</u>	<u>(1,076)</u>	<u>(61,083)</u>	<u>32,792</u>	<u>101,128</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash Receipts from Other Funds	<u>248,983</u>				<u>248,983</u>
Net cash provided by 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>(3,105)</u>				<u>(3,105)</u>
Net cash (used for) capital and related financing activities	<u>(3,105)</u>				<u>(3,105)</u>
Net increase (decrease) in cash and cash equivalents	376,373	(1,076)	(61,083)	32,792	347,006
Cash and cash equivalents, beginning of year	<u>1,018,695</u>	<u>92,935</u>	<u>268,429</u>	<u>321,339</u>	<u>1,701,398</u>
Cash and cash equivalents, end of year	<u>\$ 1,395,068</u>	<u>\$ 91,859</u>	<u>\$ 207,346</u>	<u>\$ 354,131</u>	<u>\$ 2,048,404</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 151,792	\$ (2,217)	\$ 20,071	\$ 30,081	\$ 199,727
Adjustments to reconcile operating income (loss) net cash provided by (used for) operating activities:					
Depreciation	23,762				23,762
Change in assets and liabilities:					
(Increase) in other accounts receivable	(74,983)				(74,983)
Decrease in inventories	3,713				3,713
Increase (decrease) in unearned revenue		532	(80,600)		(80,068)
Increase (decrease) in accounts payable	26,211	609	(554)	2,711	28,977
Net cash provided by (used for) operating activities	<u>\$ 130,495</u>	<u>\$ (1,076)</u>	<u>\$ (61,083)</u>	<u>\$ 32,792</u>	<u>\$ 101,128</u>

See accompanying notes to the basic financial statements.

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust	Private- Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 471,673	\$ 6,313	\$ 1,390,715
Accounts Receivable	1,258		
Total Current Assets	472,931	6,313	\$ 1,390,715
LIABILITIES			
Interfunds Payable			1,000
Accounts Payable	1,690		
Due to Student Groups			932,370
Payroll Deductions and Withholdings Payable			457,345
Total Liabilities	1,690	-	\$ 1,390,715
NET POSITION			
Held in Trust for Unemployment Claims	\$ 471,241		
Held in Trust for Scholarship Awards		\$ 6,313	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private- Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Members	\$ 88,530	
Donations		\$ 1,387
Total Additions	<u>88,530</u>	<u>1,387</u>
DEDUCTIONS		
Payment of Unemployment Claims	69,115	
Payment of Scholarship Awards and Other Expenses		<u>2,673</u>
Total Deductions	<u>69,115</u>	<u>2,673</u>
Change in Net Position	19,415	(1,286)
Net Position - Beginning of the Year	<u>451,826</u>	<u>7,599</u>
Net Position - End of the Year	<u><u>\$ 471,241</u></u>	<u><u>\$ 6,313</u></u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2018

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.

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 internal 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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.

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

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

The District reports 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2018, the District had inventories in the Food Service Enterprise Fund of \$14,885.

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 2017-2018 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.

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 acquisition value on the date of acquisition.

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:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

<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

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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, 2018, a liability existed for compensated absences in the Government-wide financial statements in the amount of \$586,061 and there was no liability for compensated absences in the enterprise funds.

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 of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

K. Deferred Outflows / Inflows of Resources

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 has one item that qualifies for reporting in this category, including deferred amounts related to pensions.

L. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt 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, 2018 amounted to \$346,324. As of June 30, 2018, the District has recorded an unamortized balance of \$3,330,827 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.

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:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not 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.
- 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.

N. Fund Balances

Of the \$22,138,496 of fund balances in the General Fund at June 30, 2018, \$2,592 of encumbrances are assigned to other purposes, \$2,128,932 has been restricted for excess surplus-current year, \$2,434,243 has been restricted for prior year excess surplus that has been designated for subsequent year’s expenditures, \$8,911,490 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, \$618,390 is assigned as designated for subsequent years expenditures and \$2,546,788 is classified as unassigned. The District also has \$539,864 of fund balance in the Capital Projects Fund, which

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

is restricted for capital projects and \$3,182 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.

P. Management Estimates

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

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$11,898,372 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, 2018 was \$4,563,175. Of this amount, \$2,434,243 has been appropriated in the 2018/19 budget and the remaining \$2,128,932 will be appropriated in the 2019/20 budget.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements

GASBs Pronouncements Implemented in the 2018 Fiscal Year

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District has adopted GASB No. 75 during the year ended June 30, 2018, which resulted in an increase in full accrual revenues and expenses and additional disclosures in the notes to the basic financial statements.

In March, 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2018, which did not have a significant impact on the financial statements.

Recently Issued and Adopted Accounting Principles

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not 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, 2018 and January 24, 2019, 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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 \$66,887,433 difference are as follows:

Bonds payable	\$ 60,380,000
Unamortized premium on bonds	4,727,213
Capital leases payable	1,194,159
Compensated absences payable	<u>586,061</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 66,887,433</u>

3. Deposits and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

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 (NJCMF).

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

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

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

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

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

At June 30, 2018, the carrying amount of the District's deposits for all funds was \$24,862,487 and the bank balance was \$25,325,093. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2018 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$15,167,356. \$590,879 held in the District agency accounts and \$9,066,858 held in a NJ Cash Management account are not covered by GUDPA.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJCMF") as one of its investments. The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

NJCMF on a daily basis without penalty. At June 30, 2018, the District's balance in NJCMF was \$9,066,858 and is classified as cash equivalents at June 30, 2018 due to its short-term nature and is considered a Level 1 investment under GASB No. 72. The debt instruments in the NJCMF are rated by three national rating agencies.

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. The District did not have any funds invested in debt securities.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2018, the District had no investments, other than funds held in NJCMF which are classified as cash equivalents due to its short-term nature.

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, 2018, other than funds held in NJCMF which are classified as cash equivalents due to its short-term nature.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,277,400			\$ 5,277,400
Construction in progress	811,680	\$ 1,182,209	\$(1,796,763)	197,126
Total capital assets, not being depreciated	6,089,080	1,182,209	(1,796,763)	5,474,526
Capital assets, being depreciated:				
Buildings and building improvements	112,089,299	43,873	1,796,763	113,929,935
Machinery, equipment and vehicles	4,829,723	229,639		5,059,362
Total capital assets, being depreciated	116,919,022	273,512	1,796,763	118,989,297
Less accumulated depreciation for:				
Buildings and building improvements	(36,603,773)	(2,314,100)		(38,917,873)
Machinery, equipment and vehicles	(3,019,982)	(475,407)		(3,495,389)
Total accumulated depreciation	(39,623,755)	(2,789,507)	-	(42,413,262)
Total capital assets, being depreciated, net	77,295,267	(2,515,995)	1,796,763	76,576,035
Governmental activities capital assets, net	\$ 83,384,347	\$(1,333,786)	\$ -	\$ 82,050,561

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2018 as follows:

Instruction:	
Regular	\$ 1,045,949
Special education	500,650
Other special instruction	60,244
School sponsored/ other instructional	61,515
Support Services:	
Student and instruction related services	454,913
General administrative services	40,387
School administrative services	134,458
Central administrative services	25,695
Administrative information technology	28,335
Plant operations and maintenance	229,117
Pupil transportation	208,244
Total	<u>\$ 2,789,507</u>

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Additions	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	\$ 405,795	\$ 3,105	\$ 408,900
Less accumulated depreciation for:			
Machinery and equipment	(281,284)	(23,762)	(305,046)
Total business-type activities capital assets, net	<u>\$ 124,511</u>	<u>\$ (20,657)</u>	<u>\$ 103,854</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 63,320,000		\$ 2,940,000	\$ 60,380,000	\$3,065,000
Unamortized premium on bonds	5,309,864		582,651	4,727,213	582,651
Obligations under capital leases	1,495,568	\$ 136,775	438,184	1,194,159	449,869
Compensated absences payable	546,144	739,295	699,378	586,061	74,185
Subtotal	70,671,576	876,070	4,660,213	66,887,433	4,171,705
Net pension liability	35,998,029		8,383,370	27,614,659	
Total governmental activity long-term liabilities	<u>\$ 106,669,605</u>	<u>\$ 876,070</u>	<u>\$ 13,043,583</u>	<u>\$ 94,502,092</u>	<u>\$ 4,171,705</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.

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

Year	Principal	Interest	Total
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	3,640,000	1,738,463	5,378,463
2024-2028	25,895,000	5,366,806	31,261,806
2029-2031	17,760,000	837,325	18,597,325
	<u>\$ 60,380,000</u>	<u>\$ 16,344,796</u>	<u>\$ 76,724,796</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2018 are comprised of the following issues:

\$9,700,000, 2012 refunding bonds, due in annual installments ranging from \$70,000 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 \$390,000 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 \$2,605,000 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 of \$3,215,000 to \$5,220,000 due on July 15, 2029 and July 15, 2030, respectively, 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, 2018, \$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, 2018, \$23,605,000 of defeased debt remains outstanding.

In February 2015, the District issued \$5,515,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2018, \$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, 2018, \$8,850,000 of the defeased debt remains outstanding.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

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 \$1,194,159 under capital leases, with interest rates ranging from 1.47% to 5.93%. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2018:

Year	Principal	Interest	Total
2019	\$ 449,869	\$ 21,235	\$ 471,104
2020	439,167	12,378	451,545
2021	273,166	4,760	277,926
2022	29,509	755	30,264
2023	2,448	17	2,465
	<u>\$ 1,194,159</u>	<u>\$ 39,145</u>	<u>\$ 1,233,304</u>

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

Assets capitalized through capital leases at June 30, 2018 are as follows:

Machinery, equipment and vehicles	\$ 1,805,508
Less accumulated depreciation	<u>(900,975)</u>
Total	<u>\$ 904,533</u>

6. Pension Plans

Description of Systems

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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, 2018

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, 2018, the State of New Jersey contributed \$9,788,399 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 \$3,063,583 during the year ended June 30, 2018 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, 2018, 2017 and 2016 were \$1,125,708, \$1,091,853, and \$972,497 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, 2018

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, 2018, the District reported a liability of \$27,614,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.1186278136 percent, which was a decrease of 0.0029168015 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$2,321,405 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

\$1,160,949 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 985,944
2020	1,291,460
2021	888,150
2022	(734,569)
2023	<u>(649,017)</u>
	<u>\$ 1,781,968</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increase through 2026	1.65 - 4.15%
	based on age
Thereafter	2.65 - 5.15%
	based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2016 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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.

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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the

Division of Investment 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	At 1% decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
District's proportionate share of the net pension liability	\$ 34,257,859	\$ 27,614,659	\$ 22,080,050

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, 2018

6. Pension Plans (continued)

Additional Information

Collective balances – Local Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$	6,424,455,842
Deferred inflows of resources	\$	5,700,625,981
Net pension liability	\$	23,278,401,588
District's Proportion		0.1186278136%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

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, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72, and 6.44 years, respectively.

Special Funding Situation - 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, 2017 was \$257,526,366. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3819528228 percent, which was an increase of 0.0000932170 from its proportion measured as of June 30, 2016.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$17,840,123 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	2.25%
Salary increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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, 2016 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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2017 are summarized in the following table:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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, 2018

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, 2017 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% decrease (3.25%)	At current discount rate (4.25%)	At 1% increase (5.25%)
State's proportionate share of the net pension liability associated with the District	\$ 305,949,401	\$ 257,526,366	\$ 217,635,259

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, 2017 are as follows:

Deferred outflows of resources	\$14,251,854,934
Deferred inflows of resources	\$11,807,238,433
Net pension liability	\$67,423,605,859
District's Proportion	0.38195282528%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2017 is \$4,682,493,081.

