

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, 2020*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Prepared by

Business Office

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Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

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January 29, 2021

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 ("CAFR") of the Bernards Township School District (the "District") as of and for the year ended June 30, 2020, 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, 2020, 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 CAFR 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 auditors' report thereon. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, the Uniform Guidance and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the independent auditors' reports on internal control and compliance with applicable laws and regulations and findings and questioned costs, is 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 2019/2020 fiscal year with an average daily enrollment of 5,146 students, which

is 162 students less than the previous year's average daily enrollment. The following details the changes in average daily enrollment in the District over the last five years.

Average Daily Enrollment		
<u>Fiscal</u>	<u>Student</u>	<u>Percent</u>
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2019-20	5,146	(3.05)%
2018-19	5,308	(2.12)%
2017-18	5,423	(1.92)%
2016-17	5,529	(1.88)%
2015-16	5,635	(1.05)%

2. ECONOMIC CONDITIONS AND OUTLOOK:

The 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 the last two fiscal years 2019-2020 and 2018-2019 were within anticipated margins. In the summer of 2020, the State legislature enacted new legislation which mandated that districts must offer a new state health benefit plan or its equivalent which based upon preliminary risk management analysis will likely significantly increase the district’s share of health benefit costs and overrides freely bargained collective labor agreements. Since this plan does not begin implementation until January 1, 2021 its full impact will not be seen or fully measurable until the 2021-2022 fiscal year.

Current demographic data suggests that total student enrollment is expected to continue to decline. 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. The Township has entered into affordable housing settlement agreements, which were thought to potentially offset some of this decline in enrollment over a period of 2-3 years beginning in late 2020. However, an updated demographers report issued in the late Fall of 2019 has now considered the potential growth from these developments and at this time still forecasts an overall continued decline in enrollment. 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 2019-2020 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. Goals

The 2019-2020 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.

In its accomplishment of the first goal the district:

- Conducted fire alarm training for building administrators
- Installed a ballistic wall at the high school main entrance
- Established and drilled with Medical Emergency Response Teams at each school
- Expanded keyless entry access points
- Added 3M security film
- Created "man trap" entrance at William Annin School
- Secured facilities during district wide closure of schools in response to COVID-19

In accomplishing District goal number 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. The District also utilized five early dismissal days to conduct additional staff training that focused on social emotional learning. Progress on this goal is reported out and monitored through the Board of Education Wellness Committee led by the Director of School Counseling. The District responded to the COVID-19 school closure within this goal area as well. SEL was a component of the district's emergency school closing plans for K-5 and 6-12 and a special wellness website was posted for staff and family use.

The District was successful in completing a strategic plan document by the end of the 2019-2020 school year. During the 2019-2020 school year, the District began to execute items listed in the plan. In particular the District presented on new health curriculum, the rotating drop schedule for the high school

and later school start times. Meeting recordings and presentations are posted to the district website under the section designated for strategic plan information here: http://www.bernardsboe.com/district_information/strategic_plan_b_t_connect. District efforts on the strategic plan were placed on pause in March of 2020 as the District directed all of its resources to responding to the COVID-19 pandemic.

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 2019-2020 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 2019-2020 budgetary figures with the State Average for K-12 districts with enrollments greater than 3,501 students.

	Bernards Township	State Average*
Classroom Instruction	\$10,723	\$9,724
Support Services	\$3,070	\$2,701
Administration	\$1,624	\$1,774
Extracurricular	\$430	\$331
Plant operations/maintenance	\$1,682	\$1,985
Total	\$17,529	\$16,515

- **Note that as of January 2021 the State of New Jersey has not released the FY19-20 averages and therefore these are the prior fiscal state year averages shown in this table.**

The District busing was administered by the Somerset County Educational Services Commission (SCESC). It was responsible for the management and daily operation of all transportation needs. There were approximately 100 routes servicing all regular, special education (including extended summer period), subscription and non-public students. Beginning in FY2020-2021 the District will resume administration of these routes in partnership with the Transportation Dept, of the Delaware Valley Regional High School district utilizing private bus companies for in-district routes which constitute the preponderance of these routes.

C. CURRICULUM

For the 2019-2020 school year the district made several additions to the curricular program as noted below.

- 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

In addition, in response to COVID-19, the District created a distance learning program within the K-12 emergency school closure plan. The distance learning program was accessed by remote students through each school's website. The online learning platforms were called "Distance Learning Hubs".

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 12-31-2020 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 cafeteria renovation
- Oak Street School pitched roof renovation
- William Annin Middle School Science lab renovations
- Ridge High School varsity complex drainage 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 2019-2020 school year including:

P 1581 - Domestic Violence (M) (New)

R 1581 - Domestic Violence (M) (New)

P 1642 - Earned Sick Leave Law (M)

R 1642 - Earned Sick Leave Law (M)
P 2200 - Curriculum Content (M) (Revised)
R 2330 - Homework (Revised)
P 2361 - Acceptable Use Of Computer Networks/Computers And Resources (M) (Revised)
P 2430 Co-curricular Activities (M) (Revised)
R 2624 - Grading System (Revised)
P 3159 Teaching Staff Member/School District Reporting Responsibilities (M) (Revised)
P 3218 Use, Possession, or Distribution of Substances (M) (Revised)
R 3218 Use, Possession, or Distribution of Substances (M) (Revised)
P 3421.13 - Postnatal Accommodations (New)
P 4218 Use, Possession, or Distribution of Substances (M) (Revised)
R 4218 Use, Possession, or Distribution of Substances (M) (Revised)
P 4421.13 - Postnatal Accommodations (New)
P 5120 - Assignment Of Pupils (Revised)
R 5200 - Attendance (M) (Revised)
P 5330 - Administration of Medication (M) (Revised)
R 5330 - Administration of Medication (M) (Revised)
R 5530 - Substance Abuse (M) (Revised)
R 5600 - Student Discipline/Code of Conduct (M) (Revised)
P 6112 Reimbursement of Federal and Other Grant Expenditures (M) (Revised)
R 6112 Reimbursement of Federal and Other Grant Expenditures (M) (Revised)
P 7243 - Supervision of Construction (M) (Revised)
P 7440 School District Security (M) (Revised)
R 7440 School District Security (M) (Revised)
P 8210 School Year Calendar (Revised)
P 8220 - School Day (M) (Revised)
P 8462 - Reporting Potentially Missing or Abused Children (M) (Revised)
P 8600 Student Transportation (M) (Revised)
P 8630 Bus Driver/Bus Aide Responsibility (M) (Revised)
R 8630 Emergency School Bus Procedures (M) (Revised)
P 8670 Transportation of Special Needs Students (M) (Revised)

