

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, 2019*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

Prepared by

Business Office

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION – Other Information	
Letter of Transmittal	1
Organizational Chart	9
Roster of Officials	10
Independent Auditors and Advisors	11
FINANCIAL SECTION	
Independent Auditors' Report	12
Required Supplementary Information – Part I	
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	32
B-6 Statement of Cash Flows	33
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Notes to the Basic Financial Statements	36
Required Supplementary Information – Part II	
Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)	77
L-2 Schedule of District Pension Contributions – Public Employee’s Retirement System (PERS)	78
L-3 Schedule of the State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)	79
Schedule Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 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)	80
Notes to Required Supplementary Information	81
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary Basis)	82
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)– Not Applicable	N/A
C-1b Community Development Block Grant Program - Budget and Actual (Budgetary Basis) – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary Basis)	88
C-3 Note to Required Supplementary Information - Budget to GAAP Reconciliation	89
Supplementary Information	
D School Based Budget Schedules - Not Applicable	N/A

Table of Contents (continued)

FINANCIAL SECTION (continued)	<u>Page</u>
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	90
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	N/A
Capital Projects Fund:	
F-1 Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis	92
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - William Annin Middle School - Unit Ventilator Replacement	93
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - William Annin Middle School - HVAC Upgrades	94
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - William Annin Middle School - Curtain Wall Upgrades	95
F-2 Summary Schedule of Project Expenditures – Budgetary Basis	96
Enterprise Fund:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	N/A
G-3 Combining Schedule of Cash Flows – Not Applicable	N/A
Internal Service Fund:	
G-4 Statement of Net Position – Not Applicable	N/A
G-5 Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	N/A
G-6 Statement of Cash Flows – Not Applicable	N/A
Fiduciary Fund:	
H-1 Combining Statement of Fiduciary Net Position	97
H-2 Combining Statement of Changes in Fiduciary Net Position	98
H-3 Schedule of Cash Receipts and Disbursements – Student Activity Agency Fund	99
H-4 Schedule of Cash Receipts and Disbursements – Payroll Agency Fund	101

Table of Contents (continued)

FINANCIAL SECTION (continued)	<u>Page</u>
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	102
I-2 Schedule of Obligations Under Capital Leases	103
I-3 Budgetary Comparison Schedule – Debt Service Fund	104
STATISTICAL SECTION (Unaudited) – Other Information	
Financial Trends:	
J-1 Net Position by Component	105
J-2 Changes in Net Position	106
J-3 Fund Balances – Governmental Funds	108
J-4 Changes in Fund Balances – Governmental Funds	109
J-5 General Fund - Other Local Revenue by Source	110
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	111
J-7 Direct and Overlapping Property Tax Rates	112
J-8 Principal Property Taxpayers	113
J-9 Property Tax Levies and Collections	114
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	115
J-11 Ratios of General Bonded Debt Outstanding	116
J-12 Ratios of Overlapping Governmental Activities Debt	117
J-13 Legal Debt Margin Information	118
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	119
J-15 Principal Employers	120
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	121
J-17 Operating Statistics	122
J-18 School Building Information	123
J-19 Schedule of Required Maintenance	124
J-20 Insurance Schedule	125

Table of Contents (continued)

SINGLE AUDIT SECTION	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	126
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	128
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	131
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	132
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	134
K-6 Schedule of Findings and Questioned Costs - Part I - Summary of Auditors' Results	137
K-7 Schedule of Findings and Questioned Costs – Parts II and III - Schedule of Financial Statement Findings and Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	139
K-8 Summary Schedule of Prior Year Audit Findings	141

Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

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

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

November 25, 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, 2019, 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, 2019, 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 2018/2019 fiscal year with an average daily enrollment of 5,308 students, which is 115 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
2018-19	5,308	(2.12)%
2017-18	5,423	(1.92)%
2016-17	5,529	(1.88)%
2015-16	5,635	(1.05)%
2014-15	5,695	(1.16)%

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 became self-funded in fiscal year 2018-2019. It should be noted that this shift permitted the district to avoid an increase in its budgeted major medical insurance expenses from the prior fiscal year. Results for last fiscal year 2018-2019 were within anticipated margins. As a result the district was able to maintain static budgetary levels of funding for major medical insurance for fiscal year 2019-2020.

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 six 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 2018-2019 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. Goals

The 2018-2019 District Goals included:

1. Improve the district's overall capacity to ensure safety and security.
2. Strengthen the ability of the staff to promote social, emotional, health and well-being outcomes through staff development.
3. Complete a strategic planning process.

The above goals are in fact two year goals that will continue throughout the 2019-2020 school year.

In its accomplishment of the first goal the district invested in the following:

- Director of Safety and Security
- SLEO III for high school entrance
- Campus monitor for the high school
- Security camera upgrades at the high school and middle school
- Added 3M security film
- Door hardware improvements
- Additional electronic door access points

In accomplishing district goal two a large emphasis was placed on staff development. Most notably internal training courses for administrators and teachers were conducted through the district's staff college program. Outside trainers were also used. The district also utilized four early dismissal days to conduct additional staff training that focused on social emotional learning.

For its last goal, the district was successful in completing a strategic plan. Several meetings were held with the assistance of representatives from the New Jersey School Boards Association to collect public

input. Administrators processed the information collected at the meetings and ultimately produced the final document which is posted here:

http://www.bernardsboe.com/UserFiles/Servers/Server_3096886/File/District/General/Bernards_Township_Public_Schools_Strategic_Plan_2019-2024.pdf

The execution of the strategic plan is anticipated to take three to five years to complete.

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2018-2019 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 2018-2019 budgetary figures with the State Average for K-12 districts with enrollments greater than 3,501 students.

	Bernards Township	State Average
Classroom Instruction	\$10,245	\$9,724
Support Services	\$2,908	\$2,701
Administration	\$1,498	\$1,774
Extracurricular	\$374	\$331
Plant operations/maintenance	\$1,581	\$1,985
Total	\$16,606	\$16,515

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

For the 2018-2019 school year the district made several additions to the curricular program as noted below.

- AP Capstone was added as a course in the high school English language arts department.
- Design and prototyping was added as an elective for 8th grade students at the middle school.
- 8th grade STEM science was expanded to make it available to more students
- American Sign Language grew as a curricular program
- The elementary gifted and talented program continued to walk up through the grades with 2018-2019 seeing the first cohort of students entering the sixth grade in an accelerated 6th grade math course.

Also during the 2018-2019 school year the district made plans to add new programming to take effect in the 2019-2020 school year. The planned programming for 2019-2020 includes the following courses:

- Accelerated Math Grade 7
- Middle School Dance and Theater
- Introduction to Psychology
- AP Seminar
- Health in Grade 10 (3 week course)
- Expansion of elementary G&T to a schoolwide enrichment model
- Elementary Spanish in grades 4 and 5
- New elementary media and technology programming

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 Spiezle Architectural Group. Since 2012, 58 of these projects totaling \$11,140,489 have been completed. Among the major projects completed prior to 10-1-2019 were the following

- HVAC controls upgrades, unit ventilator replacements and AC installations at Ridge High School, William Annin Middle School, Cedar Hill Elementary School, Liberty Corner Elementary School and Oak Street Elementary School
- Phase 1 of the district wide door hardware upgrade projects
- 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
- William Annin Middle School Curtainwall repairs
- Ridge High School Main Entrance Security Improvements
- Liberty Corner and Oak Street Elementary School Flooring and Abatement work

Future major projects under consideration include:

- Ridge High School Addition Project
- Oak Street School pitched roof renovation
- William Annin Middle School Science lab renovations
- Ridge High School varsity complex drainage project
- Ridge High School cafeteria project
- Districtwide Door Hardware projects

E. POLICY

The district continuously reviews and updates the Board of Education policies and regulations in consultation with both Board Counsel and the Strauss Esmay law firm. 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. Many policies were reviewed and updated during the 2018-2019 school year including:

- P 1613 - Disclosure and Review of Applicant's Employment History
- P 5512 - Harassment, Intimidation, and Bullying (HIB) (M) (Revised)
- P 5561 - Use of Physical Restraint and Seclusion Techniques for Students with Disabilities (M) (Revised)
- P 1550 – Equal Employment/Anti-Discrimination Practices (M) (Revised)
- P 2431 – Athletic Competition (M) (Revised)
- R 2431.2 – Medical Examination Prior to Participation on a School-Sponsored Interscholastic or Intramural Team or Squad (M) (Revised)
- P 2431.8 – Varsity Letters for Interscholastic Extracurricular Activities (M) (New)
- P 5350 – Student Suicide Prevention (M) (Revised)
- P 5533 – Student Smoking (M) (Revised)
- P 5535 – Passive Breath Alcohol Sensor Device (Revised)
- P 2422 - Health and Physical Education (M) (Revised)
- P 2431.3 - Practice and Pre-Season Heat-Acclimation for School-Sponsored Athletics and Extra-Curricular Activities (Revised)
- P 2610 - Educational Program Evaluation (M) (Revised)
- P 4219 - Commercial Driver's License Controlled Substance and Alcohol Use Testing (M) (Revised)
- P 5111 - Eligibility of Resident/Nonresident Students (M) (Revised)
- R 5111 - Eligibility of Resident/Nonresident Students (M) (Revised)
- P 5330.04 - Administering an Opioid Antidote (M) (New)
- P 5337 - Service Animals (Revised)
- P 5756 - Transgender Students (M) (Revised)
- P 7440 - School District Security (M) (Revised)
- P 8860 - Memorials (Revised)
- P 2415.06 - Unsafe School Choice Option (M) (Revised)
- P 5600 - Student Discipline/Code of Conduct (M) (Revised)
- P 5611 - Removal of Students for Firearms Offenses (M) (Revised)
- P 5612 - Assaults on District Board of Education Members or Employees (M) (Revised)
- P 5613 - Removal of Students for Assaults with Weapons Offenses (M) (Revised)
- P 8461 - Reporting Violence, Vandalism, Harassment, Intimidation, Bullying, Alcohol, and Other Drug Offenses (M) (Revised)

F. HUMAN RESOURCES

Staffing remained largely stable during the 2018-2019 school year with some minor adjustments to address emergent needs and new programs. Through attrition the district was able to fund some new positions which were largely aligned with the programmatic needs of new curricular offerings for the 2018-2019 school year. Specifically the district hired an additional .4 high school English language arts teacher, an additional middle school technology teacher, an additional sign language teacher for the high school, and .4 world language teacher. In addition, the district hired additional staffing for meeting special education needs related to the individual education plans of students. The special education positions included, an additional OT/PT, an additional behaviorist, and part time aides as needed. Finally, the district hired an athletic program specialist to serve as a middle school athletic coordinator and a nursing coordinator.

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, 2019.

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.

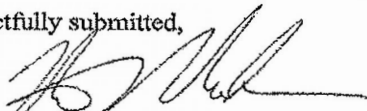
9. OTHER INFORMATION:

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,

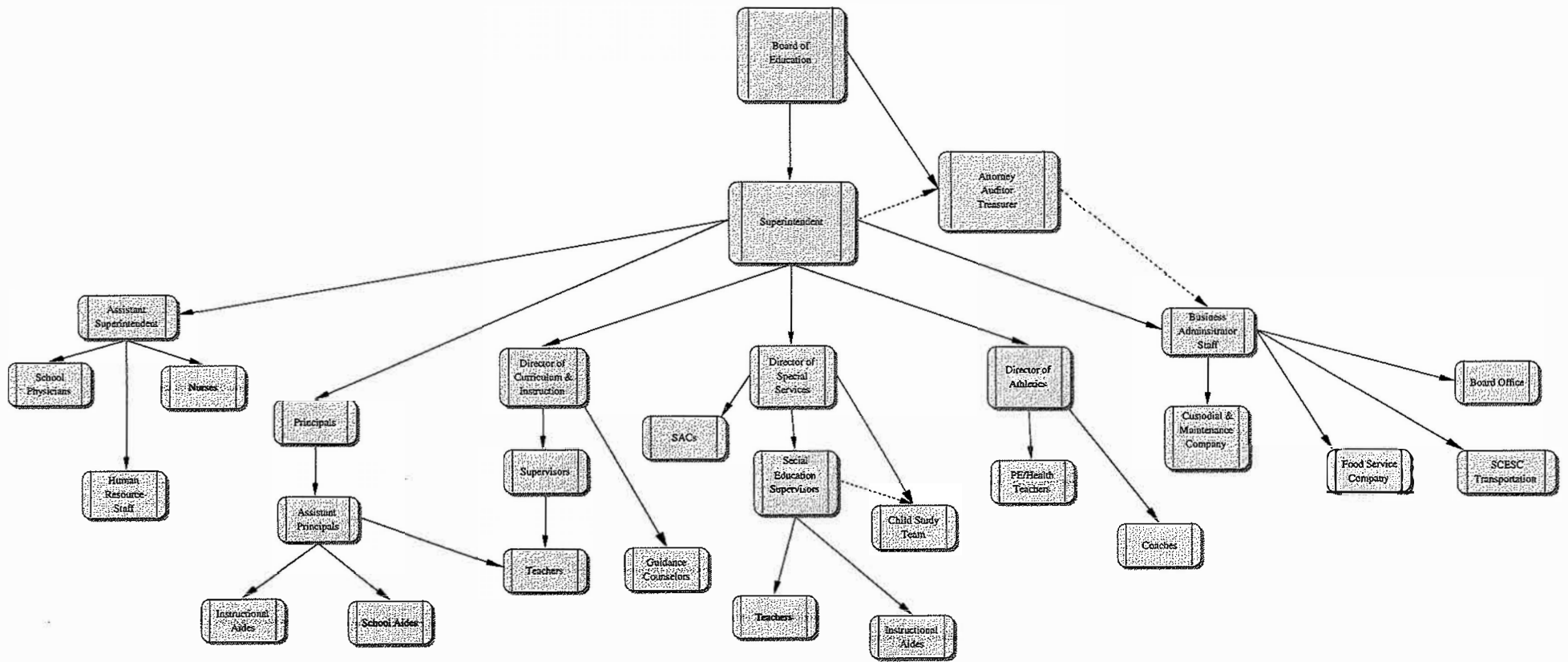


**NICK MARKARIAN
SUPERINTENDENT**



**ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

BERNARDS TOWNSHIPUBLIC SCHOOLS



All secretarial staff reports directly to their supervisor.

Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2019

Members of the Board of Education

Term

Robin KcKeon President	2019-2021
Karen Gray, Vice President	2017-2019
Michael Byrne	2017-2019
Jennifer Korn	2018-2020
Karen Richman	2019-2021
Timothy Salmoon	2019-2021
Suzanne Schafer Skalski	2019
Jennifer White	2018-2020
Linda Woldridge	2018-2020

Other Officials

Nick Markarian, Superintendent
Sean Siet, Assistant Superintendent
Kristen Fox, Assistant Superintendent – Curriculum & Instruction
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, 2019, 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, 2019, 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

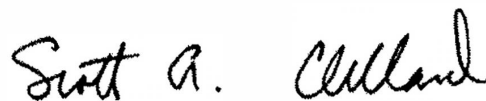
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules, the schedules 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 November 25, 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

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, 2019

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, 2019. 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 77-104 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 \$19,668,281 (net position) at the close of 2019.