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, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3, and 8.5 years, respectively.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits

Plan description and benefits provided

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a 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.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017 and 2016 were \$3,837,651, \$3,579,726 and \$3,640,420 respectively, which equaled the required contributions for each year.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 (GASB 75) and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) 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 provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858.

Changes in the Total OPEB Liability

Below represents the changes in the State's portion of the OPEB liability associated with the District for the year ended June 30, 2017:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2016	\$ 161,686,767
Charges for the year:	
Service cost	9,107,318
Interest	4,820,081
Changes in assumptions or other inputs	(21,622,096)
Member contributions	128,472
Benefit payments	(3,488,971)
Net changes	(11,055,196)
Ending Total OPEB Liability, June 30, 2017	\$ 150,631,571

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education	June 30, 2017
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	366,078

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

liability associated with the District as of June 30, 2017 was \$150,631,595. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increase through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actual experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Mortality Rates

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality table for males or females, as appropriate, with adjustments for mortality improvements based on MP- 2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

The following presents the State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate (3.58%):

	At 1% decrease (2.58%)	At current discount rate (3.58%)	At 1% increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 178,810,571	\$ 150,631,595	\$ 128,279,764

The following presents the State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 123,879,925	\$ 150,631,595	\$ 186,157,498

OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$11,859,988 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2017 are as follows:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Deferred outflows of resources	\$	99,843,255
Deferred inflows of resources	\$	6,443,612,287
Collective OPEB Expense	\$	3,348,490,523

District's Proportion 0.28%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,105,851	
Special Revenue Fund		\$ 517,282
Capital Projects Fund		587,569
Payroll Agency Fund		1,000
	\$ 1,105,851	\$ 1,105,851

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

9. 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.

10. 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, 2018 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, 2018 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.

11. 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

11. Capital Reserve Account (continued)

balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 7,922,988
Deposits:	
Interest earned on investments	1,000
Approved by Resolution at the June 18, 2018 meeting	1,577,434
Transfer of unexpended capital projects funds	31,041
Withdrawals:	
Transfer to Capital Projects Fund by Resolution	<u>620,973</u>
Ending balance, June 30, 2018	<u>\$ 8,911,490</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

12. 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 activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 4,586,061
Deposits:	
Approved by Resolution at the June 18, 2018 meeting	554,203
Withdrawals:	
Budgeted in 2017-18 Adopted Budget	<u>554,203</u>
Ending balance, June 30, 2018	<u>\$ 4,586,061</u>

The District has included \$569,573 of this balance in its 2018-19 adopted budget.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

13. 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 balance of the Emergency Reserve Account was \$910,000 at June 30, 2018.

14. 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.

15. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2018 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 33,796	\$ 620,973
Capital Projects Fund	<u>620,973</u>	<u>33,796</u>
	<u>\$ 654,769</u>	<u>\$ 654,769</u>

The transfer from General Fund to the Capital Projects Fund represents a transfer from the Capital Reserve to fund the local portion of the SDA projects which commenced in the 2018 fiscal year or

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

15. Transfers – Reconciliation (continued)

for additional contracts awarded on in progress projects. The transfer from the Capital Projects Fund to the General Fund is a return of excess funds on a completed project.

16. Deferred Compensation

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Lincoln Investment Planning, VALIC, Thomas Seely Agency, Security First Group and the Equitable, permit participants to defer a portion of their salary until future years.

Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Since the District does not hold the assets in a trustee capacity, the related assets are not included in the District's fiduciary fund financial statements.

17. Commitments

The District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$2,592 and in the Capital Projects Fund as restricted for capital projects in the amount of \$899,774 which is offset by an unrestricted deficit of \$359,910.

18. 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

18. GASB 77 Tax Abatements (continued)

The Township of Bernards has entered into a tax abatement agreement, of which has reduced the Township'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.

For the 2018 year, the Township recognized revenue of \$316,294 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property were \$471,665, resulting in a reduction of taxes collected by the Township of \$155,371. 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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - Local Group	0.1186278136%	0.1215446151%	0.1131163225%	0.1095265402%	n/a	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 27,614,659	\$ 35,998,029	\$ 25,392,348	\$ 20,506,364	\$ 20,822,890	n/a	n/a	n/a	n/a	n/a
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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	341.18%	446.14%	319.32%	273.56%	293.23%	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.10%	40.14%	47.93%	52.08%	52.08%	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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,125,708	\$ 1,079,785	\$ 1,079,785	\$ 972,497	\$ 812,491	\$ 793,924	\$ 836,157	\$ 767,682	\$ 532,933	\$ 440,507
Contributions in relation to the contractually required contribution	(1,125,708)	(1,079,785)	(1,079,785)	(972,497)	(812,491)	(793,924)	(836,157)	(767,682)	(532,933)	(440,507)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,912,953	\$ 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
Contributions as a percentage of covered-employee payroll	14.23%	13.34%	13.38%	12.23%	10.84%	11.18%	12.13%	11.14%	7.37%	6.75%

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*

	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3819528228%	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	\$ 257,526,366	\$ 300,395,079	\$ 239,241,896	\$ 201,307,735
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 257,526,366</u>	<u>\$ 300,395,079</u>	<u>\$ 239,241,896</u>	<u>\$ 201,307,735</u>
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	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
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.28%	0.28%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 150,631,595	\$ 161,686,767
Total proportionate share of the net OPEB liability (asset) associated with the District	\$ 150,631,595	\$ 161,686,767
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Total OPEB Liability		
	2018	2017 **
Service cost	\$ 9,107,318	
Interest cost	4,820,081	
Changes of assumptions	(21,622,096)	
Member contributions	128,472	
Gross benefit payments	(3,488,947)	
Net change in total OPEB liability	(11,055,172)	
Total OPEB liability - beginning	161,686,767	
Total OPEB liability - ending	\$ 150,631,595	
Covered-employee payroll	\$ 49,579,661	
Total OPEB liability as a percentage of covered-employee payroll	303.82%	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

** information not available.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION

Notes to Required Supplementary Information

Year ended June 30, 2018

PUBLIC EMPLOYEES' RETIREMENT SYSTEM-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

TEACHERS' PENSION AND ANNUITY FUND-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

OTHER POST-RETIREMENT BENEFIT PLAN - PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

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, 2018

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final To <u>Actual</u>
Revenues					
Local Sources					
Local Tax Levy	\$ 83,751,501		\$ 83,751,501	\$ 83,751,501	
Tuition from Other LEA's	1,205,350		1,205,350	1,235,909	\$ 30,559
Tuition from Individuals	29,055		29,055	88,053	58,998
Transportation Fees from Individuals	220,000		220,000	207,025	(12,975)
Private Contributions	47,067		47,067	47,148	81
Interest Earned on Capital Reserve Funds	1,000		1,000	1,000	
Interest Revenue				89,405	89,405
Miscellaneous	661,000		661,000	239,548	(421,452)
Total - Local Sources	<u>85,914,973</u>		<u>85,914,973</u>	<u>85,659,589</u>	<u>(255,384)</u>
State Sources					
Special Education Aid	2,538,589		2,538,589	2,797,493	258,904
Security Aid	101,447		101,447	101,447	
Transportation Aid	443,670		443,670	443,670	
Extraordinary Aid	1,700,000		1,700,000	2,692,045	992,045
PARCC Readiness Aid	57,590		57,590	57,590	
Per Pupil Growth Aid	57,590		57,590	57,590	
Professional Learning Community Aid	56,390		56,390	56,390	
Additional Nonpublic Transportation Aid				84,390	84,390
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				5,941,751	5,941,751
TPAF Pension Contributions - Post-Retirement Medical (On-Behalf - Non-Budgeted)				3,837,651	3,837,651
TPAF Pension Contributions - Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				8,997	8,997
TPAF Social Security (Reimbursed - Non-Budgeted)				3,063,583	3,063,583
Total - State Sources	<u>4,955,276</u>		<u>4,955,276</u>	<u>19,142,597</u>	<u>14,187,321</u>
Federal Sources					
Medicaid Reimbursement	15,371		15,371	10,278	(5,093)
Total - Federal Sources	<u>15,371</u>		<u>15,371</u>	<u>10,278</u>	<u>(5,093)</u>
Total Revenues	<u>90,885,620</u>		<u>90,885,620</u>	<u>104,812,464</u>	<u>13,926,844</u>
Expenditures					
Current Expenditures:					
Instruction - Regular Programs:					
Salaries of Teachers					
Preschool	81,623	\$ (81,500)	123		123
Kindergarten	1,120,955	(221,300)	899,655	897,762	1,893
Grades 1-5	9,107,001	(361,222)	8,745,779	8,739,513	6,266
Grades 6-8	7,305,014	(146,016)	7,158,998	7,158,853	145
Grades 9-12	8,956,151	(30,090)	8,926,061	8,925,461	600
Home Instruction:					
Salaries of Teachers	96,265	(7,900)	88,365	81,885	6,480
Purchased Professional-Educational Services		20,000	20,000	19,293	707
Undistributed Instruction:					
Purchased Professional-Educational Services	23,250		23,250	3,456	19,794
Other Purchased Services	193,100		193,100	150,681	42,419
General Supplies	2,255,397	13,818	2,269,215	1,861,141	408,074
Textbooks	417,828	(12,335)	405,493	190,923	214,570
Total Regular Programs - Instruction	<u>29,556,584</u>	<u>(826,545)</u>	<u>28,730,039</u>	<u>28,028,968</u>	<u>701,071</u>
Special Education:					
Cognitive - Moderate:					
Salaries of Teachers	400,149	(29,400)	370,749	370,164	585
Other Salaries for Instruction	602,229	(19,350)	582,879	580,891	1,988
General Supplies	13,450	6,279	19,729	16,454	3,275
Textbooks	18,300	(6,279)	12,021	3,404	8,617
Total Cognitive - Moderate	<u>1,034,128</u>	<u>(48,750)</u>	<u>985,378</u>	<u>970,913</u>	<u>14,465</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	356,583	20,800	377,383	377,305	78
Other Salaries for Instruction	636,293	(255,000)	381,293	380,370	923
General Supplies	19,600	295	19,895	18,814	1,081
Textbooks	2,000	(2,000)			
Total Learning and/or Language Disabilities	<u>1,014,476</u>	<u>(235,905)</u>	<u>778,571</u>	<u>776,489</u>	<u>2,082</u>
Auditory Impairments:					
Salaries of Teachers	92,040	(18,500)	73,540	71,260	2,280
General Supplies	2,000	4,530	6,530	6,466	64
Total Auditory Impairments	<u>94,040</u>	<u>(13,970)</u>	<u>80,070</u>	<u>77,726</u>	<u>2,344</u>
Behavioral Disabilities:					
Salaries of Teachers	261,536	175,200	436,736	434,323	2,413
Other Salaries for Instruction	332,091	99,500	431,591	429,962	1,629
General Supplies	12,500		12,500	7,583	4,917
Total Behavioral Disabilities	<u>606,127</u>	<u>274,700</u>	<u>880,827</u>	<u>871,868</u>	<u>8,959</u>
Resource Room/Resource Center:					
Salaries of Teachers	5,038,102	(125,700)	4,912,402	4,895,592	16,810
Other Salaries for Instruction	561,074	64,150	625,224	616,852	8,372
General Supplies	38,300	1,705	40,005	29,614	10,391
Total Resource Room/Resource Center	<u>5,637,476</u>	<u>(59,845)</u>	<u>5,577,631</u>	<u>5,542,058</u>	<u>35,573</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued)					
Autism:					
Salaries of Teachers	\$ 1,158,141	\$ 16,700	\$ 1,174,841	\$ 1,173,336	\$ 1,505
Other Salaries for Instruction	2,530,988	143,000	2,673,988	2,672,978	1,010
General Supplies	31,900	(4,778)	27,122	26,264	858
Total Autism	3,721,029	154,922	3,875,951	3,872,578	3,373
Preschool Disabilities-Part-Time:					
Salaries of Teachers	143,686	70,000	213,686	211,224	2,462
Other Salaries for Instruction	185,639	(103,000)	82,639	81,980	659
General Supplies	9,400	(1,900)	7,500	5,502	1,998
Total Preschool Disabilities-Part-Time	338,725	(34,900)	303,825	298,706	5,119
Preschool Disabilities-Full-Time:					
General Supplies	20,550	4,971	25,521	24,081	1,440
Total Preschool Disabilities-Full-Time	20,550	4,971	25,521	24,081	1,440
Total Special Education - Instruction	12,466,551	41,223	12,507,774	12,434,419	73,355
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	748,865	6,000	754,865	753,007	1,858
General Supplies	11,000		11,000	8,716	2,284
Total Basic Skills/Remedial - Instruction	759,865	6,000	765,865	761,723	4,142
Bilingual Education - Instruction:					
Salaries of Teachers	306,702	(59,500)	247,202	246,089	1,113
Other Salaries for Instruction		33,190	33,190	31,856	1,334
Other Purchased Services	756		756	238	518
General Supplies	2,700		2,700		2,700
Total Bilingual Education - Instruction	310,158	(26,310)	283,848	278,183	5,665
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	302,430	56,364	358,794	358,785	9
Supplies and Materials	65,915	(7,811)	58,104	46,035	12,069
Other Objects	1,000		1,000		1,000
Total School-Sponsored Cocurricular Activities - Instruction	369,345	48,553	417,898	404,820	13,078
School-Sponsored Athletics - Instruction:					
Salaries	906,494	42,446	948,940	940,957	7,983
Purchased Services	113,900		113,900	63,956	49,944
Supplies and Materials	153,600		153,600	132,660	20,940
Other Objects	58,850		58,850	55,192	3,658
Transfers to Cover Deficit (Agency Funds)	90,700		90,700	70,000	20,700
Total School-Sponsored Athletics - Instruction	1,323,544	42,446	1,365,990	1,262,765	103,225
Other Supplemental / At-Risk Programs - Instruction:					
Salaries of Reading Specialists	401,472	193,000	594,472	593,230	1,242
Total Other Supplemental / At Risk Programs - Instruction	401,472	193,000	594,472	593,230	1,242
Total Instruction	45,187,519	(521,633)	44,665,886	43,764,108	901,778
Undistributed Expenditures - Instruction					
Instruction:					
Tuition To Other LEAs Within the State - Special	235,297	436,500	671,797	607,719	64,078
Tuition to County Vocational School Districts - Regular	14,025	(5,100)	8,925	8,925	
Tuition to County Vocational School Districts - Special		3,857	3,857	3,188	669
Tuition To Private Schools for the Disabled Within State	1,128,354	40,000	1,168,354	1,163,674	4,680
Tuition To Private Schools for the Disabled and Other LEAs	532,745	(70,500)	462,245	459,029	3,216
Tuition State Facilities	32,952		32,952	32,952	
Total Undistributed Instruction	1,943,373	404,757	2,348,130	2,275,487	72,643
Health Services:					
Salaries	745,069	30,000	775,069	772,407	2,662
Purchased Professional and Technical Services	34,930		34,930	20,316	14,614
Other Purchased Services	2,530		2,530		2,530
Supplies and Materials	55,501	(7,795)	47,706	39,509	8,197
Total Health Services	838,030	22,205	860,235	832,232	28,003
Other Support Services Students - Speech, OT & Related Services:					
Salaries	1,072,743	169,500	1,242,243	1,240,386	1,857
Purchased Professional-Educational Services	35,957	(18,757)	17,200	17,200	
Supplies and Materials	11,700	(100)	11,600	9,354	2,246
Total Other Support Services Students - Speech, OT and Related Services	1,120,400	150,643	1,271,043	1,266,940	4,103