Key financial highlights for the 2018-2019 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2019.
- The final approved extraordinary aid awarded to the District for 2018/2019 exceeded the amount budgeted for by the District by \$1,468,768.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$500,000 and maintenance of \$569,573.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2019 and June 30, 2018 was \$22,980,836 and \$27,614,659, 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 \$24,423,925 and \$24,339,529 at June 30, 2019 and 2018, respectively.
- The District followed the requirements of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In the current year, this resulted in the District recording of revenue and expense in the amount of \$8,258,828 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, 2019 and 2018:

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

	2019			2018		
	Governmental Activities	Business Type-		Governmental Activities	Business Type-	
		Activities	Total		Activities	Total
Current and other assets	\$ 27,863,731	\$ 2,254,663	\$ 30,118,394	\$ 24,776,556	\$ 2,144,604	\$ 26,921,160
Capital assets, net	81,660,697	85,591	81,746,288	82,050,561	103,854	82,154,415
Total assets	109,524,428	2,340,254	111,864,682	106,827,117	2,248,458	109,075,575
Deferred Outflows of Resources	9,357,279	-	9,357,279	12,336,625	-	12,336,625
Liabilities						
Current Liabilities	11,261,272	227,217	11,488,489	8,519,397	205,311	8,724,708
Net Pension Liability	22,980,836		22,980,836	27,614,659		27,614,659
Long Term Liabilities	58,643,839		58,643,839	62,715,728		62,715,728
Total liabilities	92,885,947	227,217	93,113,164	98,849,784	205,311	99,055,095
Deferred Inflow of Resources	8,440,516	-	8,440,516	6,062,881	-	6,062,881
Net position:						
Net investment in capital assets	22,390,074	85,591	22,475,665	19,080,016	103,854	19,183,870
Restricted	19,589,095		19,589,095	19,510,590		19,510,590
Unrestricted (deficit)	(24,423,925)	2,027,446	(22,396,479)	(24,339,529)	1,939,293	(22,400,236)
Total net position	\$ 17,555,244	\$ 2,113,037	\$ 19,668,281	\$ 14,251,077	\$ 2,043,147	\$ 16,294,224

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 \$3,028,682, excess surplus-designated for subsequent year's expenditures of \$2,128,932, \$4,586,394 for a maintenance reserve, \$8,551,224 for a capital reserve, \$910,333 for emergency reserve, \$1,381 is restricted for debt service and \$383,521 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 \$3,374,057 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, 2019 and 2018 are as follows:

Township of Bernards Board of Education Changes in Net Position, Year ended June 30,						
	2019			2018		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 1,219,850	\$ 3,814,121	\$ 5,033,971	\$ 1,530,987	\$ 3,849,120	\$ 5,380,107
Operating grants and contributions	1,847,771		1,847,771	1,837,957		1,837,957
Capital grants and contributions	625,538		625,538	338,092		338,092
General revenues:						
Property taxes	90,534,114		90,534,114	88,853,769		88,853,769
Federal and state aid not restricted to a specific purpose	33,687,820		33,687,820	39,315,637		39,315,637
Investment Income	255,811		255,811	91,958		91,958
Miscellaneous	643,683		643,683	288,076		288,076
Total revenues	128,814,587	3,814,121	132,628,708	132,256,476	3,849,120	136,105,596
Expenses:						
Instructional services	78,999,180		78,999,180	82,806,724		82,806,724
Support services	44,484,976		44,484,976	45,044,621		45,044,621
Interest and Other Charges	2,026,264		2,026,264	2,152,262		2,152,262
Business-Type Activities		3,744,231	3,744,231		3,649,393	3,649,393
Total expenses	125,510,420	3,744,231	129,254,651	130,003,607	3,649,393	133,653,000
Change in Net Position	3,304,167	69,890	3,374,057	2,252,869	199,727	2,452,596
Net position—beginning	14,251,077	2,043,147	16,294,224	11,998,208	1,843,420	13,841,628
Net position—ending	\$ 17,555,244	\$ 2,113,037	\$ 19,668,281	\$ 14,251,077	\$ 2,043,147	\$ 16,294,224

The decrease in governmental activities revenues of approximately \$3.4 million is mainly the result of the impact of GASB 75, which required the District to record approximately \$8.2 million in revenues, which were contributions made on behalf of the District by the State for post-employment benefits compared to approximately \$11.8 million in the prior year. This decrease is offset by an increase in the tax levy from the 2017/18 fiscal year of approximately \$1.7 million and a decrease in the TPAF adjustment in regards to GASB 68 of \$5.2 million,

The increase in capital grants and contributions is the result of more revenue from the SDA in the current year due to the status of the ongoing projects. In the prior year the Oak Street elementary school unit ventilator replacement and HVAC upgrades were completed, along with the WAMS unit ventilator and HVAC upgrades which were awarded and well underway in the current year. The WAMS unit ventilator and HVAC upgrades are not yet completed at year-end.

The increase in miscellaneous revenue is mainly attributable to numerous amounts of miscellaneous revenues such as PAC Rentals, student activity fines and fees, sale of surplus equipment, etc. in the amount of approximately \$309k.

The decrease in instructional services expenses of approximately \$3.8 million is mainly the result of the expenses related to the impact of GASB 75, which required the District to record approximately \$8.2 million in revenues, which were contributions made on behalf of the District by the State for post-employment benefits compared to approximately \$11.8 million in the prior year. The remainder of the decrease was due to 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 (Extraordinary Aid and Transportation Aid). The decrease in support services expenses is mainly attributable to 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.

Business-type revenues decreased .91% and expenses increased from the prior year by approximately 2.60%. The decrease in revenues are the result of a decrease in Project Jump Start of approx. \$34k from the prior year. The increase in expenses pertained mostly to increases Food Service, After School Enrichment and before and after School Care mainly due to increase in salaries when compared 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, 2019, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2018</u>	<u>Percent of Increase</u>
Local sources	\$ 92,640,183	78.9%	\$ 1,830,647	2.0%
State sources	23,205,503	19.8%	3,581,505	18.3%
Federal sources	1,591,230	1.4%	28,642	1.8%
Total	<u>\$ 117,436,916</u>	<u>100.0%</u>	<u>\$ 5,440,794</u>	<u>4.9%</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 \$1.7 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2018/2019 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, 2019 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 2018</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 46,208,805	39.6%	\$ 981,775	2.2%
Undistributed	62,643,741	53.5%	3,907,847	6.7%
Capital Outlay	2,481,055	2.1%	1,896,438	(66.1)%
Charter School	2,833	0.0%	(7,513)	(13.8)%
Debt service:				
Principal	3,448,791	2.9%	132,007	4.0%
Interest and Other Charges	2,323,651	2.0%	(123,538)	(0.3)%
Total	<u>\$ 117,108,876</u>	<u>100.0%</u>	<u>\$ 6,787,016</u>	<u>6.2%</u>

The increase in undistributed expenditures is mainly attributable to the increases in the on-behalf TPAF FICA and pension of approximately \$1.8 million, increase in Unallocated Benefits of approximately \$1.2 million, 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 increase in capital outlay expenditures is mainly attributable to the two projects: WAMS - Unit ventilator and HVAC upgrades were underway in the current year as they were just started in the prior year as well as the completion of the Oak Street - Unit Ventilator Replacement and HVAC Upgrades in the prior year. Along with the mentioned projects there were several additions: Camera System (\$224,373), Network Switches (\$160,056) and Asbestos Abatement (\$58k). 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, 2019, and the decrease in relation to the prior year:

Revenue	Amount	Percent of Total	Decrease from 2018	Percent of Increase
Local sources	\$ 3,814,121	100.0%	\$ (34,999)	-0.91%

Local revenues have increased from the prior year due to decreases in Project Jump Start and Before and After School Care enrollments.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2019, and the increases and decreases in relation to the prior year:

Expenses	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Salaries	\$ 2,496,705	66.4%	\$ 77,739	3.2%
General insurance	158,317	4.1%	7,113	4.7%
Other purchased services	24,665	0.8%	(4,596)	-15.7%
Supplies and materials	158,417	4.2%	3,528	2.3%
Depreciation	24,263	0.6%	501	(9.8)%
Cost of sales	656,508	17.5%	5,854	(2.0)%
Management fee	153,321	4.1%	2,450	(2.6)%
Miscellaneous expenses	72,035	1.9%	2,249	(4.1)%
Total	\$ 3,744,231	99.7%	\$ 94,838	2.6%

The increase in salaries is attributable Before and After School Tuition and Food Services offset by a decrease in Jump Start. Jump Start decreased due to the program being ran twice in the prior year and only once in the current year due to HVAC maintenance that was occurring at the school over the summer. The remaining expenses were comparable to the prior year.

Capital Assets

Capital Assets. At June 30, 2019, the District's governmental activities had capital assets of \$81,660,697 (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, 2019 and 2018:

	June 30,	
	2019	2018
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	1,872,023	197,126
Buildings and building improvements	73,029,502	75,010,170
Machinery, equipment, and vehicles	1,481,772	1,565,865
Total capital assets, net	\$ 81,660,697	\$ 82,050,561

The decrease in capital assets is mainly due to the capital asset depreciation in the current year exceeding current year additions. The construction in progress at June 30, 2019 was primarily related to the Unit Ventilator and HVAC upgrades at William Annin Middle School being fully underway. Business-type activity capital assets, net of accumulated depreciation were \$85,591 and \$103,854 at June 30, 2019 and 2018, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2019 and 2018, the District's governmental activity long-term liabilities consisted of:

	June 30,	
	2019	2018
Bonds payable (net)	\$ 61,459,562	\$ 65,107,213
Obligations under capital leases	795,564	1,194,159
Net pension liability	22,980,836	27,614,659
Compensated absences	668,753	586,061
Total long-term liabilities	\$ 85,904,715	\$ 94,502,092

The District made the scheduled principal payments during the 2018/2019 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:

- Undistributed Expenditures - Instruction – Tuition to Private School Within the State – an increase of \$645,440 which is a result of increase in enrollment of students.
- Support Services – School Administration – Salaries of Principals/Asst. Principals – an increase of \$259,300 is due to overall salary increase from the prior year.
- Custodial Services – Cleaning, Repair and Maintenance Services – a decrease of \$323,000 is a result of the district not requiring the purchase of as many services as originally anticipated.

Economic Factors and Next Year's Budget

- The District budgeted \$3,028,692 of its 2019 unassigned fund balance to partially fund 2019/2020 operations, a increase of \$899,760 from the prior year.
- The 2019/2020 tax levy was increased in accordance with state regulations.

All of these factors were considered in preparing the District's budget for the 2019/2020 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, 2019.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,595,428	\$ 2,113,243	\$ 11,708,671
Receivables, Net	4,220,353	120,553	4,340,906
Inventories		20,867	20,867
Restricted assets:			
Cash and Cash Equivalents	14,047,950		14,047,950
Capital Assets, Non-Depreciable	7,149,423		7,149,423
Capital Assets, Depreciable, Net	74,511,274	85,591	74,596,865
Total Assets	<u>109,524,428</u>	<u>2,340,254</u>	<u>111,864,682</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	2,984,503		2,984,503
Pension Deferrals	6,372,776		6,372,776
Total Deferred Outflows of Resources	<u>9,357,279</u>		<u>9,357,279</u>
LIABILITIES			
Accounts Payable	4,527,710	213,268	4,740,978
Accrued Liability for Insurance Claims	1,112,000		
Accrued Interest Payable	1,030,669		1,030,669
Payable to State Government	49,654		49,654
Unearned Revenue	261,199	13,949	275,148
Net Pension Liability	22,980,836		22,980,836
Noncurrent Liabilities:			
Due Within One Year	4,280,040		4,280,040
Due Beyond One Year	58,643,839		58,643,839
Total Liabilities	<u>92,885,947</u>	<u>227,217</u>	<u>93,113,164</u>
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	8,440,516		8,440,516
Total Deferred Inflow of Resources	<u>8,440,516</u>		<u>8,440,516</u>
NET POSITION			
Net Investment in Capital Assets	22,390,074	85,591	22,475,665
Restricted For:			
Capital Projects	383,521		383,521
Capital Reserve	8,551,223		8,551,223
Maintenance Reserve	4,586,394		4,586,394
Emergency Reserve	910,333		910,333
Reserved for Excess Surplus	3,028,692		3,028,692
Excess Surplus Designated for Subsequent Years	2,128,932		2,128,932
Unrestricted (deficit)	<u>(24,423,925)</u>	<u>2,027,446</u>	<u>(22,396,479)</u>
Total Net Position	<u>\$ 17,555,244</u>	<u>\$ 2,113,037</u>	<u>\$ 19,668,281</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2019

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	\$ 50,846,588	\$ 978,515	\$ 356,513		\$ (49,511,560)		\$ (49,511,560)
Special Education	22,611,975		1,097,252		(21,514,723)		(21,514,723)
Other Special	2,968,214				(2,968,214)		(2,968,214)
Other Instructional Programs	2,572,403				(2,572,403)		(2,572,403)
Support Services:							
Tuition	2,280,243				(2,280,243)		(2,280,243)
Student and Instruction Related Services	19,551,111		384,006		(19,167,105)		(19,167,105)
General Administrative Services	1,446,330				(1,446,330)		(1,446,330)
School Administrative Services	6,544,237				(6,544,237)		(6,544,237)
Central Administrative Services	978,299				(978,299)		(978,299)
Administrative Information Technology	1,051,967				(1,051,967)		(1,051,967)
Plant Operations and Maintenance	7,030,609		10,000	\$ 625,538	(6,395,071)		(6,395,071)
Pupil Transportation	5,602,180	241,335			(5,360,845)		(5,360,845)
Interest and Other Charges on Long-Term Debt	2,026,264				(2,026,264)		(2,026,264)
Total Governmental Activities	125,510,420	1,219,850	1,847,771	625,538	(121,817,261)		(121,817,261)
Business-type Activities:							
Food Service	2,145,630	2,288,587				\$ 142,957	142,957
After School Enrichment	145,133	142,352				(2,781)	(2,781)
Project Jump Start	41,827	45,500				3,673	3,673
Before and After School Care	1,411,641	1,337,682				(73,959)	(73,959)
Total Business-type Activities	3,744,231	3,814,121				69,890	69,890
Total Primary Government	\$ 129,254,651	\$ 5,033,971	\$ 1,847,771	\$ 625,538	(121,817,261)	69,890	(121,747,371)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					85,426,531		85,426,531
Property Taxes, Levied for Debt Service					5,107,583		5,107,583
Federal and State Aid Not Restricted					33,687,820		33,687,820
Interest on Investments					255,811		255,811
Miscellaneous					643,683		643,683
Total General Revenues					125,121,428	-	125,121,428
Change in Net Position					3,304,167	69,890	3,374,057
Net Position - Beginning					14,251,077	2,043,147	16,294,224
Net Position - Ending					\$ 17,555,244	\$ 2,113,037	\$ 19,668,281

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, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 7,535,398	\$ 663,712	\$ 1,381,329	\$ 14,989	\$ 9,595,428
Intergovernmental Receivable - State	3,433,922		333,843		3,767,765
Intergovernmental Receivable - Federal		141,243			141,243
Intergovernmental Receivable - Local	82,202	455			82,657
Interfund Receivable	1,146,446				1,146,446
Other Accounts Receivable	228,688				228,688
Restricted assets:					
Cash and Cash Equivalents	14,047,950				14,047,950
Total Assets	\$ 26,474,606	\$ 805,410	\$ 1,715,172	\$ 14,989	\$ 29,010,177
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,386,068	\$ 174,642	\$ 701,850		\$ 3,262,560
Interfund Payable	1,234,251	516,645	629,801		2,380,697
Payable to State Government		49,655			49,655
Unearned Revenue	183,122	64,468			247,590
Total Liabilities	3,803,441	805,410	1,331,651		5,940,502
Deferred Inflow of Resources				\$ 13,608	13,608
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	3,028,692				3,028,692
Excess Surplus - Designated for Subsequent Year's Expenditures	2,128,932				2,128,932
Capital Reserve	8,551,224				8,551,224
Emergency Reserve	910,333				910,333
Maintenance Reserve	4,586,394				4,586,394
Capital Projects			383,521		383,521
Debt Service				1,381	1,381
Assigned to:					
Designated for Subsequent Year's Expenditures	165,861				165,861
Other Purposes	240,982				240,982
Unassigned	3,058,747				3,058,747
Total Fund Balances	22,671,165	-	383,521	1,381	23,056,067
Total Liabilities and Fund Balances	\$ 26,474,606	\$ 805,410	\$ 1,715,172	\$ 14,989	

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 \$126,857,625 and the accumulated depreciation is \$45,196,928 (See Note 4).	81,660,697
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.	(1,030,669)
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.	2,984,503
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).	(62,923,879)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(2,067,740)
Accrued pension contributions for the June 30, 2019 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.	(1,142,899)
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).	(22,980,836)
Net Position of Governmental Activities	\$ 17,555,244

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 85,426,531			\$ 5,107,583	\$ 90,534,114
Tuition from Other LEA's	912,440				912,440
Tuition from Individuals	66,075				66,075
Transportation Fees from Individuals	241,335				241,335
Interest Revenue	254,543		\$ 1,268		255,811
Miscellaneous	643,683	\$ 93,655			737,338
Total - Local Sources	87,544,607	93,655	1,268	5,107,583	92,747,113
State Sources	22,041,356	274,031	625,538	264,578	23,205,503
Federal Sources	4,215	1,480,085			1,484,300
Total Revenues	109,590,178	1,847,771	626,806	5,372,161	117,436,916
EXPENDITURES					
Current:					
Regular Instruction	28,712,670	356,513			29,069,183
Special Education Instruction	12,669,872	1,097,252			13,767,124
Other Special Instruction	1,641,700				1,641,700
Other Instructional Programs	1,730,798				1,730,798
Support Services:					
Tuition	2,277,410				2,277,410
Student and Instruction Related Services	12,406,809	384,006			12,790,815
General Administrative Services	1,137,732				1,137,732
School Administrative Services	3,862,168				3,862,168
Central Administrative Services	686,105				686,105
Administrative Information Technology	726,750				726,750
Plant Operations and Maintenance	6,635,205				6,635,205
Pupil Transportation	5,407,828				5,407,828
Unallocated Benefits	14,488,033				14,488,033
On-behalf TPAF FICA and Pension	14,631,695				14,631,695
Debt Service:					
Principal	383,791			3,065,000	3,448,791
Interest	14,689			2,308,962	2,323,651
Charter School	2,833				2,833
Capital Outlay	838,573	10,000	1,642,482		2,491,055
Total Expenditures	108,254,661	1,847,771	1,642,482	5,373,962	117,118,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,335,517	-	(1,015,676)	(1,801)	318,040
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	56,485				56,485
Transfers In	43,500		902,833		946,333
Transfers Out	(902,833)		(43,500)		(946,333)
Total Other Financing Sources (Uses)	(802,848)	-	859,333	-	56,485
Net Change in Fund Balances	532,669	-	(156,343)	(1,801)	374,525
Fund Balance - July 1	22,138,496		539,864	3,182	22,681,542
Fund Balance - June 30	\$ 22,671,165	\$ -	\$ 383,521	\$ 1,381	\$ 23,056,067

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, 2019

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 374,525

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

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

Depreciation Expense	\$ (2,783,666)	
Capital Asset Additions	<u>2,393,802</u>	(389,864)

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

Serial Bonds Payable	3,065,000	
Obligations Under Capital Leases	<u>455,080</u>	3,520,080

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

Amortization of Premium on Bonds	582,651	
Amortization of Deferred Interest Costs	<u>(346,324)</u>	236,327

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

Obligations Under Capital Leases		(56,485)
----------------------------------	--	----------

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.		61,060
---	--	--------

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 (+).

(82,692)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Expense		<u>(358,784)</u>
-----------------	--	------------------

Change in Net Position of Governmental Activities (A-2)	\$	<u><u>3,304,167</u></u>
---	----	-------------------------

Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2019

	Major Funds				Total	Major Internal Service Fund Self-Insured Health Benefits
	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	\$ 1,511,067	\$ 72,372	\$ 213,024	\$ 316,780	\$ 2,113,243	
Other Accounts Receivable	120,553				120,553	
Interfund Receivable						\$ 1,234,251
Inventories	20,867				20,867	
Total Current Assets	1,652,487	72,372	213,024	316,780	2,254,663	1,234,251
Noncurrent Assets:						
Capital Assets:						
Furniture, Machinery and Equipment	414,900				414,900	
Less: Accumulated Depreciation	(329,309)				(329,309)	
Total Capital Assets, net	85,591	-	-	-	85,591	-
Total Assets	1,738,078	72,372	213,024	316,780	2,340,254	1,234,251
LIABILITIES						
Current Liabilities:						
Accounts Payable	173,426	500	2,952	36,390	213,268	122,251
Accrued Liability for Insurance Claims						1,112,000
Unearned Revenue		7,830		6,119	13,949	
Total Current Liabilities	173,426	8,330	2,952	42,509	227,217	1,234,251
Total Liabilities	173,426	8,330	2,952	42,509	227,217	1,234,251
NET POSITION						
Investment in Capital Assets	85,591				85,591	
Unrestricted	1,479,061	64,042	210,072	274,271	2,027,446	-
Total Net Position	\$ 1,564,652	\$ 64,042	\$ 210,072	\$ 274,271	\$ 2,113,037	\$ -

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Major Funds				Total	Major Internal Service Fund Self-Insured Health Benefits
	Business-type Activities - Enterprise Funds			Before and After School Care		
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	Total	
Operating Revenues:						
Charges for Services:						
Daily Sales	\$ 2,074,496				\$ 2,074,496	
Tuition and Fees		\$ 142,352	\$ 45,500	\$ 1,337,682	1,525,534	
Services provided by other funds						\$ 14,461,632
Miscellaneous	214,091				214,091	
Total Operating Revenues	2,288,587	142,352	45,500	1,337,682	3,814,121	14,461,632
Operating Expenses:						
Salaries	1,082,927	131,065	32,388	1,250,325	2,496,705	
Employee Benefits	68,171	10,026	2,477	77,643	158,317	14,376,632
Other Purchased Services	19,146		5,519		24,665	85,000
Supplies and Materials	69,259	4,042	1,443	83,673	158,417	
Depreciation	24,263				24,263	
Cost of Sales	656,508				656,508	
Management Fee	153,321				153,321	
Miscellaneous	72,035				72,035	
Total Operating Expenses	2,145,630	145,133	41,827	1,411,641	3,744,231	14,461,632
Operating Income (Loss) and Change in Net Position	142,957	(2,781)	3,673	(73,959)	69,890	-
Total Net Position - Beginning	1,421,695	66,823	206,399	348,230	2,043,147	-
Total Net Position - Ending	\$ 1,564,652	\$ 64,042	\$ 210,072	\$ 274,271	\$ 2,113,037	\$ -

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Major Funds				Total	Major Internal Service Fund Self-Insured Health Benefits
	Business-type Activities - Enterprise Funds					
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,249,348	\$ 125,755	\$ 45,500	\$ 1,343,801	\$ 3,764,404	
Receipts from services provided						\$ 14,461,632
Payments to employees	(1,082,927)	(131,065)	(32,388)	(1,250,325)	(2,496,705)	
Payments for general insurance	(68,171)	(10,026)	(2,477)	(77,643)	(158,317)	(14,376,632)
Payments to suppliers	(976,252)	(4,151)	(4,957)	(53,184)	(1,038,544)	(85,000)
Net cash provided by (used for) operating activities	<u>121,998</u>	<u>(19,487)</u>	<u>5,678</u>	<u>(37,351)</u>	<u>70,838</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(6,000)				(6,000)	
Net cash (used for) capital and related financing activities	<u>(6,000)</u>				<u>(6,000)</u>	
Net increase (decrease) in cash and cash equivalents	115,998	(19,487)	5,678	(37,351)	64,838	
Cash and cash equivalents, beginning of year	1,395,069	91,859	207,346	354,131	2,048,405	
Cash and cash equivalents, end of year	<u>\$ 1,511,067</u>	<u>\$ 72,372</u>	<u>\$ 213,024</u>	<u>\$ 316,780</u>	<u>\$ 2,113,243</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 142,957	\$ (2,781)	\$ 3,673	\$ (73,959)	\$ 69,890	\$ -
Adjustments to reconcile operating income (loss) net cash provided by (used for) operating activities:						
Depreciation					24,263	
Change in assets and liabilities:						
(Increase) in other accounts receivable					(39,239)	
(Increase) in inventories					(5,982)	
Increase (decrease) in unearned revenue					6,119	(10,478)
Increase (decrease) in accounts payable	(1)	(109)	2,005	30,489	32,384	
Net cash provided by (used for) operating activities	<u>\$ 121,998</u>	<u>\$ (19,487)</u>	<u>\$ 5,678</u>	<u>\$ (37,351)</u>	<u>\$ 70,838</u>	<u>\$ -</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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private- Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 497,301	\$ 3,771	\$ 1,223,524
Accounts Receivable	1,258		
Total Current Assets	<u>498,559</u>	<u>3,771</u>	<u>\$ 1,223,524</u>
LIABILITIES			
Accounts Payable	1,708		
Due to Student Groups			\$ 748,403
Payroll Deductions and Withholdings Payable			475,121
Total Liabilities	<u>1,708</u>	<u>-</u>	<u>\$ 1,223,524</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 496,851</u>		
Held in Trust for Scholarship Awards		<u>\$ 3,771</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	Unemployment Compensation Trust	Private- Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 89,752	
Donations		\$ 209
Total Additions	<u>89,752</u>	<u>209</u>
DEDUCTIONS		
Payment of Unemployment Claims	64,142	
Payment of Scholarship Awards and Other Expenses		2,751
Total Deductions	<u>64,142</u>	<u>2,751</u>
Change in Net Position	25,610	(2,542)
Net Position - Beginning of the Year	<u>471,241</u>	<u>6,313</u>
Net Position - End of the Year	<u><u>\$ 496,851</u></u>	<u><u>\$ 3,771</u></u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2019

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, 2019

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, the major individual enterprise funds, and the major internal service fund 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, 2019

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.

The District reports the following internal service fund:

Self-Insurance Internal Service Fund: The self-insurance fund is used to record the activity of the District's Health Center's operations and related insurance expenses.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fiduciary fund types:

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

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution and certain others require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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. Open encumbrances at year-end are re-appropriated in the subsequent year's budget. 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

E. Interfund Receivables/Payables

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

F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2019, the District had inventories in the Food Service Enterprise Fund of \$20,867.

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 2018-2019 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, 2019

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, 2019

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, 2019, a liability existed for compensated absences in the governmental activities of the Government-wide financial statements in the amount of \$668,753 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, 2019

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, 2019 amounted to \$346,324. As of June 30, 2019, the District has recorded an unamortized balance of \$2,984,503 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, 2019

1. Summary of Significant Accounting Policies (continued)

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes 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.

Of the \$22,671,165 of fund balances in the General Fund at June 30, 2019, \$240,982 of encumbrances are assigned to other purposes, \$3,028,692 has been restricted for excess surplus-current year, \$2,128,932 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$8,551,224 has been restricted for the capital reserve, \$4,586,394 has been restricted for the maintenance reserve, \$910,333 has been restricted for the emergency reserve, \$165,861 is assigned as designated for subsequent years expenditures and

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

\$3,058,747 is classified as unassigned. The District also has \$383,521 of fund balance in the Capital Projects Fund, which is restricted for capital projects and \$1,381 in the Debt Service Fund, which is restricted for debt service.

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows 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 \$6,704,094 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, 2019 was \$5,157,624. Of this amount, \$2,128,932 has been appropriated in the 2019/20 budget and the remaining \$3,028,692 will be appropriated in the 2020/21 budget.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements

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.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018. Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and November 25, 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.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

2. Reconciliation of Government-wide and Fund Financial Statements (continued)

The details of this \$62,923,879 difference are as follows:

Bonds payable	\$ 57,315,000
Unamortized premium on bonds	4,144,562
Capital leases payable	795,564
Compensated absences payable	<u>668,753</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 62,923,879</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 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

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 \$27,481,217 and the bank balance was \$27,617,417. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2019 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$17,246,502. \$600,100 held in the District agency accounts and \$9,270,815 held in a NJ Cash Management account are not covered by GUDPA.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

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 NJCMF on a daily basis without penalty. At June 30, 2019, the District's balance in NJCMF was \$9,270,815 and is classified as cash equivalents at June 30, 2019 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

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, 2019, 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, 2019, 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, 2019

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,277,400			\$ 5,277,400
Construction in progress	197,126	\$ 1,674,897		1,872,023
Total capital assets, not being depreciated	<u>5,474,526</u>	<u>1,674,897</u>	<u>-</u>	<u>7,149,423</u>
Capital assets, being depreciated:				
Buildings and building improvements	113,914,652	323,692		114,238,344
Machinery, equipment and vehicles	5,074,645	395,213		5,469,858
Total capital assets, being depreciated	<u>118,989,297</u>	<u>718,905</u>	<u>-</u>	<u>119,708,202</u>
Less accumulated depreciation for:				
Buildings and building improvements	(38,904,482)	(2,304,360)		(41,208,842)
Machinery, equipment and vehicles	(3,508,780)	(479,306)		(3,988,086)
Total accumulated depreciation	<u>(42,413,262)</u>	<u>(2,783,666)</u>	<u>-</u>	<u>(45,196,928)</u>
Total capital assets, being depreciated, net	<u>76,576,035</u>	<u>(2,064,761)</u>	<u>-</u>	<u>74,511,274</u>
Governmental activities capital assets, net	<u>\$ 82,050,561</u>	<u>\$ (389,864)</u>	<u>\$ -</u>	<u>\$ 81,660,697</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2019 as follows:

Instruction:	
Regular	\$ 1,044,716
Special education	494,776
Other special instruction	59,001
School sponsored/ other instructional	62,203
Support Services:	
Student and instruction related services	459,688
General administrative services	40,889
School administrative services	138,802
Central administrative services	24,658
Administrative information technology	26,119
Plant operations and maintenance	238,462
Pupil transportation	194,352
Total	<u>\$ 2,783,666</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

4. Capital Assets (continued)

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Additions	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	\$ 408,900	\$ 6,000	\$ 414,900
Less accumulated depreciation for:			
Machinery and equipment	(305,046)	(24,263)	(329,309)
Total business-type activities capital assets, net	\$ 103,854	\$ (18,263)	\$ 85,591

5. Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 60,380,000		\$ 3,065,000	\$ 57,315,000	\$ 3,185,000
Unamortized premium on bonds	4,727,213		582,651	4,144,562	582,651
Obligations under capital leases	1,194,159	\$ 56,485	455,080	795,564	449,479
Compensated absences payable	586,061	809,393	726,701	668,753	62,910
Subtotal	66,887,433	865,878	4,829,432	62,923,879	4,280,040
Net pension liability	27,614,659		4,633,823	22,980,836	
Total governmental activity long-term liabilities	\$ 94,502,092	\$ 865,878	\$ 9,463,255	\$ 85,904,715	\$ 4,280,040

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

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

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

Year	Principal	Interest	Total
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	5,010,000	1,472,513	6,482,513
2025-2029	26,815,000	4,357,194	31,172,194
2030-2031	11,830,000	374,425	12,204,425
	\$ 57,315,000	\$ 14,035,831	\$ 71,350,831

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2019 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 \$405,000 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 \$2,710,000 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, 2019, \$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, 2019, \$23,190,000 of defeased debt remains outstanding.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

In February 2015, the District issued \$5,515,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2019, \$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, 2019, \$8,850,000 of the defeased debt remains outstanding.

Capital Leases Payable

The District is leasing several copiers and is participating in two lease purchase agreements for the construction of the Wellness Center and Turf Field and acquisition of technology equipment, totaling \$795,564 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, 2019:

Year	Principal	Interest	Total
2020	\$ 449,479	\$ 15,165	\$ 464,644
2021	284,113	6,912	291,025
2022	41,130	2,234	43,364
2023	14,784	781	15,565
2024	6,058	102	6,160
	\$ 795,564	\$ 25,194	\$ 820,758

All capital leases outstanding are presented on schedule I-2 in this report. Assets capitalized through capital leases at June 30, 2019 are as follows:

Machinery, equipment and vehicles	\$ 2,668,011
Less accumulated depreciation	(1,285,110)
Total	\$ 1,382,901

6. Pension Plans

Description of Systems

Substantially all of the District'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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

special funding situation, as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all fulltime public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all fulltime employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State- administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

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 in fiscal year 2019 increased 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 District is a non-contributing employer of the TPAF.

During the year ended June 30, 2019, the State of New Jersey contributed \$11,497,156 to the TPAF for on-behalf medical benefits, 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 \$3,134,539 during the year ended June 30, 2019 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, 2019, 2018 and 2017 were \$1,142,899, \$1,125,708, and \$1,079,785 respectively, equal to the required contributions for each year.