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2018

	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	\$ 738,333	\$ (900)	\$ 737,433	\$ 735,555	\$ 1,878
Other Salaries for Instruction	73,167	(73,167)			
Purchased Professional - Educational Services	406,505	131,300	537,805	508,809	28,996
Supplies and Materials	7,300	1,806	9,106	8,623	483
Total Other Support Services Students - Extra Services	1,225,305	59,039	1,284,344	1,252,987	31,357
Guidance:					
Salaries of Other Professional Staff	1,720,975	39,395	1,760,370	1,760,066	304
Salaries of Secretarial and Clerical Assistants	483,739	1,900	485,639	485,454	185
Purchased Professional-Educational Services	71,650	(7,500)	64,150	49,815	14,335
Other Purchased Prof. and Tech. Services	174,940	7,500	182,440	172,422	10,018
Other Purchased Services	2,893	275,000	277,893	276,406	1,487
Supplies and Materials	21,854		21,854	7,575	14,279
Other Objects	814		814	563	251
Total Guidance	2,476,865	316,295	2,793,160	2,752,301	40,859
Child Study Teams:					
Salaries of Other Professional Staff	1,993,133	(2,600)	1,990,533	1,988,992	1,541
Salaries of Secretarial and Clerical Assistants	286,060		286,060	286,060	
Other Purchased Professional and Technical Services	73,700	12,700	86,400	84,350	2,050
Miscellaneous Purchased Services	19,000	(448)	18,552	15,516	3,036
Supplies and Materials	68,650	(9,082)	59,568	45,964	13,604
Other Objects	3,000		3,000	900	2,100
Total Child Study Teams	2,443,543	570	2,444,113	2,421,782	22,331
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	721,837	80,400	802,237	802,220	17
Salaries of Secretarial and Clerical Assistants	113,094	59,500	172,594	172,305	289
Other Salaries	279,546	(27,200)	252,346	249,946	2,400
Other Purchased Services	300		300		300
Supplies and Materials	13,755	(6,000)	7,755	6,323	1,432
Other Objects	13,650		13,650	12,664	986
Total Improvement of Instructional Services	1,142,182	106,700	1,248,882	1,243,458	5,424
Educational Media Serv./School Library:					
Salaries	628,839	(31,000)	597,839	595,420	2,419
Salaries of Technology Coordinators	89,189	4,800	93,989	91,587	2,402
Purchased Professional and Technical Services	101,610	20,000	121,610	81,551	40,059
Supplies and Materials	73,675	300	73,975	72,390	1,585
Total Educational Media Serv./School Library	893,313	(5,900)	887,413	840,948	46,465
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	808,100	80,500	888,600	888,399	201
Salaries of Secretarial and Clerical Assistants	299,160	(50,000)	249,160	248,727	433
Other Salaries	47,550	26,000	73,550	71,003	2,547
Purchased Professional-Educational Services	25,000	(8,300)	16,700	16,479	221
Other Purchased Prof. and Tech. Services	48,100	5,410	53,510	52,350	1,160
Other Purchased Services	40,850	14,000	54,850	49,825	5,025
Supplies and Materials	44,295	(8,310)	35,985	32,570	3,415
Other Objects	2,830	3,200	6,030	5,066	964
Total Instructional Staff Training Services	1,315,885	62,500	1,378,385	1,364,419	13,966
Support Services - General Administration:					
Salaries	388,746	(35,455)	353,291	353,265	26
Legal Services	110,000	75,000	185,000	181,299	3,701
Audit Fees	50,000	7,000	57,000	56,800	200
Architect / Engineer Services	40,778	11,000	51,778	51,498	280
Other Purchased Prof Services	70,400	26,000	96,400	82,461	13,939
Communications/Telephone	57,700	22,736	80,436	66,018	14,418
BOE Other Purchased Services	5,000	120	5,120	3,837	1,283
Miscellaneous Purchased Services	274,000	(11,500)	262,500	257,060	5,440
General Supplies	13,450	(2,500)	10,950	9,555	1,395
Miscellaneous Expenditures	61,112	(26,855)	34,257	33,055	1,202
Total Support Services - General Administration	1,071,186	65,546	1,136,732	1,094,848	41,884

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2018

	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	\$ 2,276,259	\$ 210,805	\$ 2,487,064	\$ 2,292,859	\$ 194,205
Salaries of Other Professional Staff	157,072	10,000	167,072	157,072	10,000
Salaries of Secretarial and Clerical Assistants	1,081,505	92,900	1,174,405	1,089,042	85,363
Other Purchased Services	118,201	2,650	120,851	77,450	43,401
Supplies and Materials	23,300		23,300	10,392	12,908
Other Objects	24,575	35,000	59,575	18,173	41,402
Total Support Services - School Administration	3,680,912	351,355	4,032,267	3,644,988	387,279
Central Services:					
Salaries	624,018	3,750	627,768	597,475	30,293
Purchased Professional Services	74,952	22,000	96,952	75,901	21,051
Miscellaneous Purchased Services	19,331	15,100	34,431	3,797	30,634
Supplies and Materials	15,739	1,500	17,239	16,379	860
Miscellaneous Expenditures	1,900	1,400	3,300	3,012	288
Total Central Services	735,940	43,750	779,690	696,564	83,126
Admin. Info. Tech.:					
Salaries	609,806	91,500	701,306	630,020	71,286
Purchased Technical Services	140,645	(5,000)	135,645	129,666	5,979
Supplies and Materials	21,000		21,000	8,440	12,560
Total Admin. Info. Tech.	771,451	86,500	857,951	768,126	89,825
Required Maint. For School Facilities:					
Salaries	216,162	(49,000)	167,162	140,902	26,260
Cleaning, Repair, and Maintenance Services	2,287,913	20,351	2,308,264	1,632,264	676,000
Maintenance Workshop Miles	300		300	100	200
General Supplies	158,899	14,350	173,249	168,256	4,993
Total Required Maint. For School Facilities	2,663,274	(14,299)	2,648,975	1,941,522	707,453
Custodial Services:					
Salaries	87,264	6,500	93,764	92,902	862
Purchased Professional and Technical Services	95,000	(2,100)	92,900	84,768	8,132
Cleaning, Repair, and Maintenance Services	2,467,207	(10,000)	2,457,207	1,888,457	568,750
Other Purchased Property Services	236,260	30,500	266,760	257,892	8,868
Insurance	368,368	25,000	393,368	337,011	56,357
General Supplies	180,000		180,000	179,136	864
Energy (Natural Gas)	640,000	(279,500)	360,500	335,713	24,787
Energy (Electricity)	856,989	(86,000)	770,989	711,169	59,820
Total Custodial Services	4,931,088	(315,600)	4,615,488	3,887,048	728,440
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	550,000	(28,550)	521,450	319,387	202,063
General Supplies	15,550	950	16,500	13,161	3,339
Total Care and Upkeep of Grounds	565,550	(27,600)	537,950	332,548	205,402
Security:					
Salaries	48,148		48,148	47,681	467
Purchased Prof and Tech Services		5,000	5,000	2,275	2,725
Total Security	48,148	5,000	53,148	49,956	3,192
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Prog.	212,000	30,000	242,000	238,920	3,080
Cleaning, Repair and Maint. Services	7,000	(5,000)	2,000	951	1,049
Contracted Services-Aid in Lieu of Payments	258,782	15,000	273,782	273,782	
Contracted Services (Between Home and School)-Vendors	3,019,749	(140,000)	2,879,749	2,866,963	12,786
Contracted Services (Other Than Between Home and School) - Vendors	313,565	25,201	338,766	327,926	10,840
Contracted Services (Spec. Ed. Students)-Vendors	10,200	(5,000)	5,200	3,121	2,079
Contracted Services (Spec. Ed. Students)-ESCs and CTSAs	1,760,170	175,000	1,935,170	1,933,315	1,855
Miscellaneous Purchased Services-Transportation	10,000	(10,000)			
Other Objects	2,162		2,162	248	1,914
Total Student Transportation Services	5,593,628	85,201	5,678,829	5,645,226	33,603
Unallocated Benefits:					
Social Security Contributions	1,052,502		1,052,502	1,035,221	17,281
Other Retirement Contributions - Regular	1,117,722	45,000	1,162,722	1,148,706	14,016
Unemployment Compensation	25,000	(25,000)			
Workmen's Compensation	216,127		216,127	214,781	1,346
Health Benefits	11,502,138	(471,000)	11,031,138	10,391,098	640,040
Tuition Reimbursement	340,000	(51,000)	289,000	221,655	67,345
Other Employee Benefits	174,467	46,000	220,467	204,036	16,431
Total Unallocated Benefits	14,427,956	(456,000)	13,971,956	13,215,497	756,459
TPAF Pension Contributions (On-Behalf - Non-Budgeted)					
				5,941,751	(5,941,751)
TPAF Pension Contributions - Post-Retirement Medical (On-Behalf - Non-Budgeted)					
				3,837,651	(3,837,651)
TPAF Pension Contributions - Long-Term Disability Insurance (On-Behalf - Non-Budgeted)					
				8,997	(8,997)
Reimbursed TPAF Social Security Contributions					
				3,063,583	(3,063,583)
Total On-Behalf and Reimbursed Contributions					
				12,851,982	(12,851,982)
Total Undistributed Expenditures	47,888,029	940,662	48,828,691	58,378,859	(9,550,168)
Total Current Expenditures	93,075,548	419,029	93,494,577	102,142,967	(8,648,390)