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

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

Public Employee's Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$22,980,836 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.1167161900 percent, which was a decrease of 0.0019116236 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$1,519,773 in the government-wide financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 438,248	\$ 118,497
Changes of assumptions	3,786,861	7,348,049
Net difference between projected and actual earnings on pension plan investments		215,561
Changes in proportion and differences between district contributions and proportionate share contributions	1,004,768	758,409
District contributions subsequent to the measurement date	1,142,899	
	<u>\$ 6,372,776</u>	<u>\$ 8,440,516</u>

\$1,142,899 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:		
2020	\$	411,734
2021		8,424
2022		(1,614,295)
2023		(1,528,743)
2024		(487,759)
	\$	<u>(3,210,639)</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service and retirements and beneficiaries of formers members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the plan actuary's 2014 projection scale thereafter. 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, 2018) 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

in the most recent fiscal year. The State employer contributed 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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, 2018 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
District's proportionate share of the net pension liability	\$ 28,895,753	\$ 22,980,836	\$ 18,018,599

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.

Additional Information

Collective balances – Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302
Deferred inflows of resources	\$ 7,646,736,226
Net pension liability	\$ 19,689,501,539
District's Proportion	0.1167161900%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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, 2018, 2017, 2016, 2015 and 2014 is 5.63, 5.48, 5.57, 5.72, 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. 18:66-33. 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, 2018 was \$250,600,181. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3939148723 percent, which was an increase of 0.0119620495 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$14,609,114 for contributions incurred by the State.

Actuarial assumptions

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Inflation rate	2.25%
Salary increases:	
2012-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018 and 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 3.87% as of June 30, 2018 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 50% 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 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 State's proportionate share of the net pension liability associated with the District to changes in the discount rate

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

The following presents the net pension liability of the State as of June 30, 2018 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 (3.86%) or 1-percentage-point higher (5.86%) than the current rate:

	At 1% decrease (3.86%)	At current discount rate (4.86%)	At 1% increase (5.86%)	<i>Pensio n plan fiducia ry net positio n</i>
State's proportionate share of the net pension liability associated with the District	\$ 296,204,655	\$ 250,600,181	\$ 212,795,183	

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, 2018 are as follows:

Deferred outflows of resources	\$12,599,296,329
Deferred inflows of resources	\$16,171,861,734
Net pension liability	\$63,617,852,031
 District's Proportion	 0.3939148723%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2018 is \$3,726,181,598.

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, 2018, 2017, 2016, 2015 and 2014 is 8.29, 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, 2019

7. Post-Retirement Benefits

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health benefits) for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. 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 employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

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, 2019, 2018 and 2017 were \$3,585,251, \$3,837,651, and \$3,579,726 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$46,110,832,982.

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, 2018:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2017	\$ 150,631,595
Charges for the year:	
Service cost	7,508,589
Interest	5,601,203
Changes in assumptions or other inputs	(28,881,628)
Member contributions	121,496
Benefit payments	<u>(3,515,351)</u>
Net changes	(19,165,691)
Ending Total OPEB Liability, June 30, 2018	<u>\$ 131,465,904</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2018</u>
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>362,181</u>

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 liability associated with the District as of June 30, 2018 was \$131,465,904. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality Rates

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year based on MP- 2017 scale. Postretirement mortality rates were based on the RP-2006 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

100% of all retirees who currently have health care coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, 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.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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 total non-employer OPEB liability to changes in the discount rate and health care cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

	At 1% decrease (2.87%)	At current discount rate (3.87%)	At 1% increase (4.87%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 155,419,460	\$ 131,465,904	\$ 112,425,300

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% decrease	At Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 108,656,787	\$ 131,465,904	\$ 161,611,188

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 \$8,258,828 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 1,377,131,892
Deferred inflows of resources	\$ 16,189,378,926
Collective OPEB Expense	\$ 2,129,660,368

District's Proportion 0.29%

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,146,446	\$ 1,234,251
Special Revenue Fund		516,645
Capital Projects Fund		629,801
Internal Service Fund - Self Insurance	1,234,151	
	\$ 2,380,597	\$ 2,380,697

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 Internal Service Fund and the General Fund represents the funds expensed in the Internal Service Fund that will be reimbursed by the General Fund. All interfunds are expected to be liquidated within one year.

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, 2019 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

10. Contingent Liabilities (continued)

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, 2019 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 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 8,911,490
Deposits:	
Interest earned on investments	335
Approved by Resolution at the June 17, 2019 meeting	500,000
Transfer of unexpended capital projects funds	42,232
Withdrawals:	
Transfer to Capital Projects Fund by Resolution	902,833
Ending balance, June 30, 2019	<u>\$ 8,551,224</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 4,586,061
Deposits:	
Approved by Resolution at the June 17, 2019 meeting	569,573
Interest earned on Investments	333
Withdrawals:	
Budgeted in 2018-19 Adopted Budget	<u>569,573</u>
Ending balance, June 30, 2019	<u>\$ 4,586,394</u>

The District has included \$453,238 of this balance in its 2019-20 adopted budget.

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 \$910,333 at June 30, 2019.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

14. Risk Management (continued)

New Jersey Unemployment Compensation Insurance

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

Self-Insurance

The District is self-insured for medical and prescription and has established an internal service fund to account for its self-insurance activities. At June 30, 2019, the accrued liability for unpaid medical and prescription of \$1,112,000 has been recorded in the internal service fund financial statements for Incurred But Not Reported Claims (IBNR), which is subject to modification and/or assessment of existing or additional claims. The medical and prescription IBNR liability has been calculated by an actuary contracted by the District’s risk management actuary.

The actuary utilized a 15% margin to estimate the liabilities. The change in the IBNR for the year ended June 30, 2019 is as follows:

<u>Year</u>	<u>Balance</u>	<u>Claims and Estimates</u>	<u>Payments</u>	<u>Balance</u>
2018-2019	\$ -	\$ 13,051,861	\$ 11,939,861	\$ 1,112,000

15. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2019 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 43,500	\$ 902,833
Capital Projects Fund	902,833	43,500
	<u>\$ 946,333</u>	<u>\$ 946,333</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 2019 fiscal year or 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 and interest.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

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, 2019 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$240,982 and in the Capital Projects Fund as restricted for capital projects in the amount of \$589,094 which is offset by an unrestricted deficit of \$205,573.

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. 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

18. GASB 77 Tax Abatements (continued)

date of the tax exemption, whichever event occurs first. For the 2019 year, the Township recognized revenue of \$366,443 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property was \$478,527, resulting in a reduction of taxes collected by the Township of \$112,084. 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

	Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - Local Group	0.1167161900%	0.1186278136%	0.1215446151%	0.1131163225%	0.1095265402%	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 22,980,836	\$ 27,614,659	\$ 35,998,029	\$ 25,392,348	\$ 20,506,364	\$ 20,822,890	n/a	n/a	n/a	n/a
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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	290.42%	341.18%	446.14%	319.32%	273.56%	293.23%	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	53.60%	48.10%	40.14%	47.93%	52.08%	52.08%	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

	Year Ended June 30.									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,142,899	\$ 1,125,708	\$ 1,079,785	\$ 1,079,785	\$ 972,497	\$ 812,491	\$ 793,924	\$ 836,157	\$ 767,682	\$ 532,933
Contributions in relation to the contractually required contribution	(1,142,899)	(1,125,708)	(1,079,785)	(1,079,785)	(972,497)	(812,491)	(793,924)	(836,157)	(767,682)	(532,933)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,088,658	\$ 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
Contributions as a percentage of covered-employee payroll	14.13%	14.23%	13.34%	13.38%	12.23%	10.84%	11.18%	12.13%	11.14%	7.37%

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*

	Year Ended June 30,				
	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3939148723%	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	\$ 250,600,181	\$ 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>\$ 250,600,181</u>	<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	26.49%	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*

	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.29%	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	\$ 131,465,904	\$ 150,631,595	\$ 161,686,767
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 131,465,904</u>	<u>\$ 150,631,595</u>	<u>\$ 161,686,767</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
	2019	2018	2017 **
Total OPEB Liability			
Service cost	\$ 7,508,589	\$ 9,107,318	
Interest cost	5,601,203	4,820,081	
Changes of assumptions	(28,881,628)	(21,622,096)	
Member contributions	121,496	128,472	
Gross benefit payments	(3,515,351)	(3,488,947)	
Net change in total OPEB liability	<u>(19,165,691)</u>	<u>(11,055,172)</u>	
Total OPEB liability - beginning	<u>150,631,595</u>	<u>161,686,767</u>	
Total OPEB liability - ending	<u>\$ 131,465,904</u>	<u>\$ 150,631,595</u>	
Covered-employee payroll	<u>\$ 50,601,728</u>	<u>\$ 49,579,661</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>259.81%</u>	<u>303.82%</u>	

* 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, 2019

PUBLIC EMPLOYEES' RETIREMENT SYSTEM-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

TEACHERS' PENSION AND ANNUITY FUND-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

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 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues					
Local sources:					
Local tax levy	\$ 85,426,531		\$ 85,426,531	\$ 85,426,531	
Tuition from other LEA's	1,206,000		1,206,000	912,440	\$ (293,560)
Tuition from individuals	29,000		29,000	66,075	37,075
Transportation fees from individuals	190,732		190,732	241,335	50,603
Private contributions	47,067		47,067	47,148	81
Interest earned on capital reserve funds	334		334	334	
Interest earned on maintenance reserve funds	333		333	333	
Interest earned on emergency reserve funds	333		333	333	
Interest earned				253,543	253,543
Miscellaneous	433,343		433,343	596,535	163,192
Total - local sources	<u>87,333,673</u>		<u>87,333,673</u>	<u>87,544,607</u>	<u>210,934</u>
State sources:					
Special education aid	2,797,493		2,797,493	2,797,493	
Security aid	101,447		101,447	101,447	
Transportation aid	862,964		862,964	1,296,717	433,753
Extraordinary aid	1,700,000		1,700,000	3,168,786	1,468,786
Additional nonpublic transportation aid				111,940	111,940
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				7,904,020	7,904,020
TPAF Pension Contributions - Post-Retirement Medical (On-Behalf - Non-Budgeted)				3,585,251	3,585,251
TPAF Pension Contributions - Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				7,885	7,885
TPAF Social Security (Reimbursed - Non-Budgeted)				3,134,539	3,134,539
Total - state sources	<u>5,461,904</u>		<u>5,461,904</u>	<u>22,108,078</u>	<u>16,646,174</u>
Federal sources:					
Medicaid reimbursement				4,215	4,215
Total - federal sources	<u>-</u>		<u>-</u>	<u>4,215</u>	<u>4,215</u>
Total revenues	<u>92,795,577</u>		<u>92,795,577</u>	<u>109,656,900</u>	<u>16,861,323</u>
Expenditures					
Current expense:					
Instruction:					
Regular programs:					
Salaries of teachers:					
Kindergarten	1,079,739	\$ (65,000)	1,014,739	1,013,901	838
Grades 1-5	9,125,335	(192,795)	8,932,540	8,896,987	35,553
Grades 6-8	7,191,661	(35,729)	7,155,932	7,069,065	86,867
Grades 9-12	9,237,614	106,857	9,344,471	9,301,595	42,876
Instruction- home instruction:					
Salaries of teachers	96,265	(26,000)	70,265	56,409	13,856
Purchased professional-educational services		30,000	30,000	24,490	5,510
Regular programs - undistributed instruction:					
Purchased professional-educational services	24,450		24,450	7,829	16,621
Other purchased services	178,195	3,051	181,246	157,238	24,008
General supplies	2,108,837	15,228	2,124,065	1,852,195	271,870
Textbooks	486,897	(27,333)	459,564	332,961	126,603
Total regular programs	<u>29,528,993</u>	<u>(191,721)</u>	<u>29,337,272</u>	<u>28,712,670</u>	<u>624,602</u>
Special education:					
Cognitive moderate:					
Salaries of teachers	376,750	22,371	399,121	399,113	8
Other salaries for instruction	578,626	(54,299)	524,327	524,074	253
General Supplies	15,340		15,340	11,304	4,036
Textbooks	18,900		18,900	10,400	8,500
Total cognitive moderate	<u>989,616</u>	<u>(31,928)</u>	<u>957,688</u>	<u>944,891</u>	<u>12,797</u>
Learning and/or language disabilities:					
Salaries of teachers	382,741	(66,896)	315,845	313,404	2,441
Other salaries for instruction	389,962	233	390,195	390,183	12
General supplies	20,000	(94)	19,906	18,834	1,072
Textbooks	3,000	94	3,094	3,094	
Total learning and/or language disabilities	<u>795,703</u>	<u>(66,663)</u>	<u>729,040</u>	<u>725,515</u>	<u>3,525</u>
Auditory impairments:					
Salaries of teachers	84,017		84,017	84,017	
General supplies	7,150	(1,679)	5,471	2,397	3,074
Total auditory impairments	<u>91,167</u>	<u>(1,679)</u>	<u>89,488</u>	<u>86,414</u>	<u>3,074</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Current expense (continued):					
Instruction (continued):					
Behavioral disabilities:					
Salaries of teachers	\$ 439,026	\$ (5,980)	\$ 433,046	\$ 432,895	\$ 151
Other salaries for instruction	415,748	56,122	471,870	471,538	332
General supplies	17,950	(5,356)	12,594	3,197	9,397
Total behavioral disabilities	<u>872,724</u>	<u>44,786</u>	<u>917,510</u>	<u>907,630</u>	<u>9,880</u>
Resource room/center:					
Salaries of teachers	5,020,859	69,362	5,090,221	5,065,586	24,635
Other salaries for instruction	616,128	40,000	656,128	646,092	10,036
General supplies	48,100	1,255	49,355	35,906	13,449
Total resource room/center	<u>5,685,087</u>	<u>110,617</u>	<u>5,795,704</u>	<u>5,747,584</u>	<u>48,120</u>
Autism:					
Salaries of teachers	1,171,402	87,286	1,258,688	1,241,861	16,827
Other salaries for instruction	2,772,043	(95,973)	2,676,070	2,664,259	11,811
General supplies	34,350	(300)	34,050	31,195	2,855
Total autism	<u>3,977,795</u>	<u>(8,987)</u>	<u>3,968,808</u>	<u>3,937,315</u>	<u>31,493</u>
Preschool disabilities-part-time:					
Salaries of teachers	221,910	(2,000)	219,910	219,636	274
Other salaries for instruction	83,349	4,000	87,349	87,098	251
General supplies	9,400	350	9,750	9,717	33
Total preschool disabilities - part-time	<u>314,659</u>	<u>2,350</u>	<u>317,009</u>	<u>316,451</u>	<u>558</u>
Preschool disabilities-full time:					
General supplies	5,312	(50)	5,262	4,072	1,190
Total preschool disabilities - full time	<u>5,312</u>	<u>(50)</u>	<u>5,262</u>	<u>4,072</u>	<u>1,190</u>
Total special education	<u>12,732,063</u>	<u>48,446</u>	<u>12,780,509</u>	<u>12,669,872</u>	<u>110,637</u>
Basic skills/remedial - Instruction:					
Salaries of teachers	782,217	(66,941)	715,276	714,889	387
General supplies	11,150	(2,480)	8,670	8,394	276
Total basic skills/redmedial - instruction	<u>793,367</u>	<u>(69,421)</u>	<u>723,946</u>	<u>723,283</u>	<u>663</u>
Bilingual education:					
Salaries of teachers	254,420	2,855	257,275	257,275	
Other salaries for instruction	29,509	5,320	34,829	33,672	1,157
Other purchased services	435		435	394	41
General supplies	2,700		2,700	125	2,575
Total bilingual education	<u>287,064</u>	<u>8,175</u>	<u>295,239</u>	<u>291,466</u>	<u>3,773</u>
School sponsored co-curricular activities - instruction:					
Salaries	313,044	56,242	369,286	369,286	
Supplies and materials	64,775	(969)	63,806	42,796	21,010
Other objects	1,000		1,000		1,000
Total school sponsored co-curricular activities - instruction	<u>378,819</u>	<u>55,273</u>	<u>434,092</u>	<u>412,082</u>	<u>22,010</u>
School sponsored athletic activities:					
Salaries	914,947	114,174	1,029,121	1,028,889	232
Purchased services	113,600	(27,529)	86,071	45,207	40,864
Supplies and materials	128,000	4,000	132,000	127,357	4,643
Other objects	50,000	8,500	58,500	57,263	1,237
Transfers to cover deficit (agency funds)	87,000	(2,500)	84,500	60,000	24,500
Total school sponsored athletic activities	<u>1,293,547</u>	<u>96,645</u>	<u>1,390,192</u>	<u>1,318,716</u>	<u>71,476</u>
Other supplemental / at-risk programs - instruction:					
Salaries of reading specialists	638,635	(11,480)	627,155	626,951	204
Total other supplemental / at-risk programs - instruction	<u>638,635</u>	<u>(11,480)</u>	<u>627,155</u>	<u>626,951</u>	<u>204</u>
Total instruction	<u>45,652,488</u>	<u>(64,083)</u>	<u>45,588,405</u>	<u>44,755,040</u>	<u>833,365</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-special	\$ 1,228,883	\$ (95,000)	\$ 1,133,883	\$ 1,058,197	\$ 75,686
Tuition to county vocational - regular	14,025	(3,625)	10,400	9,750	650
Tuition to county vocational - special		18,945	18,945	18,945	
Tuition to private school - hand in state	445,932	645,440	1,091,372	1,068,534	22,838
Tuition to private school - hand out state		63,240	63,240	63,240	
Tuition to state facilities		66,000	66,000	58,744	7,256
Total undistributed expenditures - instruction	<u>1,688,840</u>	<u>695,000</u>	<u>2,383,840</u>	<u>2,277,410</u>	<u>106,430</u>
Health services:					
Salaries	682,173	6,024	688,197	687,213	984
Other salaries	114,067	42	114,109	112,760	1,349
Purchased prof. and tech. services	29,130	(6,000)	23,130	19,010	4,120
Other purchased services	3,030		3,030	1,579	1,451
Supplies and materials	42,706	6,000	48,706	33,946	14,760
Total health services	<u>871,106</u>	<u>6,066</u>	<u>877,172</u>	<u>854,508</u>	<u>22,664</u>
Other support services - student-speech, OT, PT, and related services:					
Salaries	1,294,765	(18,336)	1,276,429	1,276,100	329
Purchased professional educational services	17,957	99,100	117,057	97,521	19,536
Supplies and materials	11,250	1,679	12,929	10,349	2,580
Total other support services - student-speech, OT, PT, and related services	<u>1,323,972</u>	<u>82,443</u>	<u>1,406,415</u>	<u>1,383,970</u>	<u>22,445</u>
Other support services - students - extra services:					
Salaries	735,605	65,500	801,105	795,522	5,583
Purchased professional educational services	581,664	(3,000)	578,664	459,464	119,200
Supplies and materials	6,600		6,600	6,109	491
Total other support services - students - extra services	<u>1,323,869</u>	<u>62,500</u>	<u>1,386,369</u>	<u>1,261,095</u>	<u>125,274</u>
Other support services - guidance - regular:					
Salaries of other prof. staff	1,872,748	(85,000)	1,787,748	1,787,343	405
Salaries secretary/clerical assts.	499,779	(847)	498,932	498,932	
Purchased professional - educational services	182,765		182,765	59,798	122,967
Other purchased prof. and tech. services	135,852		135,852	120,313	15,539
Other purchased services	293,320		293,320	286,369	6,951
Supplies and materials	16,521		16,521	3,598	12,923
Other objects	699		699	374	325
Total other support services - guidance - regular	<u>3,001,684</u>	<u>(85,847)</u>	<u>2,915,837</u>	<u>2,756,727</u>	<u>159,110</u>
Child study teams:					
Salaries of other prof. staff	2,023,227	175,809	2,199,036	2,188,072	10,964
Salaries secretary/clerical assistants	294,705	(26,055)	268,650	268,650	
Other purchased prof. and tech. services	81,070	(15,000)	66,070	46,814	19,256
Other purchased services	26,400	2,500	28,900	23,133	5,767
Supplies and materials	59,795	24,000	83,795	45,973	37,822
Other objects	3,300	(1,500)	1,800	574	1,226
Total child study teams	<u>2,488,497</u>	<u>159,754</u>	<u>2,648,251</u>	<u>2,573,216</u>	<u>75,035</u>
Improvement of instruction services/instructional staff:					
Salaries of supervisors of instruction	835,928	(44,800)	791,128	791,128	
Salaries of secretarial and clerical assistants	175,753	412	176,165	176,165	
Other salaries	276,359	(500)	275,859	271,498	4,361
Other purchased services	300		300	240	60
Supplies and materials	13,755	300	14,055	13,857	198
Other objects	13,650	(300)	13,350	11,789	1,561
Total improvement of instruction services/instructional staff	<u>1,315,745</u>	<u>(44,888)</u>	<u>1,270,857</u>	<u>1,264,677</u>	<u>6,180</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Educational media services/school library:					
Salaries	\$ 630,098	\$ 10,820	\$ 640,918	\$ 640,747	\$ 171
Salaries of technology coordinators	93,907	13,812	107,719	107,719	
Purchased prof. and tech. services	129,610	6,000	135,610	119,004	16,606
Supplies and materials	76,385	7,347	83,732	64,268	19,464
Total educational media services/school library	<u>930,000</u>	<u>37,979</u>	<u>967,979</u>	<u>931,738</u>	<u>36,241</u>
Instructional staff training services:					
Salaries of supervisors of instruction	924,692	(44,886)	879,806	879,806	
Salaries of secretarial and clerical assistants	238,860	31,500	270,360	270,319	41
Other salaries	49,082	20,200	69,282	64,587	4,695
Purchased professional - educational services	25,000	(1,000)	24,000	21,034	2,966
Other purchased prof. and tech. services	86,205	(2,500)	83,705	56,163	27,542
Other purchased services	54,200	2,000	56,200	42,415	13,785
Supplies and materials	62,880	1,000	63,880	40,012	23,868
Other objects	6,830	500	7,330	6,542	788
Total instructional staff training services	<u>1,447,749</u>	<u>6,814</u>	<u>1,454,563</u>	<u>1,380,878</u>	<u>73,685</u>
Support services - general administration:					
Salaries	359,361	37,500	396,861	376,024	20,837
Legal services	150,000	89,350	239,350	239,304	46
Audit fees	50,000	(1,500)	48,500	48,225	275
Architect / engineering services	24,700	(150)	24,550	22,620	1,930
Other purchased prof. services	70,400	(2,941)	67,459	67,424	35
Communications/telephone	72,100	(5,859)	66,241	65,087	1,154
BOE other purchased services	7,500	(2,500)	5,000	4,459	541
Miscellaneous purchased services	274,592	(1,400)	273,192	272,106	1,086
General supplies	13,450	(2,000)	11,450	10,038	1,412
Miscellaneous expenditures	46,112	(13,000)	33,112	32,445	667
Total support services - general administration	<u>1,068,215</u>	<u>97,500</u>	<u>1,165,715</u>	<u>1,137,732</u>	<u>27,983</u>
Support services - school administration:					
Salaries of principals/asst. principals	2,442,696	259,300	2,701,996	2,465,435	236,561
Salaries of other professional staff	160,250	17,000	177,250	160,874	16,376
Salaries secretary/clerical assts.	1,121,993	49,944	1,171,937	1,126,962	44,975
Purchased professional and technical services	109,701	(6,000)	103,701	83,938	19,763
Other purchased services	3,500	718	4,218	2,509	1,709
Supplies and materials	18,550	(500)	18,050	8,840	9,210
Other objects	22,975	(4,505)	18,470	13,610	4,860
Total support services - school administration	<u>3,879,665</u>	<u>315,957</u>	<u>4,195,622</u>	<u>3,862,168</u>	<u>333,454</u>
Central Services:					
Salaries	694,037	(1,340)	692,697	589,548	103,149
Purchased professional services	75,644	7,000	82,644	76,598	6,046
Misc purchased services	20,149		20,149	5,927	14,222
Supplies and materials	14,000	1,000	15,000	12,076	2,924
Miscellaneous expenditures	1,980		1,980	1,956	24
Total central services	<u>805,810</u>	<u>6,660</u>	<u>812,470</u>	<u>686,105</u>	<u>126,365</u>
Admin Info Technology:					
Salaries	698,868	38,500	737,368	627,526	109,842
Purchased technical services	76,842	(1,500)	75,342	68,370	6,972
Supplies and materials	29,500	1,500	31,000	30,854	146
Total Admin Info Technology	<u>805,210</u>	<u>38,500</u>	<u>843,710</u>	<u>726,750</u>	<u>116,960</u>
Required maintenance for school facilities:					
Salaries	233,548	16,000	249,548	245,083	4,465
Cleaning, repair and maintenance services	2,206,273	12,190	2,218,463	1,916,358	302,105
Travel	300	400	700	654	46
General supplies	158,000	(21,650)	136,350	128,078	8,272
Other objects		60	60	60	
Total required maintenance for school facilities	<u>2,598,121</u>	<u>7,000</u>	<u>2,605,121</u>	<u>2,290,233</u>	<u>314,888</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Custodial services:					
Salaries	\$ 179,578	\$ 8,700	\$ 188,278	\$ 56,170	\$ 132,108
Purchased professional and technical services	95,000	(7,500)	87,500	84,768	2,732
Cleaning, repair and maintenance services	2,462,902	(323,000)	2,139,902	1,908,846	231,056
Other purchased property services	265,000	8,500	273,500	271,989	1,511
Insurance	356,640	(16,000)	340,640	294,153	46,487
General supplies	180,000	12,700	192,700	184,390	8,310
Energy (electricity)	892,885	(115,950)	776,935	759,364	17,571
Energy (natural gas)	598,000	(224,350)	373,650	335,535	38,115
Total custodial services	<u>5,030,005</u>	<u>(656,900)</u>	<u>4,373,105</u>	<u>3,895,215</u>	<u>477,890</u>
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	546,193	(33,300)	512,893	325,479	187,414
General supplies	15,000	(4,100)	10,900	8,579	2,321
Total care and upkeep of grounds	<u>561,193</u>	<u>(37,400)</u>	<u>523,793</u>	<u>334,058</u>	<u>189,735</u>
Security:					
Salaries	48,635	28,500	77,135	77,105	30
Cleaning, repair and maintenance services		600	600	575	25
General supplies		1,500	1,500	713	787
Other objects		38,900	38,900	37,306	1,594
Total security	<u>48,635</u>	<u>69,500</u>	<u>118,135</u>	<u>115,699</u>	<u>2,436</u>
Student transportation services:					
Management fee- ESC & CTSA trans. program	166,000	75,000	241,000	239,069	1,931
Cleaning, repair and maintenance services	5,000	8,000	13,000	5,713	7,287
Contracted services (between home and sch.) - vendor	2,977,417	(171,999)	2,805,418	2,655,295	150,123
Contracted services (other than home to sch.) - vendor	312,963	38,468	351,431	341,084	10,347
Contracted services (special ed.) - esc	1,861,092	55,000	1,916,092	1,904,454	11,638
Contracted services - aid in lieu of payments - nonpublic	258,782		258,782	258,782	
Contracted services - parental contracts	10,200	(2,500)	7,700	3,121	4,579
Other Objects	2,162	(1,000)	1,162	310	852
Total student transportation services	<u>5,593,616</u>	<u>969</u>	<u>5,594,585</u>	<u>5,407,828</u>	<u>186,757</u>
Unallocated benefits - employee benefits:					
Social security contributions	1,071,100		1,071,100	1,065,461	5,639
Other retirement contributions - pers	1,229,119	(44,000)	1,185,119	1,185,081	38
Unemployment compensation	13,000	(13,000)			
Worker's compensation	225,521	(20,000)	205,521	205,238	283
Health benefits	11,511,594	212,000	11,723,594	11,583,123	140,471
Tuition reimbursement	340,000	(67,000)	273,000	272,868	132
Other employee benefits	173,676	16,000	189,676	176,262	13,414
Total unallocated benefits	<u>14,564,010</u>	<u>84,000</u>	<u>14,648,010</u>	<u>14,488,033</u>	<u>159,977</u>
On-behalf payments:					
On-behalf TPAF pension and annuity fund				7,904,020	(7,904,020)
On-behalf TPAF post retirement medical				3,585,251	(3,585,251)
On-behalf TPAF long-term disability insurance				7,885	(7,885)
Reimbursed TPAF social security contributions				3,134,539	(3,134,539)
Total on-behalf payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,631,695</u>	<u>(14,631,695)</u>
Total undistributed expenditures	<u>49,345,942</u>	<u>845,607</u>	<u>50,191,549</u>	<u>62,259,735</u>	<u>(12,068,186)</u>
Total expenditures - current expense	<u>94,998,430</u>	<u>781,524</u>	<u>95,779,954</u>	<u>107,014,775</u>	<u>(11,234,821)</u>
Capital outlay					
Equipment:					
Regular programs - instruction:					
Grades 1-5	16,200		16,200		16,200
Grades 6-8	184,162	9,976	194,138	121,559	72,579
Grades 9-12	453,334	141,534	594,868	398,650	196,218
Required maintenance	102,016	(1,273)	100,743	89,656	11,087
Student Transportation Services	25,000	1,273	26,273	26,273	
Total equipment	<u>780,712</u>	<u>151,510</u>	<u>932,222</u>	<u>636,138</u>	<u>296,084</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2019

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final To</u> <u>Actual</u>
Capital outlay (continued)					
Facilities acquisition and construction services:					
Other purchased professional and technical services		\$ 10,000	\$ 10,000	\$ 9,020	\$ 980
Construction services	\$ 230,197	(10,000)	220,197	136,950	83,247
Lease purchase agreements - principal	398,461		398,461	398,460	1
Total facilities acquisition and construction svcs.	<u>628,658</u>	<u>-</u>	<u>628,658</u>	<u>544,430</u>	<u>84,228</u>
Interest deposit to capital reserve	<u>1,000</u>		<u>1,000</u>		<u>1,000</u>
Assets acquired under capital leases (non-budgeted)				56,485	(56,485)
Total capital outlay	<u>1,410,370</u>	<u>151,510</u>	<u>1,561,880</u>	<u>1,237,053</u>	<u>324,827</u>
Transfer of funds to charter schools	<u>11,575</u>		<u>11,575</u>	<u>2,833</u>	<u>8,742</u>
Total expenditures	<u>96,420,375</u>	<u>933,034</u>	<u>97,353,409</u>	<u>108,254,661</u>	<u>(10,901,252)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(3,624,798)</u>	<u>(933,034)</u>	<u>(4,557,832)</u>	<u>1,402,239</u>	<u>5,960,071</u>
Other Financing Sources (Uses):					
Capital Lease Proceeds (non-budgeted)				56,485	56,485
Transfers In - Capital Projects Fund - Interest Earnings				1,268	1,268
Transfers In - Capital Projects Fund				42,232	42,232
Transfers Out - Capital Reserve Transfer to Capital Projects Fund		(902,833)	(902,833)	(902,833)	
Total other financing sources (uses)	<u>-</u>	<u>(902,833)</u>	<u>(902,833)</u>	<u>(802,848)</u>	<u>99,985</u>
(Deficiency) excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(3,624,798)</u>	<u>(1,835,867)</u>	<u>(5,460,665)</u>	<u>599,391</u>	<u>6,060,056</u>
Fund balances, July 1	<u>22,483,139</u>		<u>22,483,139</u>	<u>22,483,139</u>	
Fund balances, June 30	<u>\$ 18,858,341</u>	<u>\$ (1,835,867)</u>	<u>\$ 17,022,474</u>	<u>\$ 23,082,530</u>	<u>\$ 6,060,056</u>
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)					
Budgeted Fund Balance	\$ (3,052,633)	(2,045,840)	\$ (5,098,473)	\$ 961,583	\$ 6,060,056
Budgeted Fund Balance - Maintenance Reserve	(569,573)	569,573			
Withdrawal From Capital Reserve		(902,833)	(902,833)	(902,833)	
Deposit to Capital Reserve		542,567	542,567	542,567	
Deposit to Maintenance Reserve		333	333	333	
Deposit to Emergency Reserve		333	333	333	
Adjustment for Prior Year Encumbrances	(2,592)		(2,592)	(2,592)	
Total	<u>\$ (3,624,798)</u>	<u>\$ (1,835,867)</u>	<u>\$ (5,460,665)</u>	<u>\$ 599,391</u>	<u>\$ 6,060,056</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 2,128,932	
Excess Surplus - Current Year				3,028,692	
Capital Reserve				8,551,224	
Maintenance Reserve				4,586,394	
Emergency Reserve				910,333	
Assigned Fund Balance:					
Year End Encumbrances				240,982	
Designated for Subsequent Year's Expenditures				165,861	
Unassigned Fund Balance				<u>3,470,112</u>	
				23,082,530	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(411,365)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 22,671,165</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
REVENUES:					
Local Sources		\$ 158,125	\$ 158,125	\$ 117,926	\$ (40,199)
State Sources		323,686	323,686	274,031	(49,655)
Federal Sources	\$ 1,303,557	566,238	1,869,795	1,477,816	(391,979)
Total Revenues	<u>1,303,557</u>	<u>1,048,049</u>	<u>2,351,606</u>	<u>1,869,773</u>	<u>(481,833)</u>
EXPENDITURES:					
Instruction:					
Purchased Professional and Educational Services		229,602	229,602	188,231	41,371
Other Purchased Services	1,147,750	(49,888)	1,097,862	1,097,253	609
General Supplies		359,956	359,956	116,087	243,869
Textbooks		20,986	20,986	20,531	455
Total Instruction	<u>1,147,750</u>	<u>560,656</u>	<u>1,708,406</u>	<u>1,422,102</u>	<u>286,304</u>
Support Services:					
Salaries	75,000	(33,997)	41,003	34,473	6,530
Personal Services - Employee Benefits	15,000	(15,000)			
Purchased Professional and Technical Services	47,500	266,853	314,353	181,649	132,704
Other Purchased Services	6,794	7,121	13,915	13,915	
Supplies and Materials	11,513	224,692	236,205	180,910	55,295
Other Objects		1,000	1,000		1,000
Total Support Services	<u>155,807</u>	<u>450,669</u>	<u>606,476</u>	<u>410,947</u>	<u>195,529</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		10,000	10,000	10,000	
Construction Services		26,724	26,724	26,724	
Total Facilities Acquisition and Construction Services		<u>36,724</u>	<u>36,724</u>	<u>36,724</u>	
Total Expenditures	<u>1,303,557</u>	<u>1,048,049</u>	<u>2,351,606</u>	<u>1,869,773</u>	<u>481,833</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, 2019