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Capital Outlay:					
Equipment:					
Regular Program Instruction:					
Grade 9-12	\$ 36,000		\$ 36,000	\$ 32,545	\$ 3,455
School Sponsored and Other Instruction		\$ 10,081	\$ 10,081	10,081	
Undistributed Expenditures:					
Support Services - Related and Extra		7,795	7,795	7,795	
Required Maintenance	65,000		65,000	42,443	22,557
Total Equipment	101,000	17,876	118,876	92,864	26,012
Facilities Acquisition and Construction Services:					
Construction Services	600,000		600,000	336,978	263,022
Lease Purchase Agreements - Principal	397,686		397,686	397,685	1
Total Facilities Acquisition and Construction Services	997,686	-	997,686	734,663	263,023
Interest Deposit to Capital Reserve	1,000		1,000		1,000
Assets Acquired Under Capital Leases (non-budgeted)				136,775	(136,775)
Total Expenditures - Capital Outlay	1,099,686	17,876	1,117,562	964,302	153,260
Transfer of funds to Charter Schools	10,346		10,346	10,346	
Total Expenditures	94,185,580	436,905	94,622,485	103,117,615	(8,495,130)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,299,960)	(436,905)	(3,736,865)	1,694,849	5,431,714
Other Financing Sources (Uses):					
Capital Lease Proceeds (non-budgeted)				136,775	136,775
Transfers In - Capital Projects Fund - Interest Earnings				1,553	1,553
Transfers In - Capital Projects Fund				32,243	32,243
Transfers Out - Capital Reserve Transfer to Capital Projects Fund		(620,973)	(620,973)	(620,973)	
Total Other Financing Sources (Uses)		(620,973)	(620,973)	(450,402)	170,571
(Deficiency) Excess of Revenues and Other Financing Sources (Uses) (Under) Over Expenditures	(3,299,960)	(1,057,878)	(4,357,838)	1,244,447	5,602,285
Fund Balances, July 1	21,238,692		21,238,692	21,238,692	
Fund Balances, June 30	\$ 17,938,732	\$ (1,057,878)	\$ 16,880,854	\$ 22,483,139	\$ 5,602,285
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)					
Budgeted Fund Balance	\$ (2,705,295)	\$ (2,600,583)	\$ (5,305,878)	\$ 296,407	\$ 5,602,285
Budgeted Fund Balance - Maintenance Reserve	(554,203)	554,203			
Withdrawal From Capital Reserve		(620,973)	(620,973)	(620,973)	
Deposit To Capital Reserve		1,609,475	1,609,475	1,609,475	
Adjustment for Prior Year Encumbrances	(40,462)		(40,462)	(40,462)	
Total	\$ (3,299,960)	\$ (1,057,878)	\$ (4,357,838)	\$ 1,244,447	\$ 5,602,285
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 2,434,243	
Reserved - Excess Surplus - Current Year				2,128,932	
Capital Reserve				8,911,490	
Maintenance Reserve				4,586,061	
Emergency Reserve				910,000	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				618,390	
Year End Encumbrances				2,592	
Unassigned Fund Balance				2,891,431	
				22,483,139	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(344,643)	
Fund Balance per Governmental Funds (GAAP)				\$ 22,138,496	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 145,566	\$ 145,566	\$ 50,279	\$ (95,287)
State Sources		295,539	295,539	239,348	(56,191)
Federal Sources	<u>\$ 1,659,910</u>	<u>127,460</u>	<u>1,787,370</u>	<u>1,640,590</u>	<u>(146,780)</u>
Total Revenues	<u>1,659,910</u>	<u>568,565</u>	<u>2,228,475</u>	<u>1,930,217</u>	<u>(298,258)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 110,420	\$ (75,023)	\$ 35,397	\$ 35,397	
Purchased Professional and Educational Services		238,954	238,954	192,051	\$ 46,903
Other Purchased Services	1,549,490	(447,338)	1,102,152	1,102,152	
General Supplies		224,637	224,637	198,043	26,594
Textbooks		23,885	23,885	23,559	326
Total Instruction	<u>1,659,910</u>	<u>(34,885)</u>	<u>1,625,025</u>	<u>1,551,202</u>	<u>73,823</u>
Support Services:					
Salaries		79,629	79,629	36,074	43,555
Personal Services - Employee Benefits		32,196	32,196	19,294	12,902
Purchased Professional and Technical Services		228,656	228,656	190,232	38,424
Other Purchased Services		7,962	7,962	2,453	5,509
Supplies and Materials		231,613	231,613	112,962	118,651
Total Support Services	<u>-</u>	<u>580,056</u>	<u>580,056</u>	<u>361,015</u>	<u>219,041</u>
Facilities Acquisition and Construction Services:					
Construction Services		23,394	23,394	18,000	5,394
Total Facilities Acquisition and Construction Services		<u>23,394</u>	<u>23,394</u>	<u>18,000</u>	<u>5,394</u>
Total Expenditures	<u>1,659,910</u>	<u>568,565</u>	<u>2,228,475</u>	<u>1,930,217</u>	<u>298,258</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, 2018

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)	\$ 104,812,464	\$ 1,930,217
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Current Year		(92,260)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	322,676	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(344,643)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 104,790,497</u>	<u>\$ 1,837,957</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 103,117,615	\$ 1,930,217
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. Current Year		<u>(92,260)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 103,117,615</u>	<u>\$ 1,837,957</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, 2018

	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	\$ 23,559	\$ 23,738	\$ 53,591	\$ 4,223	\$ 7,859	\$ 39,317	\$ 19,731	\$ 22,836	\$ 32,969	\$ 11,525
Federal Sources										
Other Sources										
Total Revenues	<u>\$ 23,559</u>	<u>\$ 23,738</u>	<u>\$ 53,591</u>	<u>\$ 4,223</u>	<u>\$ 7,859</u>	<u>\$ 39,317</u>	<u>\$ 19,731</u>	<u>\$ 22,836</u>	<u>\$ 32,969</u>	<u>\$ 11,525</u>
EXPENDITURES:										
Instruction:										
Salaries										
Purchased Prof. - Educ. Services			\$ 53,591	\$ 4,223	\$ 7,859	\$ 39,317	\$ 19,731	\$ 22,836	\$ 32,969	\$ 11,525
Other Purchased Services										
General Supplies										
Textbooks	\$ 23,559									
Total Instruction	<u>23,559</u>		<u>53,591</u>	<u>4,223</u>	<u>7,859</u>	<u>39,317</u>	<u>19,731</u>	<u>22,836</u>	<u>32,969</u>	<u>11,525</u>
Support Services:										
Salaries										
Personal Svcs. - Employee Benefits										
Purchased Prof. and Tech. Svcs.										
Other Purchased Services										
Supplies and Materials		\$ 23,738								
Other Objects										
Total Support Services		<u>23,738</u>								
Facilities Acquisition and Construction Services:										
Noninstructional Equipment										
Construction Services										
Total Facilities Acquisition and Construction Services										
Total Expenditures	<u>\$ 23,559</u>	<u>\$ 23,738</u>	<u>\$ 53,591</u>	<u>\$ 4,223</u>	<u>\$ 7,859</u>	<u>\$ 39,317</u>	<u>\$ 19,731</u>	<u>\$ 22,836</u>	<u>\$ 32,969</u>	<u>\$ 11,525</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2018

	Local Grants	I.D.E.A. Part B	I.D.E.A Part B Preschool	Title I	Title IIA	Title III	Title III Immigrant	Totals
REVENUES:								
State Sources								\$ 239,348
Federal Sources								1,640,590
Other Sources	\$ 50,279							50,279
Total Revenues	<u>\$ 50,279</u>	<u>\$ 1,177,672</u>	<u>\$ 77,825</u>	<u>\$ 326,572</u>	<u>\$ 37,484</u>	<u>\$ 11,914</u>	<u>\$ 9,123</u>	<u>\$ 1,930,217</u>
EXPENDITURES:								
Instruction:								
Salaries of Teachers			\$ 35,397					\$ 35,397
Purchased Prof.- Educ. Services								192,051
Other Purchased Services		\$ 1,102,152						1,102,152
General Supplies				\$ 197,799		\$ 244		198,043
Textbooks								23,559
Total Instruction		<u>1,102,152</u>	<u>35,397</u>	<u>197,799</u>		<u>244</u>		<u>1,551,202</u>
Support Services:								
Salaries					\$ 26,591		1,098	\$ 8,385
Personal Svcs-Employee Benefits					8,440			19,294
Purchased Prof. and Tech. Svcs.		75,520	10,854	75,000		7,400	738	190,232
Other Purchased Services			31,574		2,453			2,453
Supplies and Materials	\$ 32,279			53,773		3,172		112,962
Total Support Services	<u>32,279</u>	<u>75,520</u>	<u>42,428</u>	<u>128,773</u>	<u>37,484</u>	<u>11,670</u>	<u>9,123</u>	<u>361,015</u>
Facilities Acquisition and Construction Services:								
Construction Services	18,000							18,000
Total Facilities Acquisition and Construction Services	<u>18,000</u>							<u>18,000</u>
Total Expenditures	<u>\$ 50,279</u>	<u>\$ 1,177,672</u>	<u>\$ 77,825</u>	<u>\$ 326,572</u>	<u>\$ 37,484</u>	<u>\$ 11,914</u>	<u>\$ 9,123</u>	<u>\$ 1,930,217</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, 2018

REVENUES

State Sources	
SDA Grants	\$ 393,288
Local Sources	
Interest Earned on Investments	1,553
Total Revenues	394,841

EXPENDITURES

Other Purchased Professional and Technical Services	41,838
Construction Services	803,393
Total Expenditures	845,231

(Deficiency) of Revenues (under) Expenditures (450,390)

OTHER FINANCING SOURCES (USES)