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)	\$ 109,656,900	\$ 1,869,773
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		(114,262)
Prior Year (net of cancellations)		92,260
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	344,643	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(411,365)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 109,590,178</u>	<u>\$ 1,847,771</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 108,254,661	\$ 1,869,773
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		(114,262)
Prior Year (net of Cancellations)		92,260
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 108,254,661</u>	<u>\$ 1,847,771</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, 2019

	Nonpublic Textbooks	Nonpublic Security	NJ Nonpublic Auxiliary Services, Ch. 192		NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	Nonpublic Technology
			Nonpublic Comp. Education	E.S.L.	Nonpublic Exam and Class.	Nonpublic Corrective Speech	Nonpublic Suppl. Instruction		
REVENUES:									
State Sources	\$ 20,531	\$ 55,122	\$ 57,613	\$ 5,607	\$ 55,496	\$ 11,874	\$ 25,531	\$ 32,110	\$ 10,147
Federal Sources									
Other Sources									
Total Revenues	\$ 20,531	\$ 55,122	\$ 57,613	\$ 5,607	\$ 55,496	\$ 11,874	\$ 25,531	\$ 32,110	\$ 10,147
EXPENDITURES:									
Instruction:									
Purchased Prof. - Educ. Services			\$ 57,613	\$ 5,607	\$ 55,496	\$ 11,874	\$ 25,531	\$ 32,110	
Other Purchased Services									
Instructional Supplies									
Textbooks	\$ 20,531								
Total Instruction	20,531		57,613	5,607	55,496	11,874	25,531	32,110	
Support Services:									
Salaries									
Purchased Prof. - Technical Services									
Other Purchased Services									
Supplies and Materials		\$ 55,122							\$ 10,147
Total Support Services		55,122							10,147
Facilities Acquisition and Construction Services:									
Construction Services									
Noninstructional Equipment									
Total Facilities Acquisition and Construction Services									
Total Expenditures	\$ 20,531	\$ 55,122	\$ 57,613	\$ 5,607	\$ 55,496	\$ 11,874	\$ 25,531	\$ 32,110	\$ 10,147

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2019

	Title I	Title IIA	Title III	Title III Immigrant	Title IV	I.D.E.A. Part B	I.D.E.A. Part B Preschool	Local Grants	Totals
REVENUES:									
State Sources									\$ 274,031
Federal Sources	\$ 229,239	\$ 33,215	\$ 12,842	\$ 29,804	\$ 17,819	\$ 1,152,557	\$ 2,340		1,477,816
Other Sources								\$ 117,926	117,926
Total Revenues	\$ 229,239	\$ 33,215	\$ 12,842	\$ 29,804	\$ 17,819	\$ 1,152,557	\$ 2,340	\$ 117,926	\$ 1,869,773
EXPENDITURES:									
Instruction:									
Purchased Prof. - Educ. Services									188,231
Other Purchased Services						\$ 1,097,253			1,097,253
Instructional Supplies	\$ 113,945							\$ 2,142	116,087
Textbooks									20,531
Total Instruction	113,945					1,097,253		2,142	1,422,102
Support Services:									
Purchased Prof. - Ed Services	82,005	\$ 32,000	\$ 5,400	\$ 29,073	\$ 4,000	55,304	\$ 2,340		34,473
Purchased Prof. - Technical Services			6,000					13,915	181,649
Supplies and Materials	33,289	1,215	1,442	731	13,819			65,145	13,915
									180,910
Total Support Services	115,294	33,215	12,842	29,804	17,819	55,304	2,340	79,060	410,947
Facilities Acquisition and Construction Services:									
Construction Services								26,724	26,724
Instructional Equipment								10,000	10,000
Total Facilities Acquisition and Construction Services								36,724	36,724
Total Expenditures	\$ 229,239	\$ 33,215	\$ 12,842	\$ 29,804	\$ 17,819	\$ 1,152,557	\$ 2,340	\$ 117,926	\$ 1,869,773

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, 2019

REVENUES

State Sources	
SDA Grants	\$ 487,401
Local Sources	
Interest Earned on Investments	1,268
Total Revenues	<u>488,669</u>

EXPENDITURES AND OTHER FINANCING USES

Other Purchased Professional and Technical Services	96,184
Construction Services	1,546,298
Total Expenditures	<u>1,642,482</u>

(Deficiency) of Revenues (under) Expenditures (1,153,813)

OTHER FINANCING SOURCES (USES)

Transfers In - Withdrawal from Capital Reserve	902,833
Transfers Out - Return Excess Project Funds to Fund 10 (Capital Reserve Funding)	(42,232)
Transfers Out - Interest Earned to General Fund	<u>(1,268)</u>

Total Other Financing Sources (Uses) 859,333

Net Change in Fund Balances (294,480)

Fund Balance - July 1 899,774

Fund Balance - June 30 \$ 605,294

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2019 - budgetary- basis	\$ 605,294
GAAP Basis Revenues not recognized	<u>(221,773)</u>
Fund balance, June 30, 2019 - GAAP Basis	<u>\$ 383,521</u>

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, 2019

	<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	\$ 222,169	\$ 302,324	\$ 524,493	\$ 524,640
Transfer from capital reserve	333,255	539,285	872,540	872,760
Total Revenues	<u>555,424</u>	<u>841,609</u>	<u>1,397,033</u>	<u>1,397,400</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	34,484	39,152	73,636	77,500
Construction Services	97,583	856,500	954,083	1,319,900
Total Expenditures and Other Financing Uses	<u>132,067</u>	<u>895,652</u>	<u>1,027,719</u>	<u>1,397,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 423,357</u>	<u>\$ (54,043)</u>	<u>\$ 369,314</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	\$	1,311,600		
Additional Authorized Cost		85,800		
Revised Authorized Cost	\$	1,397,400		
Percentage Increase (Decrease) over Original Authorized Cost		6.54%		
Percentage Completed		73.55%		
Original Target Completion Date		9/1/19		
Revised Target Completion Date		9/1/19		

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, 2019

	<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	\$ 216,590	\$ 185,077	\$ 401,667	\$ 401,720
Transfer from capital reserve	324,885	277,616	602,501	602,580
Total Revenues	<u>541,475</u>	<u>462,693</u>	<u>1,004,168</u>	<u>1,004,300</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	26,578	30,192	56,770	59,587
Construction Services	38,480	689,798	728,278	944,713
Total Expenditures and Other Financing Uses	<u>65,058</u>	<u>719,990</u>	<u>785,048</u>	<u>1,004,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 476,417</u>	<u>\$ (257,297)</u>	<u>\$ 219,120</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		71.69%		
Original Target Completion Date		9/1/19		
Revised Target Completion Date		9/1/19		

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 - Curtain Wall Upgrades
Year Ended June 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from capital reserve		\$ 43,700	\$ 43,700	\$ 43,700
Total Revenues	-	43,700	43,700	43,700
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		26,840	26,840	43,700
Total Expenditures and Other Financing Uses	-	26,840	26,840	43,700
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 16,860	\$ 16,860	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	43,700		
Additional Authorized Cost				
Revised Authorized Cost	\$	43,700		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	61.42%			
Original Target Completion Date	9/1/19			
Revised Target Completion Date	9/1/19			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund

Summary Schedule of Project Expenditures
Year Ended June 30, 2019

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2019</u>
			<u>Prior Years</u>	<u>Current Years</u>	
William Annin M.S. - Unit Ventilator Replacement	12/12/2014	\$ 1,397,033	\$ 132,067	\$ 895,652	\$ 369,314
William Annin M.S. - HVAC Upgrades	12/12/2014	1,004,168	65,058	719,990	219,120
William Annin M.S. - Curtain Wall Upgrades	11/12/2018	43,700		26,840	16,860
	Totals	<u>\$ 2,444,901</u>	<u>\$ 197,125</u>	<u>\$ 1,642,482</u>	<u>\$ 605,294</u>
State Grant (SDA)		\$ 926,160			
Transfers From Capital Reserve		<u>1,518,741</u>			
Total		<u>\$ 2,444,901</u>			

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	<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	\$ 497,301	\$ 3,771	\$ 501,072	\$ 748,403	\$ 475,121	\$ 1,223,524
Accounts Receivable	1,258		1,258			
Total Assets	<u>498,559</u>	<u>3,771</u>	<u>502,330</u>	<u>\$ 748,403</u>	<u>\$ 475,121</u>	<u>\$ 1,223,524</u>
LIABILITIES						
Accounts Payable	1,708		1,708			
Due to Student Groups				\$ 748,403		\$ 748,403
Payroll Deductions and Withholdings Payable					\$ 475,121	475,121
Total Liabilities	<u>1,708</u>	<u>-</u>	<u>1,708</u>	<u>\$ 748,403</u>	<u>\$ 475,121</u>	<u>\$ 1,223,524</u>
NET POSITION						
Held in Trust for Unemployment Claims	<u>\$ 496,851</u>		496,851			
Held in Trust for Scholarship Awards		<u>\$ 3,771</u>	3,771			
			<u>\$ 500,622</u>			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private - Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Members	\$ 89,752	
Donations		\$ 209
Total Additions	<u>89,752</u>	<u>209</u>
DEDUCTIONS		
Payment of Unemployment Claims	64,142	
Payment of Scholarship Awards and Other Expenses		2,751
Total Deductions	<u>64,142</u>	<u>2,751</u>
Change in Net Position	25,610	(2,542)
Net Position - Beginning of the Year	<u>471,241</u>	<u>6,313</u>
Net Position - End of the Year	<u>\$ 496,851</u>	<u>\$ 3,771</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2019

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 932,370	\$ 1,761,412	\$ 1,945,379	\$ 748,403
Total Assets	<u>\$ 932,370</u>	<u>\$ 1,761,412</u>	<u>\$ 1,945,379</u>	<u>\$ 748,403</u>
LIABILITIES:				
Due to Student Groups	\$ 932,370	\$ 1,761,412	\$ 1,945,379	\$ 748,403
Total Liabilities	<u>\$ 932,370</u>	<u>\$ 1,761,412</u>	<u>\$ 1,945,379</u>	<u>\$ 748,403</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary Schools:				
Liberty Corner	\$ 50,113	\$ 69,660	\$ 77,681	\$ 42,092
Oak Street	17,892	26,290	23,535	20,647
Cedar Hill	91,555	56,373	78,267	69,661
Mount Prospect	9,596	9,689	12,435	6,850
Total Elementary Schools	<u>169,156</u>	<u>162,012</u>	<u>191,918</u>	<u>139,250</u>
Middle School:				
William Annin	<u>78,433</u>	<u>328,079</u>	<u>328,731</u>	<u>77,781</u>
High School:				
Athletic Fund	15,743	104,789	117,693	2,839
Performing Arts	29,059	112,479	128,316	13,222
Ridge High School	639,979	1,054,053	1,178,721	515,311
Total High School	<u>684,781</u>	<u>1,271,321</u>	<u>1,424,730</u>	<u>531,372</u>
Totals	<u>\$ 932,370</u>	<u>\$ 1,761,412</u>	<u>\$ 1,945,379</u>	<u>\$ 748,403</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2019

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 458,345	\$ 64,817,674	\$ 64,800,898	\$ 475,121
Total Assets	<u>\$ 458,345</u>	<u>\$ 64,817,674</u>	<u>\$ 64,800,898</u>	<u>\$ 475,121</u>
LIABILITIES:				
Interfund Payable	\$ 1,000		\$ 1,000	
Payroll Deductions and Withholdings Payable	<u>457,345</u>	<u>\$ 64,817,674</u>	<u>64,799,898</u>	<u>\$ 475,121</u>
Total Liabilities	<u>\$ 458,345</u>	<u>\$ 64,817,674</u>	<u>\$ 64,800,898</u>	<u>\$ 475,121</u>

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2018	Paid	Balance June 30, 2019
			Date	Amount				
Refunding School Bonds	5/22/12	\$ 9,700,000	07/15/19	\$ 70,000	3.000 %	\$ 9,230,000	\$ 70,000	\$ 9,160,000
			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	22,930,000	390,000	22,540,000
			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			
01/01/21	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>\$ 60,380,000</u>	<u>\$ 3,065,000</u>	<u>\$ 57,315,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2019

<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 June 30, 2018</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
			<u>Principal</u>	<u>Interest</u>					
2015 Savin Copiers - Various Schools	11/30/2014	5 Years	\$ 139,065	\$ 13,545	5.34 %	\$ 39,644		\$ 29,549	\$ 10,095
2015 Construction Projects - Wellness Center and Turf Field	4/20/2015	5 Years	763,200	40,472	1.90	314,337		155,646	158,691
2016 Copiers - Oak Street	5/1/2016	5 Years	40,097	6,335	5.93	24,166		8,071	16,095
2016 Copiers - Ridge High School	12/1/2015	5 Years	11,278	1,579	6.62	5,823		2,320	3,503
2017 - Various IT Equipment	7/1/2016	5 Years	1,143,000	45,468	1.47	696,535		228,144	468,391
2018 - Copiers - Various Schools	7/25/2017	5 Years	92,391	9,609	3.90	75,345		17,733	57,612
2018 - Copiers - Various Schools	10/28/2017	5 Years	44,384	4,936	4.23	38,309		8,406	29,903
2019 - Copiers - Various Schools	10/28/2018	5 Years	6,605	1,172	6.62		\$ 6,605	857	5,748
2019 - Copiers - Various Schools	1/28/2019	5 Years	49,880	7,840	5.90		49,880	4,354	45,526
						<u>\$ 1,194,159</u>	<u>\$ 56,485</u>	<u>\$ 455,080</u>	<u>\$ 795,564</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	<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	\$ 5,107,583		\$ 5,107,583	\$ 5,107,583	
State Sources-Debt Service Aid	264,578		264,578	264,578	
Total Revenue	<u>5,372,161</u>		<u>5,372,161</u>	<u>5,372,161</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	3,065,000		3,065,000	3,065,000	
Interest on Bonds	<u>2,308,963</u>		<u>2,308,963</u>	<u>2,308,962</u>	\$ 1
Total Expenditures	<u>5,373,963</u>		<u>5,373,963</u>	<u>5,373,962</u>	1
Deficiency of Revenues Under Expenditures	(1,802)		(1,802)	(1,801)	1
Fund Balance, July 1	<u>3,182</u>	<u>-</u>	<u>3,182</u>	<u>3,182</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,380</u>	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ 1,381</u>	<u>\$ 1</u>

**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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 22,390,074
Restricted	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	19,589,095
Unrestricted (deficit)	<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>	<u>(24,423,925)</u>
Total Governmental Activities Net Position	<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>	<u>\$ 17,555,244</u>
Business-type Activities:										
Investment in Capital Assets	\$ 54,958	\$ 56,950	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521	\$ 132,771	\$ 124,511	\$ 103,854	\$ 85,591
Unrestricted	<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>	<u>2,027,446</u>
Total Business-type Activities Net Position	<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>	<u>\$ 2,113,037</u>
Government-wide:										
Net Investment in Capital Assets	\$ 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	\$ 22,475,665
Restricted	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	19,589,095
Unrestricted (deficit)	<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>	<u>(22,396,479)</u>
Total Government-Wide Net Position	<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>	<u>\$ 19,668,281</u>

Source: District CAFR A-I

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

	2010	2011	2011	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 14,207,832	\$ 17,204,783	\$ 15,059,817	\$ 16,921,273	\$ 16,438,692	\$ 45,216,758	\$ 47,134,891	\$ 53,375,707	\$ 53,242,764	\$ 56,846,888
Social Education Instruction	1,146,666	12,205,009	12,941,938	15,641,646	19,374,066	19,374,066	20,646,861	22,529,787	23,778,056	22,611,975
Other Instruction	1,753,775	1,711,885	1,684,311	1,420,424	1,331,613	2,331,613	2,331,613	2,820,956	3,183,051	2,968,214
Other Instruction	1,668,722	1,669,936	1,813,227	1,943,703	2,360,784	2,360,784	2,110,012	2,307,572	2,602,833	2,572,403
Support Services:										
Tuition	2,680,778	3,109,736	3,477,234	2,420,182	2,782,496	2,697,135	2,176,329	1,844,121	2,283,833	2,280,243
Related Services	13,480,530	12,125,105	12,811,041	13,157,717	15,311,813	14,019,783	13,653,548	17,731,406	20,048,518	19,531,111
General Administration Services	1,078,925	986,457	1,036,011	877,443	956,971	914,251	914,251	1,019,671	1,019,671	1,019,671
School Administration Services	4,170,456	4,268,077	4,391,229	4,601,249	4,812,434	5,023,619	5,234,804	5,446,000	5,657,185	5,868,370
Central Services	692,596	706,896	734,377	863,125	986,214	938,597	956,062	978,363	1,067,485	978,259
Administrative Information	754,135	772,255	771,620	800,194	813,294	839,648	888,132	982,707	1,159,516	1,051,967
Technology:										
Plumbing and	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	7,030,609
Maintenance	4,112,652	4,972,228	5,275,700	5,445,939	5,399,062	5,346,667	5,506,213	5,346,333	5,835,470	5,602,180
Pupil Transportation	3,926,665	3,845,737	3,585,493	3,368,304	3,081,435	2,720,395	2,903,168	2,248,746	2,152,262	2,076,354
Interest and other charges on Long-Term Debt										
Total Governmental Activities Expenses	89,708,000	87,689,405	92,397,884	94,930,368	96,889,001	107,930,837	114,041,023	124,419,976	130,003,607	125,510,420
Business-type Activities:										
Food Service	1,911,960	1,944,455	2,184,302	2,069,346	2,413,043	2,309,728	2,178,232	1,898,157	3,094,777	2,145,650
After School Enrichment	2,583,311	2,041,180	1,397,716	1,397,716	1,167,440	1,026,696	1,157,544	1,102,284	1,252,212	1,451,133
Project Jump Start	91,640	82,501	98,082	85,069	90,065	90,088	90,703	82,248	110,242	102,422
Before and After School Care	1,034,402	1,085,360	1,233,364	1,277,759	988,535	1,196,661	1,263,941	1,251,652	1,310,375	1,411,664
Total Business-type Activities Expense	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	3,744,211
Total District Expenses	93,004,313	91,005,901	96,076,313	98,502,268	100,497,374	111,630,010	117,691,663	127,751,690	133,653,000	129,254,631
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 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	\$ 978,515
Pupil Transportation	272,498	232,278	222,716	232,410	232,410	232,410	232,410	232,410	207,025	241,335
Operating Grants and Contributions	2,706,434	1,444,222	1,698,257	2,326,646	1,378,907	1,763,391	1,784,900	1,789,911	1,837,957	1,847,771
Capital Grants and Contributions	-	1,782	1,782	3,226	4,553,123	393,312	886,147	696,634	338,092	625,528
Total Governmental Activities Program Revenues	3,670,118	3,698,054	3,189,674	3,754,505	3,394,067	3,781,701	4,278,998	4,065,673	3,707,036	3,693,159
Business-type Activities:										
Charges for Services:										
Food Service	2,097,314	1,970,688	2,140,832	2,109,131	2,192,147	2,199,301	2,372,148	2,261,276	2,346,569	2,288,387
After School Enrichment	331,410	186,739	171,084	153,863	127,127	126,920	123,030	116,747	122,995	142,352
Before and After School Care	1,155,211	1,128,732	1,092,200	1,054,213	1,304,769	1,219,883	1,265,121	1,258,856	1,340,456	1,337,682
Operating Grants and Contributions	119,882	134,876	124,916	100,101	131,132	120,253	79,707			
Total Business-type Activities Program Revenues	3,628,504	3,533,180	3,652,792	3,522,497	3,766,032	3,711,364	3,926,256	3,723,329	3,849,120	3,814,121
Total District Program Revenues	7,298,622	6,231,234	6,842,466	7,277,002	7,160,099	7,493,065	8,205,254	7,789,002	7,556,156	7,507,280
Net (Expense) Revenue	(86,037,882)	(84,991,351)	(89,207,610)	(91,176,263)	(93,494,984)	(104,149,136)	(107,762,025)	(120,377,303)	(126,096,844)	(121,647,351)
Governmental Activities	332,191	216,684	(25,637)	(49,403)	157,659	72,191	275,616	391,613	199,727	69,890
Business-type Activities	(85,705,691)	(84,774,667)	(89,233,247)	(91,225,666)	(93,337,233)	(104,076,945)	(109,486,609)	(119,985,688)	(126,096,844)	(121,747,371)
Total Government-wide Net Expense										

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

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Purposes Levied for General	\$ 70,156,926	\$ 72,910,723	\$ 74,368,937	\$ 74,856,316	\$ 77,373,442	\$ 78,520,911	\$ 80,499,329	\$ 82,109,315	\$ 83,751,501	\$ 85,426,531
Purposes Levied for Debt Service	5,500,706	5,591,242	5,766,182	5,761,929	5,503,366	5,084,960	5,218,263	5,284,441	5,102,268	5,107,583
Invested Grants and Contributions	10,864,349	8,622,347	11,210,045	13,446,943	13,192,149	23,047,087	27,345,245	35,235,811	39,311,637	33,687,870
Investment Earnings	63,067	42,182	13,873	8,803	8,162	8,333	8,413	8,240	91,938	255,811
Miscellaneous Income	267,986	154,079	421,748	474,894	476,605	733,735	796,630	389,530	288,076	643,683
Total Governmental Activities	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	135,121,428
Business-type Activities:										
Miscellaneous Income	-	-	-	12,548	-	-	-	-	-	-
Total Business-type Activities	-	-	-	12,548	-	-	-	-	-	-
Total Government-wide	\$ 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	\$ 135,121,428
Change in Net Position										
Governmental Activities	\$ 815,152	\$ 2,329,122	\$ 2,373,175	\$ 4,372,624	\$ 3,060,790	\$ 3,647,880	\$ 4,046,255	\$ 2,670,084	\$ 2,252,869	\$ 3,304,167
Business-type Activities	332,191	216,684	(25,637)	(26,853)	157,639	71,191	275,616	391,615	199,727	69,890
Total District	\$ 1,147,343	\$ 2,545,806	\$ 2,347,538	\$ 4,345,769	\$ 3,218,429	\$ 3,720,071	\$ 4,321,871	\$ 3,061,699	\$ 2,452,596	\$ 3,374,057

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>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>2019</u>
General Fund:										
Reserved	\$ 3,985,240									
Unreserved	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	\$ 19,205,575
Assigned		4,793,453	2,471,993	695,042	1,039,137	953,179	315,469	40,462	620,982	406,843
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	3,058,747
Total General Fund	<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>	<u>\$ 22,671,165</u>
All Other Governmental Funds:										
Unreserved, Reported In:										
Capital Projects Fund	\$ 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	\$ 383,521
Debt Service Fund		1	1,399	45,263	286,069	36,069	1,802	3,182	1,381	
Total All Other Governmental Funds	<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>	<u>\$ 384,902</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 75,657,632	\$ 78,301,965	\$ 80,135,119	\$ 81,618,245	\$ 82,878,808	\$ 84,005,871	\$ 85,717,892	\$ 87,393,756	\$ 88,853,769	\$ 90,534,114
Tuition Charges	691,186	1,020,789	1,268,721	1,203,364	1,528,285	1,336,604	1,370,663	1,296,717	1,323,962	978,515
Interest Earnings	63,067	42,182	13,873	8,805	8,162	48,001	8,413	8,240	91,958	255,811
Miscellaneous	632,321	514,882	782,344	771,371	757,915	1,248,876	1,123,675	847,989	541,400	978,673
State Sources	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	23,205,585
Federal Sources	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	1,484,300
Total Revenues	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	117,436,916
Expenditures										
Instruction:										
Regular Instruction	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	29,069,183
Special Instruction	9,433,524	8,893,940	9,479,261	11,473,971	11,998,460	12,846,421	13,167,825	13,236,885	13,571,968	13,767,124
Other Special Instruction	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	1,641,700
School-sponsored/Other Instructional	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	1,730,798
Support Services:										
Tuition	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	2,277,410
Student and Instruction Related Services	10,470,913	9,239,142	9,961,962	10,096,439	10,237,890	10,248,340	10,614,056	11,412,307	12,332,102	12,790,815
General Administrative Services	926,229	832,971	888,616	750,997	821,333	778,801	963,463	1,003,733	1,094,848	1,137,732
School Administrative Services	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	3,862,168
Central Services	516,161	532,298	558,173	632,848	728,026	696,289	675,431	652,085	696,564	686,105
Admin. Information Technology	558,664	571,542	578,041	606,420	625,303	648,290	661,173	709,508	768,126	726,750
Plant Operations and Maintenance	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	6,635,205
Pupil Transportation	3,976,834	4,784,527	5,097,286	5,262,726	5,219,548	5,169,310	5,328,761	5,134,251	5,645,226	5,407,828
Employee Benefits	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	29,119,728
Charter Schools			9,765	19,750	20,373	20,589	20,687	12,009	10,346	2,833
Capital Outlay	315,596	860,359	425,472	1,468,161	735,665	3,123,933	3,310,221	3,468,645	1,429,848	2,491,055
Cost of issuance			107,095	176,244	171,194	84,661	112,906			
Debt Service:										
Principal	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	3,448,791
Interest and Other Charges	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	2,323,651
Total Expenditures	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	117,118,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	897,628	2,384,337	1,788,692	2,166,710	1,991,352	442,873	(123,720)	1,173,252	1,168,676	318,040
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)		209,080	96,589			1,531,879	51,375	1,143,000	136,775	56,485
Payments to Escrow Agent			(9,651,344)	(26,930,622)	(26,384,329)	(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	209	82	137	254	420,000	1,717,801	2,468,243	883,897	654,769	946,333
Transfers Out	(209)	(82)	(137)	(254)	(420,000)	(1,717,801)	(2,468,243)	(883,897)	(654,769)	(946,333)
Total Other Financing Sources (Uses)	-	209,080	203,684	230,698	171,194	1,616,540	164,281	1,143,000	136,775	56,485
Net Change in Fund Balances	\$ 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	\$ 374,525
Debt service as a percentage of noncapital expenditures	6.77%	6.82%	6.58%	6.33%	5.73%	5.65%	6.34%	5.34%	5.25%	5.04%
Source: District CAFR B-2										

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 Ended June 30,</u>	<u>Transportation Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Other</u>	<u>Annual Totals</u>
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
2019	241,335	149,972	29,822	463,889	885,018

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 Res.</u>	<u>Ofarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities</u> ^a	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate</u> ^b
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	301,500	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
2019	14,373,000	5,978,937,900	28,394,100	268,700	785,793,100	2,128,000	8,586,700	6,818,481,500	7,896,944	6,826,378,444	6,826,378,444	1.339

Source: Municipal Tax Assessor

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

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

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

^b Tax rates are per \$100

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

Fiscal Year Ended <u>June 30,</u>	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u> ^a	General Obligation Debt <u>Service</u> ^b	(From J-6) Total Direct School <u>Tax Rate</u>	<u>Bernards Township</u>	<u>Somerset County</u>	
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
2019	1.264	0.075	1.339	0.332	0.363	2.034

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

	2019			2010		
	<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	\$ 209,523,300	1	3.07%			
Fellowship Village, Inc.	53,920,800	2	0.79%	\$ 50,055,100	2	0.78%
RW 211 Mount Airy, LLC	48,991,000	3	0.72%			
AREP Westgate I, LLC	33,425,300	4	0.49%			
Verizon Corporate Services Group Inc.	26,007,900	5	0.38%	207,570,500	1	3.23%
131 Morristown Road	24,183,800	6	0.35%	31,749,300	4	0.49%
Ashford Basking Ridge	23,970,000	7	0.35%	26,655,000	8	0.50%
110 Allen Rd LLC	22,195,900	8	0.33%			
120 Mountainview LLC	20,661,400	9	0.30%			
150 Allen Road LLC	20,166,100	10	0.30%			
Avaya Inc./CB R Ellis/German				42,050,000	3	0.66%
OTR / Mack-Cali Realty Corp				34,855,500	6	0.54%
Realty Assoc Fund				30,740,000	5	0.48%
BRCP NJ Prop LLC c/o Broadreach Cap				23,940,000	7	0.37%
KBSII Mountainview, LLC				24,074,500	10	0.35%
Realty Assoc Fund VII, LP				24,742,200	9	0.35%
Total	\$ 483,045,500		7.08%	\$ 496,432,100		7.75%

Source: Municipal Tax Assessor

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

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		<u>Amount</u>	<u>Percentage of Levy</u>	
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%	
2019	90,534,114	90,534,114	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 <u>June 30,</u>	<u>Governmental Activities</u>			Total <u>District</u>	Percentage of Personal <u>Income</u> ^a	<u>Per Capita</u> ^a
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>				
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	2.48%	96,548	
2018	60,380,000	1,194,159	61,574,159	Not Available	Not Available	
2019	57,315,000	795,564	58,110,564	Not Available	Not Available	

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
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%	96,548
2018	60,380,000	3,182	60,376,818	0.89%	Not Available
2019	57,315,000	1,381	57,313,619	0.84%	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, 2019
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	Information Not Available		
Somerset County General Obligation Debt			_____
Subtotal, Overlapping Debt			_____
Bernards School District Direct Debt			_____
Total Direct and Overlapping Debt			=====

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 2019

<u>Year</u>	<u>Equalized Valuation Basis</u>
2019	\$ 6,826,378,444
2018	6,807,978,961
2017	6,971,301,442
	<u>\$ 20,605,658,847</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 6,868,552,949</u>
Debt Limit (4% of Average Equalization Value)	
	<u>\$ 274,742,118 ^a</u>
Total Net Debt Applicable to Limit	
	<u>57,313,619</u>
Legal Debt Margin	
	<u>\$ 217,428,499</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>2018</u>
Debt Limit	\$ 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	\$ 274,742,118
Total Net Debt Applicable to Limit	<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>	<u>57,313,619</u>
Legal Debt Margin	<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>	<u>\$ 217,428,499</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.11%	29.12%	29.26%	28.44%	26.90%	25.90%	23.96%	22.78%	21.82%	20.86%

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

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

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
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	2,612,685,428	96,548	3.30%
2018	27,205	Not Available	Not Available	2.90%
2019	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**