Transfers In - Withdrawal from Capital Reserve	620,973
Transfers Out - Return Excess Project Funds to Fund 10 (Capital Reserve Funding)	(31,041)
Transfers Out - Return Excess Project Funds to Fund 10 (Capital Lease Funding)	(1,202)
Transfers Out - Interest Earned to General Fund	(1,553)

Total Other Financing Sources (Uses) 587,177

Net Change in Fund Balances 136,787

Fund Balance - July 1 762,987

Fund Balance - June 30 \$ 899,774

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2018 - budgetary- basis	\$ 899,774
GAAP Basis Revenues not recognized	(359,910)
Fund balance, June 30, 2018 - GAAP Basis	\$ 539,864

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, 2018

	<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	\$ (1,202)	\$ 460,798	\$	460,798
Total Revenues	462,000	(1,202)	460,798		460,798
EXPENDITURES AND OTHER FINANCING USES					
Construction Services	460,798		460,798		460,798
Total Expenditures and Other Financing Uses	460,798	-	460,798		460,798
Excess (deficiency) of revenues over (under) expenditures	\$ 1,202	\$ (1,202)	\$ -	\$	-
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				
Reduction of Authorized Cost	\$ (1,202)				
Revised Authorized Cost	\$ 460,798				
Percentage Increase (Decrease) over Original Authorized Cost	-0.26%				
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, 2018

	<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	\$ 509,378	\$ (1,707)	\$ 507,671	\$ 507,671
Transfer from capital reserve	764,066	(2,561)	761,505	761,505
Total Revenues	<u>1,273,444</u>	<u>(4,268)</u>	<u>1,269,176</u>	<u>1,269,176</u>
EXPENDITURES AND OTHER FINANCING USES				
Transfer out				
Other Purchased Professional and Technical Services	83,472		83,472	83,472
Construction Services	1,185,704		1,185,704	1,185,704
Total Expenditures and Other Financing Uses	<u>1,269,176</u>	<u>-</u>	<u>1,269,176</u>	<u>1,269,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,268</u>	<u>\$ (4,268)</u>	<u>\$ -</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			
Reduction of Authorized Cost	\$ (192,424)			
Revised Authorized Cost	\$ 1,269,176			
Percentage Increase (Decrease) over Original Authorized Cost		-13.17%		
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, 2018

	<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	\$ (4,800)	\$ 251,996	\$ 251,996
Transfer from capital reserve	385,194	(7,200)	377,994	377,994
Total Revenues	<u>641,990</u>	<u>(12,000)</u>	<u>629,990</u>	<u>629,990</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	56,962		56,962	56,962
Construction Services	573,028		573,028	573,028
Total Expenditures and Other Financing Uses	<u>629,990</u>	<u>-</u>	<u>629,990</u>	<u>629,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,000</u>	<u>\$ (12,000)</u>	<u>\$ -</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			
Reduction of Authorized Cost	337,610			
Revised Authorized Cost	\$ 629,990			
Percentage Increase (Decrease) over Original Authorized Cost		-34.89%		
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, 2018

	<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	\$ 377,212	\$ (4,950)	\$ 372,262	\$ 372,262
Transfer from capital reserve	565,819	(7,426)	558,393	558,393
Total Revenues	<u>943,031</u>	<u>(12,376)</u>	<u>930,655</u>	<u>930,655</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	53,054	3,252	56,306	56,306
Construction Services	439,470	434,879	874,349	874,349
Total Expenditures and Other Financing Uses	<u>492,524</u>	<u>438,131</u>	<u>930,655</u>	<u>930,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 450,507</u>	<u>\$ (450,507)</u>	<u>\$ -</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			
Reduction of Authorized Cost	66,845			
Revised Authorized Cost	\$ 930,655			
Percentage Increase (Decrease) over Original Authorized Cost		-6.70%		
Percentage Completed		100.00%		
Original Target Completion Date		9/1/17		
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 - HVAC Upgrades
Year Ended June 30, 2018

	<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	\$ 220,865	\$ (9,214)	\$ 211,651	\$ 211,651
Transfer from capital reserve	331,299	(13,821)	317,478	317,478
Total Revenues	<u>552,164</u>	<u>(23,035)</u>	<u>529,129</u>	<u>529,129</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	33,922	2,024	35,946	35,946
Construction Services	260,732	232,451	493,183	493,183
Total Expenditures and Other Financing Uses	<u>294,654</u>	<u>234,475</u>	<u>529,129</u>	<u>529,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 257,510</u>	<u>\$ (257,510)</u>	<u>\$ -</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		
Reduction of Authorized Cost		86,371		
Revised Authorized Cost	\$	529,129		
Percentage Increase (Decrease) over Original Authorized Cost		-14.03%		
Percentage Completed		100.00%		
Original Target Completion Date		9/1/17		
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
William Annin Middle School - Unit Ventilator Replacement
Year Ended June 30, 2018

	<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	\$ 208,142	\$ 222,169	\$	524,640
Transfer from capital reserve	21,041	312,214	333,255		786,960
Total Revenues	35,068	520,356	555,424		1,311,600
EXPENDITURES AND OTHER FINANCING USES					
Other Purchased Professional and Technical Services	13,857	20,627	34,484		117,500
Construction Services		97,583	97,583		1,194,100
Total Expenditures and Other Financing Uses	13,857	118,210	132,067		1,311,600
Excess (deficiency) of revenues over (under) expenditures	\$ 21,211	\$ 402,146	\$ 423,357	\$	-
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		10.07%			
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, 2018

	<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	\$ 205,817	\$ 216,590	\$ 401,720
Transfer from capital reserve	16,159	308,726	324,885	602,580
Total Revenues	<u>26,932</u>	<u>514,543</u>	<u>541,475</u>	<u>1,004,300</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	10,643	15,935	26,578	84,000
Construction Services		38,480	38,480	920,300
Total Expenditures and Other Financing Uses	<u>10,643</u>	<u>54,415</u>	<u>65,058</u>	<u>1,004,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,289</u>	<u>\$ 460,128</u>	<u>\$ 476,417</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		5.42%		
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, 2018

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Years</u>	
Ridge High School - Wellness Center	4/9/2015	\$ 460,798	\$ 460,798		
Liberty Corner E.S. - Unit Ventilator Replacement	12/12/2014	1,269,176	1,269,176		
Liberty Corner E.S. - HVAC Upgrades	12/12/2014	629,990	629,990		
Oak Street E.S. - Unit Ventilator Replacement	12/12/2014	930,655	492,524	\$ 438,131	
Oak Street E.S. - HVAC Upgrades	12/12/2014	529,129	294,654	234,475	
William Annin M.S. - Unit Ventilator Replacement	12/12/2014	555,424	13,857	118,210	\$ 423,357
William Annin M.S. - HVAC Upgrades	12/12/2014	541,475	10,643	54,415	476,417
	Totals	\$ 4,916,647	\$ 3,171,642	\$ 845,231	\$ 899,774
Lease Purchase Agreements		\$ 460,798			
State Grant (SDA)		1,782,339			
Transfer From Capital Reserve		2,673,510			
Total		\$ 4,916,647			

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	<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	\$ 471,673	\$ 6,313	\$ 477,986	\$ 932,370	\$ 458,345	\$ 1,390,715
Accounts Receivable	1,258		1,258			
Total Assets	<u>472,931</u>	<u>6,313</u>	<u>479,244</u>	<u>\$ 932,370</u>	<u>\$ 458,345</u>	<u>\$ 1,390,715</u>
LIABILITIES						
Accounts Payable	1,690		1,690			
Interfund Payable					\$ 1,000	\$ 1,000
Due to Student Groups				\$ 932,370		932,370
Payroll Deductions and Withholdings Payable					457,345	457,345
Total Liabilities	<u>1,690</u>	<u>-</u>	<u>1,690</u>	<u>\$ 932,370</u>	<u>\$ 458,345</u>	<u>\$ 1,390,715</u>
NET POSITION						
Held in Trust for Unemployment Claims	<u>\$ 471,241</u>		471,241			
Held in Trust for Scholarship Awards		<u>\$ 6,313</u>	<u>6,313</u>			
			<u>\$ 477,554</u>			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private- Purpose Scholarship Trust Fund</u>
ADDITIONS		
Contributions:		
Plan Members	\$ 88,530	
Donations		\$ 1,387
Total Additions	<u>88,530</u>	<u>1,387</u>
DEDUCTIONS		
Payment of Unemployment Claims	69,115	
Payment of Scholarship Awards and Other Expenses		<u>2,673</u>
Total Deductions	<u>69,115</u>	<u>2,673</u>
Change in Net Position	19,415	(1,286)
Net Position - Beginning of the Year	<u>451,826</u>	<u>7,599</u>
Net Position - End of the Year	<u>\$ 471,241</u>	<u>\$ 6,313</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 811,883	\$ 2,204,887	\$ 2,084,400	\$ 932,370
Total Assets	<u>\$ 811,883</u>	<u>\$ 2,204,887</u>	<u>\$ 2,084,400</u>	<u>\$ 932,370</u>
LIABILITIES:				
Due to Student Groups	\$ 811,883	\$ 2,204,887	\$ 2,084,400	\$ 932,370
Total Liabilities	<u>\$ 811,883</u>	<u>\$ 2,204,887</u>	<u>\$ 2,084,400</u>	<u>\$ 932,370</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Elementary Schools:				
Liberty Corner	\$ 51,478	\$ 68,352	\$ 69,717	\$ 50,113
Oak Street	19,089	35,179	36,376	17,892
Cedar Hill	90,911	50,791	50,147	91,555
Mount Prospect	10,490	7,207	8,101	9,596
Total Elementary Schools	<u>171,968</u>	<u>161,529</u>	<u>164,341</u>	<u>169,156</u>
Middle School:				
William Annin	<u>67,810</u>	<u>383,500</u>	<u>372,877</u>	<u>78,433</u>
High School:				
Athletic Fund	10,095	116,519	110,871	15,743
Performing Arts	29,678	158,924	159,543	29,059
Ridge High School	532,332	1,384,415	1,276,768	639,979
Total High School	<u>572,105</u>	<u>1,659,858</u>	<u>1,547,182</u>	<u>684,781</u>
Totals	<u>\$ 811,883</u>	<u>\$ 2,204,887</u>	<u>\$ 2,084,400</u>	<u>\$ 932,370</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 447,892	\$ 63,062,504	\$ 63,052,051	\$ 458,345
Total Assets	<u>\$ 447,892</u>	<u>\$ 63,062,504</u>	<u>\$ 63,052,051</u>	<u>\$ 458,345</u>
LIABILITIES:				
Interfund Payable	\$ 16,950	\$ 1,000	\$ 16,950	\$ 1,000
Payroll Deductions and Withholdings Payable	<u>430,942</u>	<u>63,061,504</u>	<u>63,035,101</u>	<u>457,345</u>
Total Liabilities	<u>\$ 447,892</u>	<u>\$ 63,062,504</u>	<u>\$ 63,052,051</u>	<u>\$ 458,345</u>

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2018

<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, 2017</u>	<u>Paid</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	5/22/12	\$ 9,700,000	07/15/18	\$ 70,000	3.000 %	\$ 9,295,000	\$ 65,000	\$ 9,230,000
			07/15/19	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			
07/15/19	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	01/01/19	2,605,000	4.000	16,770,000	2,500,000	14,270,000
			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	8,435,000		8,435,000
			07/15/30	5,220,000	3.000			
						<u>\$ 63,320,000</u>	<u>\$ 2,940,000</u>	<u>\$ 60,380,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2018

<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, 2017</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Principal</u>	<u>Interest</u>					
2015 Savin Copiers - Various Schools	11/30/2014	5 Years	\$ 139,065	\$ 13,545	5.34 %	\$ 68,115		\$ 28,471	\$ 39,644
2015 Construction Projects - Wellness Center and Turf Field	4/20/2015	5 Years	763,200	40,472	1.90	466,917		152,580	314,337
2016 Copiers - Oak Street	5/1/2016	5 Years	40,097	6,335	5.93	31,773		7,607	24,166
2016 Copiers - Ridge High School	12/1/2015	5 Years	11,278	1,579	6.62	8,023		2,200	5,823
2017 - Various IT Equipment	7/1/2016	5 Years	1,143,000	45,468	1.47	920,740		224,205	696,535
2018 - Copiers - Various Schools	7/25/2017	5 Years	92,391	9,609	3.90		\$ 92,391	17,046	75,345
2018 - Copiers - Various Schools	10/28/2017	5 Years	44,384	4,936	4.23		44,384	6,075	38,309
						<u>\$ 1,495,568</u>	<u>\$ 136,775</u>	<u>\$ 438,184</u>	<u>\$ 1,194,159</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,102,268		\$ 5,102,268	\$ 5,102,268	
Miscellaneous Income				1,380	\$ 1,380
Total Local Source Revenues	5,102,268		5,102,268	5,103,648	1,380
State Sources-Debt Service Aid	264,020		264,020	264,020	
Total Revenues	5,366,288		5,366,288	5,367,668	1,380
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,940,000		2,940,000	2,940,000	
Interest on Bonds	2,426,288		2,426,288	2,426,288	
Total Expenditures	5,366,288	-	5,366,288	5,366,288	-
Excess of Revenues Over Expenditures	-	-	-	1,380	1,380
Fund Balance, July 1	1,802	-	1,802	1,802	-
Fund Balance, June 30	\$ 1,802	\$ -	\$ 1,802	\$ 3,182	\$ 1,380

**Statistical Section
(Unaudited)**

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 19,080,016
Restricted	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	19,510,590
Unrestricted (deficit)	<u>1,375,005</u>	<u>1,835,740</u>	<u>4,284,762</u>	<u>2,547,097</u>	<u>1,235,960</u>	<u>2,024,611</u>	<u>(19,437,972)</u>	<u>(20,748,365)</u>	<u>(23,954,718)</u>	<u>(24,339,529)</u>
Total Governmental Activities Net Position	<u>\$ 9,306,016</u>	<u>\$ 10,121,168</u>	<u>\$ 12,450,290</u>	<u>\$ 15,023,465</u>	<u>\$ 19,396,089</u>	<u>\$ 22,456,879</u>	<u>\$ 5,281,869</u>	<u>\$ 9,328,124</u>	<u>\$ 11,998,208</u>	<u>\$ 14,251,077</u>
Business-type Activities:										
Investment in Capital Assets	\$ 52,700	\$ 54,958	\$ 56,950	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521	\$ 132,771	\$ 124,511	\$ 103,854
Unrestricted	<u>407,256</u>	<u>737,189</u>	<u>951,881</u>	<u>918,635</u>	<u>874,073</u>	<u>1,041,476</u>	<u>1,114,668</u>	<u>1,319,034</u>	<u>1,718,909</u>	<u>1,939,293</u>
Total Business-type Activities Net Position	<u>\$ 459,956</u>	<u>\$ 792,147</u>	<u>\$ 1,008,831</u>	<u>\$ 983,194</u>	<u>\$ 946,339</u>	<u>\$ 1,103,998</u>	<u>\$ 1,176,189</u>	<u>\$ 1,451,805</u>	<u>\$ 1,843,420</u>	<u>\$ 2,043,147</u>
Government-wide:										
Net Investment in Capital Assets	\$ 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	\$ 19,183,870
Restricted	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	19,510,590
Unrestricted (deficit)	<u>1,782,261</u>	<u>2,572,929</u>	<u>5,236,643</u>	<u>3,465,732</u>	<u>2,110,033</u>	<u>3,066,087</u>	<u>(18,323,304)</u>	<u>(19,429,331)</u>	<u>(22,235,809)</u>	<u>(22,400,236)</u>
Total Government-Wide Net Position	<u>\$ 9,765,972</u>	<u>\$ 10,913,315</u>	<u>\$ 13,459,121</u>	<u>\$ 16,006,659</u>	<u>\$ 20,342,428</u>	<u>\$ 23,560,877</u>	<u>\$ 6,458,058</u>	<u>\$ 10,779,929</u>	<u>\$ 13,841,628</u>	<u>\$ 16,294,224</u>

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,									
	2009	2010	2011	2011	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 53,242,764
Special Education Instruction	11,539,915	13,146,006	12,209,009	12,941,908	15,643,646	16,458,289	19,374,066	20,646,861	22,529,787	23,778,056
Other Special Instruction	1,280,227	1,753,775	1,711,885	1,684,511	2,005,530	1,429,424	1,958,334	2,331,613	2,820,956	3,183,051
Other Instruction	1,963,708	1,668,722	1,669,936	1,813,227	1,945,703	2,560,784	2,336,349	2,110,012	2,307,572	2,602,853
Support Services:										
Tuition	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	2,285,833
Related Services	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	20,048,518
General Administration Services	1,101,854	1,078,925	986,457	1,036,011	877,443	956,971	914,351	1,224,933	1,316,991	1,437,136
School Administration Services	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	6,616,137
Central Services	641,946	692,996	706,896	734,577	845,125	966,214	958,597	955,062	978,363	1,067,485
Administrative Information Technology	669,800	754,135	772,235	771,620	800,194	813,294	839,648	888,132	982,707	1,159,516
Plant Operations and Maintenance	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	6,576,526
Pupil Transportation	5,049,825	4,112,652	4,972,228	5,275,700	5,445,939	5,399,062	5,346,667	5,506,213	5,346,333	5,853,470
Interest and other charges on Long-Term Debt	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	2,152,262
Total Governmental Activities Expenses	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	130,003,607
Business-type Activities:										
Food Service										
After School Enrichment	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	2,094,777
Project Jump Start	210,271	258,311	204,180	162,681	139,716	116,740	102,696	115,744	110,284	125,212
Before and After School Care	76,115	91,640	82,501	98,082	85,069	90,065	90,088	90,703	82,248	119,029
	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	1,310,275
Total Business-type Activities Expense	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	3,649,393
Total District Expenses	\$ 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	\$ 133,653,000
Program Revenues										
Governmental Activities:										
Changes for Services:										
Instruction (Tuition)	\$ 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	\$ 1,323,962
Pupil Transportation	235,341	272,498	229,278	222,716	223,270	231,752	240,193	237,288	225,237	207,025
Operating Grants and Contributions	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	1,837,957
Capital Grants and Contributions	145,287	-	1,765	-	3,226	455,123	393,512	886,147	696,634	338,092
Total Governmental Activities Program Revenues	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	3,707,036
Business-type Activities:										
Changes for Services:										
Food Service	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	2,246,569
After School Enrichment	216,580	233,410	186,759	171,084	153,863	127,127	126,920	123,030	116,747	122,995
Project Jump Start	119,946	112,687	112,105	106,760	105,189	109,857	105,007	86,250	86,450	139,100
Before and After School Care	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	1,340,456
Operating Grants and Contributions	118,668	119,882	134,876	124,916	100,101	132,132	120,253	79,707	-	-
Total Business-type Activities Program Revenues	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	3,849,120
Total District Program Revenues	\$ 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	\$ 7,556,156
Net (Expense) Revenue										
Governmental Activities										
	\$ (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)	\$ (126,296,571)
Business-type Activities										
	186,238	332,191	216,684	(25,637)	(49,403)	157,659	72,191	275,616	391,615	199,727
Total Government-wide Net Expense	\$ (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)	\$ (126,096,844)

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

	Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 83,751,501
Taxes Levied for Debt Service	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	5,102,268
Unrestricted Grants and Contributions	12,539,127	10,864,349	8,622,247	11,210,045	13,446,943	13,192,149	23,047,087	27,345,345	35,255,841	39,315,637
Investment Earnings	129,895	63,067	42,182	13,873	8,805	8,162	8,333	8,413	8,240	91,958
Miscellaneous Income	231,600	267,986	154,079	421,748	474,894	476,605	735,725	736,630	389,550	288,076
Total Governmental Activities	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	128,549,440
Business-type Activities:										
Miscellaneous Income	-	-	-	-	12,548	-	-	-	-	-
Total Business-type Activities	-	-	-	-	12,548	-	-	-	-	-
Total Government-wide	\$ 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	\$ 128,549,440
Change in Net Position										
Governmental Activities	\$ 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	\$ 2,252,869
Business-type Activities	186,238	332,191	216,684	(25,637)	(36,855)	157,659	72,191	275,616	391,615	199,727
Total District	\$ 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	\$ 2,452,596

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.

GASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

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

	June 30,									
	<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>2018</u>
General Fund:										
Reserved	\$ 3,192,027	\$ 3,985,240								
Unreserved	3,156,914	3,265,329								
Restricted			\$ 3,333,862	\$ 7,480,823	\$ 11,574,851	\$ 13,089,585	\$ 14,017,605	\$ 15,719,627	\$ 18,558,587	\$ 18,970,726
Assigned			4,793,453	2,471,993	695,042	1,039,137	953,179	315,469	40,462	620,982
Unassigned			1,714,905	1,880,382	1,913,623	2,396,534	2,347,624	2,404,541	2,316,967	2,546,788
Total General Fund	<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>	<u>\$ 22,138,496</u>
All Other Governmental Funds:										
Reserved	\$ 4,000									
Unreserved, Reported In:										
Capital Projects Fund ^a	563,549	\$ 563,549								
Restricted for:										
Capital Projects Fund ^a			\$ 565,314	\$ 565,314	\$ 568,540	\$ 148,540	\$ 1,664,801	\$ 620,202	\$ 458,273	\$ 539,864
Debt Service Fund			1	1,399	45,263	286,069	36,069	1,802	3,182	
Total All Other Governmental Funds	<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>	<u>\$ 543,046</u>

Source: District CAFR B-1

^a The substantial increases and decreases in the Capital Projects Fund fund balance are due to construction related 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 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	\$ 88,853,769
Tuition Charges	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	1,323,962
Interest Earnings	129,895	63,067	42,182	13,873	8,805	8,162	48,001	8,413	8,240	91,958
Miscellaneous	565,167	632,321	514,882	782,344	771,371	757,915	1,248,876	1,123,675	847,989	541,400
State Sources	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	19,962,090
Federal Sources	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	1,562,588
Total Revenues	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	112,335,767
Expenditures										
Instruction:										
Regular Instruction	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	28,354,341
Special Education Instruction	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	13,571,968
Other Special Instruction	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	1,633,136
School-sponsored/Other Instructional	1,542,525	1,275,094	1,290,187	1,405,440	1,493,450	1,924,663	1,517,476	1,514,095	1,575,741	1,667,585
Support Services:										
Tuition	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	2,275,487
Student and Instruction Related Services	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	12,332,102
General Administrative Services	977,098	926,229	832,971	888,616	750,997	821,333	778,801	963,463	1,003,733	1,094,848
School Administrative Services	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	3,644,988
Central Services	501,705	516,161	532,298	558,173	632,848	728,026	696,289	675,431	652,085	696,564
Admin. Information Technology	511,976	550,664	571,542	578,041	606,420	625,303	648,290	661,173	709,508	768,126
Plant Operations and Maintenance	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	6,211,074
Pupil Transportation	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	5,645,226
Employee Benefits	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	26,067,479
Charter Schools			9,765	9,765	19,750	20,373	20,589	20,687	12,009	10,346
Capital Outlay	4,270,907	315,596	860,359	425,472	1,468,161	735,665	3,123,933	3,310,221	3,468,645	1,429,848
Cost of issuance				107,095	176,244	171,194	84,661	112,906		
Debt Service:										
Principal	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	3,316,784
Interest and Other Charges	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	2,447,189
Total Expenditures	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	111,167,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,358,429)	897,628	2,384,337	1,788,692	2,166,710	1,991,352	442,873	(123,720)	1,173,252	1,168,676
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)			209,080	96,589			1,531,879	51,375	1,143,000	136,775
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	38,787	209	82	137	254	420,000	1,717,801	2,468,243	883,897	654,769
Transfers Out	(38,787)	(209)	(82)	(137)	(254)	(420,000)	(1,717,801)	(2,468,243)	(883,897)	(654,769)
Total Other Financing Sources (Uses)	-	-	209,080	203,684	230,698	171,194	1,616,540	164,281	1,143,000	136,775
Net Change in Fund Balances	\$ (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	\$ 1,305,451
Debt service as a percentage of noncapital expenditures	7.16%	6.57%	6.82%	6.58%	6.33%	5.73%	5.65%	6.34%	5.34%	5.25%
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>
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
2018	207,025	140,023	22,890	123,783	493,721