	2019		2010	
<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>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>2019</u>
Teachers - General Fund	469.8	442.8	440.6	450.0	467.0	482.7	490.1	489.0	488.2	472.8
Classroom Aides - General Fund	123.0	96.5	109.0	120.0	116.8	122.3	119.5	128.2	129.6	130.8
Athletic	-	-	-	-	2.0	2.0	2.0	2.0	2.0	4.0
Health Services	11.9	11.0	11.0	10.0	10.0	12.0	12.5	12.6	13.0	13.0
Related Services	11.6	11.6	12.0	13.0	13.5	13.5	13.0	13.0	16.0	16.0
Extraordinary Services	6.0	8.4	11.0	9.0	9.5	7.6	9.0	10.0	8.0	9.0
Guidance - Professional	20.2	19.2	21.2	21.0	20.2	20.0	20.7	21.0	21.0	22.0
Guidance - Support	6.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0	8.0	10.0
Child Study Team	17.2	16.4	17.8	21.0	20.8	21.6	23.0	21.6	22.0	23.3
Child Study Team - Support	2.0	2.0	2.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0
Supervisors and Other Professionals	4.0	3.5	9.8	5.0	4.5	4.5	5.5	5.5	6.0	12.0
Improvement of Instruction - Support	3.0	2.0	4.0	3.0	2.0	3.0	2.0	3.0	3.0	3.0
Media Services/Technology	13.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0
Professional Development - Professionals	5.5	5.0	5.5	-	-	-	-	-	-	-
Professional Development - Support	6.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	5.0
General District Administrators	-	-	-	3.0	5.0	5.5	9.0	8.5	9.0	3.0
General Administration - Professional	1.5	1.5	2.5	3.0	2.0	2.0	2.0	1.0	1.0	1.0
General Administration - Support	1.0	1.0	-	6.0	0.5	1.0	-	-	-	-
Principals/Assistant Professionals	17.0	17.0	16.0	17.0	17.0	17.0	17.0	17.0	17.0	15.0
School Administration - Support	18.0	19.0	21.0	19.0	19.0	19.0	19.0	19.0	19.5	20.0
Central Services - Administrators	1.0	1.0	7.0	1.0	7.5	9.0	6.0	6.0	6.0	6.5
Central Services - Support	5.6	4.6	-	-	-	-	-	-	-	-
Administration Information Technology Services	9.0	8.0	9.0	11.0	9.5	9.0	9.0	9.0	10.0	8.0
Operation and Maintenance	-	-	-	-	2.0	3.0	2.0	2.0	3.0	3.5
Support Staff - Special Revenue	3.0	3.0	6.0	-	-	-	-	-	-	-
Total	755.3	696.5	728.4	741.0	757.9	780.8	788.2	795.4	801.3	792.9

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				
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%
2019	5,278	108,855,379	20,624	7.31%	473	9.1	9.2	10.6	5,308	5,076	-2.12%	95.63%

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>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>2019</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	68,022	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	624	607	604	593	612	610	601	592	594	546
Liberty Corner Elementary School										
Square Feet	82,240	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	575	561	570	598	581	556	531	545	536	525
Mount Prospect Elementary School										
Square Feet	97,708	97,708	97,708	97,708	97,708	103,440	103,440	103,440	103,440	103,440
Capacity (students)	839	839	839	839	839	839	839	839	839	839
Enrollment	761	719	715	707	680	672	651	611	571	570
Oak Street Elementary School										
Square Feet	69,272	69,272	69,272	69,272	69,272	75,927	75,927	75,927	75,927	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	623	627	636	607	616	579	550	513	488	465
<u>Middle School:</u>										
William Annin Middle School										
Square Feet	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,399	1,433	1,406	1,405	1,366	1,382	1,396	1,359	1,341	1,317
<u>High School:</u>										
Ridge High School										
Square Feet	297,158	297,158	297,158	297,158	297,158	312,939	312,939	312,939	312,939	312,939
Capacity (students)	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,715	1,724	1,774	1,815	1,865	1,878	1,897	1,901	1,877	1,855
<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, 2019:
 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>
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
2019	933,473	450,151	180,017	212,332	284,436	229,824	2,290,233
Total School Facilities	\$ 7,459,773	\$ 4,174,934	\$ 1,699,078	\$ 2,108,730	\$ 2,515,165	\$ 1,847,904	\$ 17,515,351

*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, 2019

School Package Policy - NJSBAIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$185,696,490	\$5,000
Electronic Data Processing	1,600,000	1,000
Boiler and Machinery	100,000,000	5,000
Comprehensive General Lia+15:39bility	11,000,000	-
Crime	1,000,000	1,000
Automobile	11,000,000	1,000
Environmental Liability	1,000,000	25,000
Commercial Excess	Included	-
Workers' Compensation	2,000,000	-
Educators Legal Liability	11,000,000	10,000
 N.J. Cap Program - Fireman's Fund Insurance Co.	 50,000,000	 -
 Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	-
Treasurer	430,000	-
 Student Accident - McCloskey Insurance	 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 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.

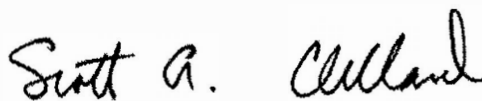
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
November 25, 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, 2019. 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, 2019.

Report on Internal Control Over Compliance

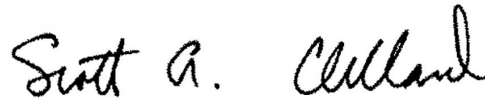
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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
November 25, 2019

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2018	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2019	Unearned Revenue June 30, 2019	Due to Grantor at June 30, 2019
				From	To							
U.S. Department of Health and Human Services												
Pass-Through State Department of Education												
General Fund:												
Medical Assistance Program - SEMI	93.778	1905NJ5MAP	\$ 4,215	07/01/18	06/30/19		\$ 4,215	\$ 4,215				
Total General Fund							4,215	4,215				
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title II - Part A	84.367A	S367A170029	74,013	07/01/17	06/30/18	\$ (10,893)	10,830		\$ 63			
Title II - Part A	84.367A	S367A180029	86,242	07/01/18	06/30/19			33,215		\$ (33,215)		
Language Instruction for English Learners and Immigrant Students:												
Title III	84.365	S365A170030	25,949	07/01/17	06/30/18	(3,483)	3,483					
Title III	84.365	S365A180030	30,103	07/01/18	06/30/19		7,442	12,842		(5,400)		
Title III Immigrant	84.365	S365A170030	15,846	07/01/17	06/30/18	(4,653)	4,653					
Title III Immigrant	84.365	S365A180030	30,490	07/01/18	06/30/19		24,251	29,804		(5,553)		
Subtotal Language Instruction for English Learners and Immigrant Students						(8,136)	39,829	42,646		(10,953)		
Title I, Part A	84.010	S010A170030	370,494	07/01/17	06/30/18	(164,639)	164,001		638			
Title I, Part A	84.010	S010A180030	378,717	07/01/18	06/30/19		108,652	229,239		(120,587)		
Title IV	84.424	S424A180031	19,464	07/01/18	06/30/19			17,819		(17,819)		
Special Education Grant Cluster:												
I.D.E.A., Part B, Basic	84.027	H027A170100	1,215,469	07/01/17	06/30/18	(382,171)	382,171					
I.D.E.A., Part B, Basic	84.027	H027A180100	1,183,576	07/01/18	06/30/19		1,107,876	1,152,557		(44,681)		
I.D.E.A., Part B, Preschool	84.173	H173A170114	85,598	07/01/17	06/30/18	(58,021)	55,991		2,030			
I.D.E.A., Part B, Preschool	84.173	H173A180114	53,561	07/01/18	06/30/19		2,340					
Subtotal of Special Education Grant Cluster						(440,192)	1,548,378	1,154,897	2,030	(44,681)		
Total Special Revenue Fund						(623,860)	1,871,690	1,477,816	2,731	(227,255)		
Total Expenditures of Federal Awards						\$ (623,860)	\$ 1,875,905	\$ 1,482,031	\$ 2,731	\$ (227,255)	\$ -	\$ -

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, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018					Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO		
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Special Education Aid	18-495-034-5120-089	\$ 2,797,493	7/1/2017	6/30/2018	\$ (274,356)			\$ 274,356							
Special Education Aid	19-495-034-5120-089	2,797,493	7/1/2018	6/30/2019			2,523,211	\$ 2,797,493				\$ (274,282)		\$ 2,797,493	
Security Aid	18-495-034-5120-084	101,447	7/1/2017	6/30/2018	(9,949)		9,949								
Security Aid	19-495-034-5120-084	101,447	7/1/2018	6/30/2019			91,501	101,447				(9,946)		101,447	
Transportation Aid	18-495-034-5120-014	443,670	7/1/2017	6/30/2018	(43,512)		43,512								
Transportation Aid	19-495-034-5120-014	1,296,717	7/1/2018	6/30/2019			1,169,580	1,296,717				(127,137)		1,296,717	
PARCC Readiness Aid	18-495-034-5120-098	57,590	7/1/2017	6/30/2018	(5,648)		5,648								
PARCC Readiness Aid	18-495-034-5120-097	57,590	7/1/2017	6/30/2018	(5,648)		5,648								
Per Pupil Growth Aid	18-495-034-5120-101	56,390	7/1/2017	6/30/2018	(5,530)		5,530								
Professional Learning Community Aid	18-495-034-5120-473	2,692,045	7/1/2017	6/30/2018	(2,692,045)		2,692,045								
Extraordinary Aid	19-495-034-5120-084	3,168,786	7/1/2017	6/30/2019				3,168,786			\$ (3,168,786)			3,168,786	
Extraordinary Aid	18-495-034-5120-014	84,390	7/1/2017	6/30/2018	(84,390)		84,390								
Nonpublic School Transportation Costs	19-495-034-5120-014	111,940	7/1/2018	6/30/2019				111,940			(111,940)			111,940	
Nonpublic School Transportation Costs	18-495-034-5094-003	3,063,583	7/1/2017	6/30/2018	(150,074)		150,074								
Nonpublic School Transportation Costs	19-495-034-5094-003	3,134,539	7/1/2018	6/30/2019			2,981,343	3,134,539			(153,196)			3,134,539	
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002	7,904,020	7/1/2018	6/30/2019			7,904,020	7,904,020						7,904,020	
On-Behalf-Teachers' Pension and Annuity Fund - Post Retirement Medical	19-495-034-5094-001	3,585,251	7/1/2018	6/30/2019			3,585,251	3,585,251						3,585,251	
On-Behalf-Teachers' Pension & Annuity Fund - Non-contributory Insurance	19-495-034-5094-004	7,885	7/1/2018	6/30/2019			7,885	7,885						7,885	
Total General Fund					(3,271,152)			21,533,943	22,108,078			(3,433,922)		22,108,078	
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	18-100-034-5120-064	23,885	7/1/2017	6/30/2018				\$ 326			\$ 326				
Textbook Aid	19-100-034-5120-064	20,986	7/1/2018	6/30/2019			20,986	20,531			\$ 455			20,531	
Nursing Services	18-100-034-5120-070	42,292	7/1/2017	6/30/2018			9,323			9,323					
Nursing Services	18-100-034-5120-070	38,121	7/1/2018	6/30/2019			38,121	32,110			6,011			32,110	
Technology	18-100-034-5120-373	16,132	7/1/2017	6/30/2018			4,607			4,607					
Technology	18-100-034-5120-373	14,148	7/1/2018	6/30/2019			14,148	10,147			4,001			10,147	
Security	18-100-034-5120-309	32,700	7/1/2017	6/30/2018			8,962			8,962					
Security	18-100-034-5120-509	58,950	7/1/2018	6/30/2019			58,950	55,122			3,828			55,122	
Auxiliary Services:															
Home Instruction	18-000-034-5120-067	4,223	7/1/2017	6/30/2018	(4,223)		4,223								
English as a Second Language	18-100-034-5120-067	8,762	7/1/2017	6/30/2018			903			903					
English as a Second Language	19-100-034-5120-067	10,353	7/1/2018	6/30/2019			10,353	5,607			4,746			5,607	
Compensatory Education	18-100-034-5120-067	59,264	7/1/2017	6/30/2018			5,673			5,673					
Compensatory Education	19-100-034-5120-067	65,991	7/1/2018	6/30/2019			65,991	57,613			8,378			57,613	
Handicapped Services:															
Supplemental Instruction	18-100-034-5120-066	25,710	7/1/2017	6/30/2018			874			874					
Supplemental Instruction	19-100-034-5120-066	27,119	7/1/2018	6/30/2019			27,119	25,531			1,588			25,531	
Examination and Classification	18-100-034-5120-066	43,502	7/1/2017	6/30/2018			4,185			4,185					
Examination and Classification	19-100-034-5120-066	56,770	7/1/2018	6/30/2019			56,770	55,496			1,274			55,496	
Corrective Speech	18-100-034-5120-066	41,069	7/1/2017	6/30/2018			21,338			21,338					
Corrective Speech	19-100-034-5120-066	31,248	7/1/2018	6/30/2019			31,248	11,874			19,374			11,874	
Total Special Revenue Fund					(4,223)		56,191	327,909	274,031		56,191		49,655	274,031	
NJSDA Grants:															
Capital Projects Fund:															
Oak Street E.S. - Unit Ventilator Replacement	0350-060-14-G2NZ	372,262	12/12/2014	Completion	(70,492)		70,492							372,262	
Oak Street E.S. - HVAC Upgrades	0350-060-14-G2OA	211,651	12/12/2014	Completion	(34,959)		34,959							211,651	
WAMS - Unit Ventilator Replacement	0350-050-14-G2NX	524,640	12/12/2014	Completion	(52,827)		209,857	337,542		(180,512)		(314,784)		390,368	
WAMS - HVAC Upgrades	0350-050-14-G2NW	401,720	12/12/2014	Completion	(26,023)		160,688	287,996		(153,331)		(241,032)		314,019	
Total Capital Projects Fund					(184,301)		475,994	625,538			(333,843)		(555,816)	1,288,300	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018				Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received			(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Debt Service Fund:														
Debt Service Aid	19-495-034-5120-075	\$ 264,578	7/1/2018	6/30/2019				\$ 264,578	\$ 264,578					\$ 264,578
Total Debt Service Fund								264,578	264,578					264,578
Total Expenditures of State Financial Assistance								\$ 22,602,426	\$ 23,272,225	\$ 56,191	\$ (3,767,765)	\$ 49,655	\$ (967,181)	\$ 23,934,987
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002	7,904,020	7/1/2018	6/30/2019				7,904,020	7,904,020					7,904,020
On-Behalf-Teachers' Pension and Annuity Fund - Post Retirement Medical	19-495-034-5094-001	3,585,251	7/1/2018	6/30/2019				3,585,251	3,585,251					3,585,251
On-Behalf-Teachers' Pension & Annuity Fund - Non-contributory Insurance	19-495-034-5094-004	7,885	7/1/2018	6/30/2019				7,885	7,885					7,885
Total On-Behalf State Financial Assistance								11,497,156	11,497,156					11,497,156
Total State Financial Assistance Subject to Single Audit Determination								\$ 11,105,270	\$ 11,775,069	\$ 56,191	\$ (3,767,765)	\$ 49,655	\$ (967,181)	\$ 12,437,831

Township of Bernards Board of Education
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2019

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 District 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 Presentation

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. Because the schedules present only selected portions of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

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, 2019

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 \$66,722 for the general fund and \$22,002 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	\$ 4,215	\$ 22,041,356	\$ 22,045,571
Special Revenue Fund	1,480,085	274,031	1,754,116
Capital Projects Fund		625,538	625,538
Debt Service Fund		264,578	264,578
Total financial award revenues	<u>\$ 1,484,300</u>	<u>\$ 23,205,503</u>	<u>\$ 24,689,803</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$86,011 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, 2019

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, 2019.

The post retirement pension medical benefits and long-term disability received on-behalf of the District for the year ended June 30, 2019 amounted to \$11,497,156. 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 has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs
Year ended June 30, 2019

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	H027A180100	IDEA Part B, Basic (Special Education Cluster)
84.173	H173A180114	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, 2019

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

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-014	Transportation Aid
495-034-5120-089	General State Aid Cluster:
495-034-5120-084	Special Education Aid
	Security Aid

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

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

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2019

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, 2019

**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, 2019

Not applicable as there were no prior year findings noted.