Source: District Records

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

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities ^a</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate ^b</u>
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
2018	16,232,700	5,976,650,700	30,782,900	292,000	765,478,300	2,052,200	8,626,800	6,800,115,600	7,863,361	6,807,978,961	6,807,978,961	1.317

Source: Municipal Tax Assessor

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

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

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Bernards Township	Somerset County	
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
2018	1.242	0.075	1.317	0.327	0.361	2.005

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

	2018			2009		
	<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	\$ 197,118,192	1	2.90%			
Fellowship Village, Inc.	52,113,200	2	0.77%	\$ 54,049,300	2	0.76%
Mt Airy Investors LLC	52,053,000	3	0.77%			
AREP Westgate I, LLC	32,272,700	4	0.47%			
Verizon Corporate Services Group Inc.	25,948,700	5	0.38%	222,106,300	1	3.11%
Ashford Basking Ridge LP	23,500,000	6	0.35%	29,280,000	8	0.41%
131 Morristown Road	23,132,300	7	0.34%	35,559,200	5	0.50%
110 Allen Rd LLC	22,195,900	8	0.33%			
120 Mountainview LLC	20,732,800	9	0.30%			
150 Allen Road LLC	20,088,500	10	0.30%			
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%
KBSII Mountainview, LLC				24,743,100	9	0.35%
Realty Assoc Fund VII, LP				24,742,200	10	0.35%
Total	\$ 469,155,292		6.91%	\$ 542,194,300		7.60%

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	
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	77,334,426	90.22%	*
2017	87,393,756	87,393,756	100.00%	
2018	88,853,769	88,853,769	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.

* The Township remitted the first quarter payment of the 2016 tax levy early, in the prior fiscal 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				
2009	\$ 86,590,000	\$ 21,242	\$ 86,611,242	4.78%	\$ 69,579	
2010	84,650,000	869	84,650,869	4.55%	69,610	
2011	82,575,000	178,670	82,753,670	4.29%	71,919	
2012	81,455,000	231,913	81,686,913	4.01%	75,678	
2013	78,170,000	173,261	78,343,261	3.68%	78,762	
2014	73,455,000	111,271	73,566,271	3.29%	82,666	
2015	70,365,000	1,242,640	71,607,640	3.01%	87,930	
2016	66,430,000	777,482	67,207,482	2.75%	90,268	
2017	63,320,000	1,495,568	64,815,568	Not Available	Not Available	
2018	60,380,000	1,194,159	61,574,159	Not Available	Not Available	

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation <u>Bonds</u>	<u>Deductions</u>	Net General Bonded Debt <u>Outstanding</u>		
2009	\$ 86,590,000		\$ 86,590,000	1.27%	\$ 69,579
2010	84,650,000		84,650,000	1.32%	69,610
2011	82,575,000		82,575,000	1.29%	71,919
2012	81,455,000		81,455,000	1.29%	75,678
2013	78,170,000		78,170,000	1.22%	78,762
2014	73,455,000		73,455,000	1.11%	82,666
2015	70,365,000		70,365,000	1.03%	87,930
2016	66,430,000		66,430,000	0.97%	90,268
2017	63,320,000	\$ 1,802	63,318,198	0.93%	Not Available
2018	60,380,000	3,182	60,376,818	0.89%	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, 2018
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>61,574,159</u>
Total Direct and Overlapping Debt			<u><u>\$ 88,269,615</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 2018

	<u>Year</u>	<u>Equalized Valuation Basis</u>
	2018	\$ 6,807,978,961
	2017	6,971,301,442
	2016	<u>6,976,129,429</u>
		<u>\$ 20,755,409,832</u>
Average Equalized Valuation of Taxable Property		<u>\$ 6,918,469,944</u>
Debt Limit (4% of Average Equalization Value)		<u>\$ 276,738,798</u> *
Total Net Debt Applicable to Limit		<u>60,376,818</u>
Legal Debt Margin		<u>\$ 216,361,980</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>2018</u>
Debt Limit	\$ 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	\$ 276,738,798
Total Net Debt Applicable to Limit	<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>	<u>60,376,818</u>
Legal Debt Margin	<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>	<u>\$ 216,361,980</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.29%	29.11%	29.12%	29.26%	28.44%	26.90%	25.90%	23.96%	22.78%	21.82%

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

* 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
2009	26,034	\$ 1,811,419,686	\$ 69,579	5.90%
2010	26,738	1,861,232,180	69,610	5.90%
2011	26,834	1,929,874,446	71,919	5.50%
2012	26,946	2,039,219,388	75,678	5.80%
2013	27,023	2,128,385,526	78,762	4.80%
2014	27,072	2,237,933,952	82,666	4.40%
2015	27,026	2,376,396,180	87,930	3.50%
2016	27,034	2,440,305,112	90,268	3.70%
2017	27,061	Not Available	Not Available	3.30%
2018	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**

	2018		2009	
<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>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>2018</u>
Teachers - General Fund	482.6	469.8	442.8	440.6	450.0	467.0	482.7	490.1	489.0	488.2
Classroom Aides - General Fund	116.5	123.0	96.5	109.0	120.0	116.8	122.3	119.5	128.2	129.6
Athletic	-	-	-	-	-	2.0	2.0	2.0	2.0	2.0
Health Services	11.9	11.9	11.0	11.0	10.0	10.0	12.0	12.5	12.6	13.0
Related Services	12.0	11.6	11.6	12.0	13.0	13.5	13.5	13.0	13.0	16.0
Extraordinary Services	5.2	6.0	8.4	11.0	9.0	9.5	7.6	9.0	10.0	8.0
Guidance - Professional	22.0	20.2	19.2	21.2	21.0	20.2	20.0	20.7	21.0	21.0
Guidance - Support	7.0	6.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0	8.0
Child Study Team	17.2	17.2	16.4	17.8	21.0	20.8	21.6	23.0	21.6	22.0
Child Study Team - Support	2.0	2.0	2.0	2.0	6.0	5.0	5.0	5.0	5.0	5.0
Supervisors and Other Professionals	4.6	4.0	3.5	9.8	5.0	4.5	4.5	5.5	5.5	6.0
Improvement of Instruction - Support	2.0	3.0	2.0	4.0	3.0	2.0	3.0	2.0	3.0	3.0
Media Services/Technology	14.0	13.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0	10.0
Professional Development - Professionals	5.5	5.5	5.0	5.5	-	-	-	-	-	-
Professional Development - Support	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
General District Administrators	-	-	-	-	3.0	5.0	5.5	9.0	8.5	9.0
General Administration - Professional	1.5	1.5	1.5	2.5	3.0	2.0	2.0	2.0	1.0	1.0
General Administration - Support	1.0	1.0	1.0	-	6.0	0.5	1.0	-	-	-
Principals/Assistant Professionals	16.0	17.0	17.0	16.0	17.0	17.0	17.0	17.0	17.0	17.0
School Administration - Support	19.0	18.0	19.0	21.0	19.0	19.0	19.0	19.0	19.0	19.5
Central Services - Administrators	1.0	1.0	1.0	7.0	1.0	7.5	9.0	6.0	6.0	6.0
Central Services - Support	5.6	5.6	4.6	-	-	-	-	-	-	-
Administration Information Technology Services	9.0	9.0	8.0	9.0	11.0	9.5	9.0	9.0	9.0	10.0
Operation and Maintenance	-	-	-	-	-	2.0	3.0	2.0	2.0	3.0
Support Staff - Special Revenue	3.0	3.0	3.0	6.0	-	-	-	-	-	-
Total	764.6	755.3	696.5	728.4	741.0	757.9	780.8	788.2	795.4	801.3

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				
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%
2018	5,410	103,973,270	19,219	7.58%	488	9.6	9.5	10.7	5,423	5,142	-1.92%	94.82%

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>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>2018</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	59,500	68,022	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	614	624	607	604	593	612	610	601	592	594
Liberty Corner Elementary School										
Square Feet	82,200	82,240	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	608	575	561	570	598	581	556	531	545	536
Mount Prospect Elementary School										
Square Feet	87,000	97,708	97,708	97,708	97,708	97,708	103,440	103,440	103,440	103,440
Capacity (students)	625	839	839	839	839	839	839	839	839	839
Enrollment	780	761	719	715	707	680	672	651	611	571
Oak Street Elementary School										
Square Feet	65,470	69,272	69,272	69,272	69,272	69,272	75,927	75,927	75,927	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	607	623	627	636	607	616	579	550	513	488
<u>Middle School:</u>										
William Annin Middle School										
Square Feet	146,000	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,460	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,348	1,399	1,433	1,406	1,405	1,366	1,382	1,396	1,359	1,341
<u>High School:</u>										
Ridge High School										
Square Feet	209,500	297,158	297,158	297,158	297,158	297,158	312,939	312,939	312,939	312,939
Capacity (students)	1,831	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,695	1,715	1,724	1,774	1,815	1,865	1,878	1,897	1,901	1,877
<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, 2018:										
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 Annin 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>
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
2018	790,076	378,896	159,328	200,454	233,151	179,617	1,941,522
Total School Facilities	<u>\$ 7,726,929</u>	<u>\$ 4,298,892</u>	<u>\$ 1,779,712</u>	<u>\$ 2,195,025</u>	<u>\$ 2,640,648</u>	<u>\$ 1,894,913</u>	<u>\$ 18,594,597</u>

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

Source: District Records

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Insurance Schedule
June 30, 2018

School Package Policy - NJSBAIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$183,885,973	\$5,000
Electronic Data Processing	1,600,000	1,000
Boiler and Machinery	100,000,000	5,000
Crime	1,000,000	1,000
Comprehensive General Liability	11,000,000	-
Automobile	11,000,000	1,000
Commercial Excess	Included	-
Workers' Compensation	2,000,000	-
School Leaders Errors and Omissions	11,000,000	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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 24, 2019.

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.

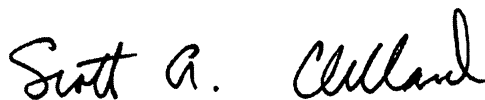
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
January 24, 2019

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, 2018. 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 opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

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 a 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
January 24, 2019

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAJN Number	Program or Award Amount	Grant Period		Balance at June 30, 2017	Cash Received	Budgetary Expenditures	(Accounts Receivable) June 30, 2018	Unearned Revenue June 30, 2018	Due to Grantor at June 30, 2018
				From	To						
U.S. Department of Health and Human Services											
Pass-Through State Department of Education											
General Fund:											
Medical Assistance Program - SEMI	93.778	1805NJSMAP	\$ 10,278	07/01/17	06/30/18		\$ 10,278	\$ 10,278			
Total General Fund							10,278	10,278			
U.S. Department of Education											
Passed-through State Department of Education											
Special Revenue Fund:											
Title II - Part A	84.367A	S367A160029	60,855	07/01/16	06/30/17	\$ (13,297)	13,297				
Title II - Part A	84.367A	S367A170029	74,013	07/01/17	06/30/18		26,591	37,484	\$ (10,893)		
Language Instruction for English Learners and Immigrant Students:											
Title III	84.365	S365A160030	22,942	07/01/16	06/30/17	(1,414)	1,414				
Title III	84.365	S365A170030	25,949	07/01/17	06/30/18		8,431	11,914	(3,483)		
Title III Immigrant	84.365	S365A160030	16,200	07/01/16	06/30/17	(2,871)	2,871				
Title III Immigrant	84.365	S365A170030	15,846	07/01/17	06/30/18		4,470	9,123	(4,653)		
Subtotal Language Instruction for English Learners and Immigrant Students						(4,285)	17,186	21,037	(8,136)		
Title I, Part A	84.010	S010A160030	327,144	07/01/16	06/30/17	(12,715)	12,715				
Title I, Part A	84.010	S010A170030	370,494	07/01/17	06/30/18		161,933	326,572	(164,639)		
Special Education Grant Cluster:											
I.D.E.A., Part B, Basic	84.027	H027A160100	1,239,193	07/01/16	06/30/17	(258,073)	258,073				
I.D.E.A., Part B, Basic	84.027	H027A170100	1,215,469	07/01/17	06/30/18		795,501	1,177,672	(382,171)		
I.D.E.A., Part B, Preschool	84.173	H173A170114	85,598	07/01/17	06/30/18		19,804	77,825	(58,021)		
Subtotal of Special Education Grant Cluster						(258,073)	1,073,378	1,255,497	(440,192)		
Total Special Revenue Fund						(288,370)	1,305,100	1,640,590	(623,860)	-	-
Total Expenditures of Federal Awards						\$ (288,370)	\$ 1,315,378	\$ 1,650,868	\$ (623,860)	\$ -	\$ -

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, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017				Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received			(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Special Education Aid	17-495-034-5120-089	\$ 2,538,589	7/1/2016	6/30/2017	\$ (251,634)			\$ 251,634						
Special Education Aid	18-495-034-5120-089	2,797,493	7/1/2017	6/30/2018				2,523,137	\$ 2,797,493			\$ (274,356)	\$ 2,797,493	
Security Aid	17-495-034-5120-084	101,447	7/1/2016	6/30/2017	(10,056)			10,056						
Security Aid	18-495-034-5120-084	101,447	7/1/2017	6/30/2018				91,498	101,447			(9,949)	101,447	
Transportation Aid	17-495-034-5120-014	443,670	7/1/2016	6/30/2017	(43,978)			43,978						
Transportation Aid	18-495-034-5120-014	443,670	7/1/2017	6/30/2018				400,158	443,670			(43,512)	443,670	
PARCC Readiness Aid	17-495-034-5120-098	57,590	7/1/2016	6/30/2017	(5,709)			5,709						
PARCC Readiness Aid	18-495-034-5120-098	57,590	7/1/2017	6/30/2018				51,942	57,590			(5,648)	57,590	
Per Pupil Growth Aid	17-495-034-5120-097	57,590	7/1/2016	6/30/2017	(5,709)			5,709						
Per Pupil Growth Aid	18-495-034-5120-097	57,590	7/1/2017	6/30/2018				51,942	57,590			(5,648)	57,590	
Professional Learning Community Aid	17-495-034-5120-101	56,390	7/1/2016	6/30/2017	(5,590)			5,590						
Professional Learning Community Aid	18-495-034-5120-101	56,390	7/1/2017	6/30/2018				50,860	56,390			(5,530)	56,390	
Extraordinary Aid	17-100-034-5120-473	2,526,555	7/1/2016	6/30/2017	(2,526,555)			2,526,555						
Extraordinary Aid	18-100-034-5120-473	2,692,045	7/1/2017	6/30/2018				2,692,045		\$ (2,692,045)			2,692,045	
Nonpublic School Transportation Costs	n/a	64,206	7/1/2016	6/30/2017	(64,206)			64,206						
Nonpublic School Transportation Costs	n/a	84,390	7/1/2017	6/30/2018				84,390		(84,390)			84,390	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	3,063,583	7/1/2017	6/30/2018				2,913,509	3,063,583		(150,074)		3,063,583	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	2,976,387	7/1/2016	6/30/2017	(146,207)			146,207						
On-Behalf Teachers' Pension and Annuity Fund	18-495-034-5094-002	5,941,751	7/1/2017	6/30/2018				5,941,751	5,941,751				5,941,751	
On-Behalf-Teachers' Pension and Annuity Fund - Post Retirement Medical	18-495-034-5094-001	3,837,651	7/1/2017	6/30/2018				3,837,651	3,837,651				3,837,651	
On-Behalf-Teachers' Pension & Annuity Fund - Non-contributory Insurance	18-495-034-5094-004	8,997	7/1/2017	6/30/2018				8,997	8,997				8,997	
Total General Fund					(3,059,644)	-	-	18,931,089	19,142,597	-	(2,926,509)	-	(344,643)	19,142,597
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	17-100-034-5120-064	24,440	7/1/2016	6/30/2017			\$ 2,547			\$ 2,547				
Textbook Aid	18-100-034-5120-064	23,885	7/1/2017	6/30/2018				23,885	23,559		\$ 326		23,559	
Nursing Services	17-100-034-5120-070	38,160	7/1/2016	6/30/2017				7,310						
Nursing Services	18-100-034-5120-070	42,292	7/1/2017	6/30/2018				42,292	32,969			9,323	32,969	
Technology	17-100-034-5120-373	11,024	7/1/2016	6/30/2017			849			849				
Technology	18-100-034-5120-373	16,132	7/1/2017	6/30/2018				16,132	11,525			4,607	11,525	
Security	17-100-034-5120-509	21,200	7/1/2016	6/30/2017			5,852			5,852				
Security	18-100-034-5120-509	32,700	7/1/2017	6/30/2018				32,700	23,738			8,962	23,738	
Auxiliary Services:														
Home Instruction	17-000-034-5120-067	385	7/1/2016	6/30/2017	(385)			385						
Home Instruction	18-000-034-5120-067	4,223	7/1/2017	6/30/2018				4,223		(4,223)			4,223	
English as a Second Language	17-100-034-5120-067	9,409	7/1/2016	6/30/2017			639			639				
English as a Second Language	18-100-034-5120-067	8,762	7/1/2017	6/30/2018				8,762	7,859			903	7,859	
Compensatory Education	17-100-034-5120-067	53,121	7/1/2016	6/30/2017			13,975			13,975				
Compensatory Education	18-100-034-5120-067	59,264	7/1/2017	6/30/2018				59,264	53,591			5,673	53,591	
Handicapped Services:														
Supplemental Instruction	17-100-034-5120-066	24,326	7/1/2016	6/30/2017			7,298			7,298				
Supplemental Instruction	18-100-034-5120-066	23,710	7/1/2017	6/30/2018				23,710	22,836			874	22,836	
Examination and Classification	17-100-034-5120-066	58,338	7/1/2016	6/30/2017			2,521			2,521				
Examination and Classification	18-100-034-5120-066	43,502	7/1/2017	6/30/2018				43,502	39,317			4,185	39,317	
Corrective Speech	17-100-034-5120-066	57,428	7/1/2016	6/30/2017			38,079			38,079				
Corrective Speech	18-100-034-5120-066	41,069	7/1/2017	6/30/2018				41,069	19,731			21,338	19,731	
Total Special Revenue Fund					(385)	-	79,070	291,701	239,348	79,070	(4,223)	56,191	-	239,348
NJSDA Grants:														
Capital Projects Fund:														
Liberty Corner E.S. - Unit Ventilator Replacement	0350-080-14-G2OD	507,671	12/12/2014	Completion	(23,762)			23,762						507,671
Liberty Corner E.S. - HVAC Upgrades	0350-080-14-G2OE	251,996	12/12/2014	Completion	(8,040)			8,040						251,996
Oak Street E.S. - Unit Ventilator Replacement	0350-060-14-G2NZ	372,262	12/12/2014	Completion	(157,110)			261,870	175,252		(70,492)	(70,492)	372,262	
Oak Street E.S. - HVAC Upgrades	0350-060-14-G2OA	211,651	12/12/2014	Completion	(93,241)			152,072	93,790		(34,959)	(34,959)	211,651	
WAMS - Unit Ventilator Replacement	0350-050-14-G2NX	524,640	12/12/2014	Completion	(5,543)			47,284	47,284		(52,827)	(222,170)	52,827	
WAMS - HVAC Upgrades	0350-050-14-G2NW	401,720	12/12/2014	Completion	(4,257)			21,766			(26,023)	(216,590)	26,023	
Total Capital Projects Fund					(291,953)	-	-	445,744	338,092	-	(184,301)	-	(544,211)	1,422,430

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017					Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Debt Service Fund: Debt Service Aid	18-495-034-5120-075	\$ 264,020	7/1/2017	6/30/2018				\$ 264,020	\$ 264,020					\$ 264,020
Total Debt Service Fund					-	-	-	264,020	264,020	-	-	-	-	264,020
Total Expenditures of State Financial Assistance					<u>\$ (3,351,982)</u>	<u>\$ -</u>	<u>\$ 79,070</u>	<u>\$ 19,932,554</u>	<u>\$ 19,984,057</u>	<u>\$ 79,070</u>	<u>\$ (3,115,033)</u>	<u>\$ 56,191</u>	<u>\$ (888,854)</u>	<u>\$ 21,068,395</u>
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	18-495-034-5094-002	5,941,751	7/1/2017	6/30/2018				\$ 5,941,751	\$ 5,941,751					\$ 5,941,751
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	18-495-034-5094-001	3,837,651	7/1/2017	6/30/2018				3,837,651	3,837,651					3,837,651
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	18-495-034-5094-004	8,997	7/1/2017	6/30/2018				8,997	8,997					8,997
Total On-Behalf State Financial Assistance					-	-	-	9,788,399	9,788,399	-	-	-	-	9,788,399
Total State Financial Assistance Subject to Single Audit Determination					<u>\$ (3,351,982)</u>	<u>\$ -</u>	<u>\$ 79,070</u>	<u>\$ 10,144,155</u>	<u>\$ 10,195,658</u>	<u>\$ 79,070</u>	<u>\$ (3,115,033)</u>	<u>\$ 56,191</u>	<u>\$ (888,854)</u>	<u>\$ 11,279,996</u>

Township of Bernards Board of Education

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Year ended June 30, 2018

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 District'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, 2018

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 \$21,967 for the general fund and \$92,260 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	\$10,278	\$ 19,120,630	\$19,130,908
Special Revenue Fund	1,552,310	239,348	1,791,658
Capital Projects Fund		338,092	338,092
Debt Service Fund		264,020	264,020
Total financial award revenues	<u>\$ 1,562,588</u>	<u>\$19,962,090</u>	<u>\$21,524,678</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$88,280 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

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, 2018

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, 2018.

The post retirement pension medical benefits and long-term disability received on-behalf of the District for the year ended June 30, 2018 amounted to \$9,788,399. Since on-behalf post retirement pension medical and other long-term disability 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, 2018

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	H027A170100	IDEA Part B, Basic (Special Education Cluster)
84.173	H173A170114	IDEA Part B, Preschool (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, 2018

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, 2018

**Part III - Schedule of Federal Award and State Financial Assistance
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, 2018

Not Applicable