P 9150 - School Visitors (Revised)

R 9150 - School Visitors (Revised)

P 9210 Parent Organizations (Revised)

P 9270 - Home Schooling And Equivalent Education Outside The Schools (M) (Revised)

P 9400 Media Relations (Revised)

F. HUMAN RESOURCES

As a result of a decline in student enrollment over the past few years and changes in student course selections, there were a total of eleven Reductions in Force during the 2019-2020 school year. The District added one additional teaching position in grade 4 as a result of an increase in enrollment in one elementary building and five additional secondary instructional staff 6-12. The staffing decisions made in Bernards Township were largely a result of the impact of the pandemic in the last quarter of the school year. As a result of the District offering only a virtual instructional program in the Spring of 2020, there was no longer a need to staff daily substitutes or offer a before and after care program. In addition, the District also increased the hours for our school aides by 1.5 hours to assist with dismissal and arrival and work with students as a classroom aide in the virtual environment. Finally, the Business Office filled an additional accounts payable position and subcontracted a third party to fulfill some facilities management duties.

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, 2020.

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 auditors' reports related specifically to the single audit are included in the single audit section of this report.

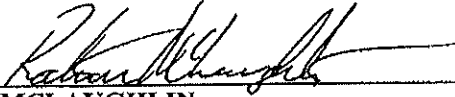
10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

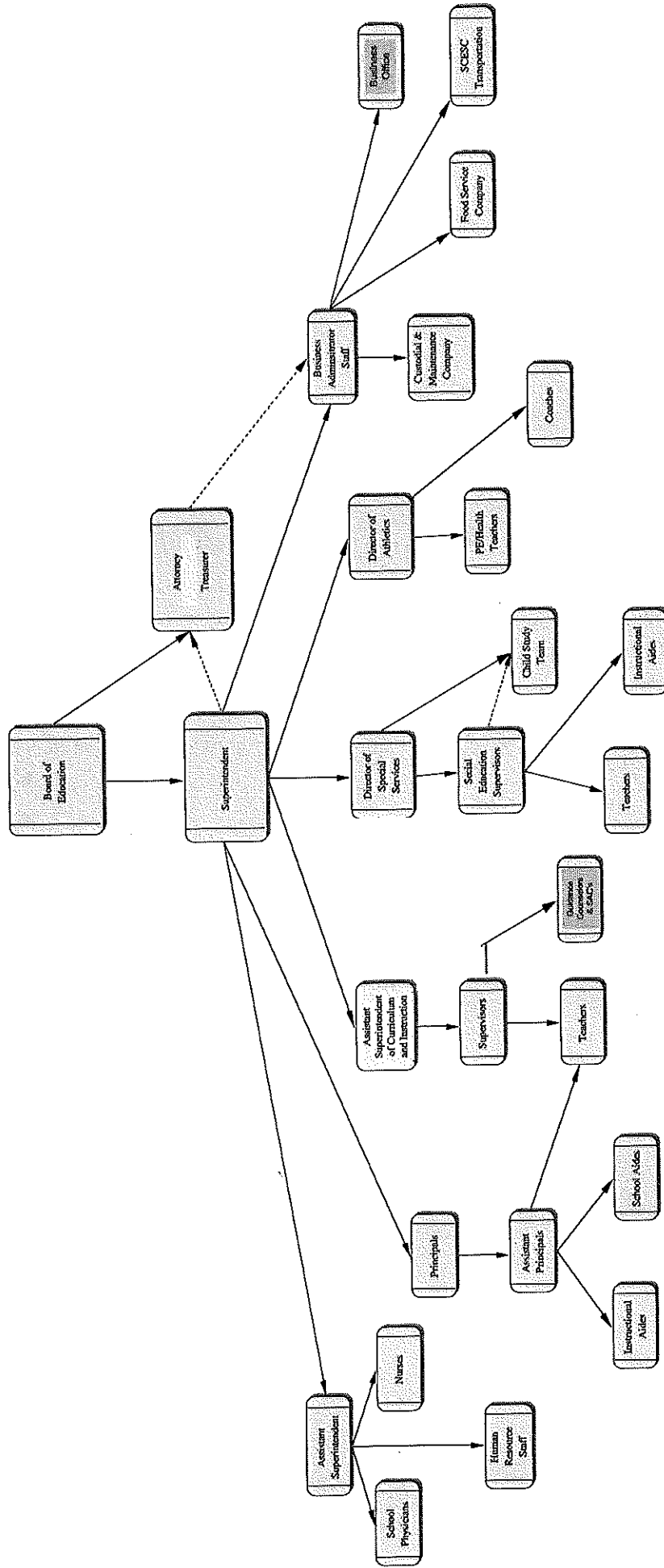


**NICK MARKARIAN
SUPERINTENDENT**



**ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

BERNARDS TOWNSHIP PUBLIC SCHOOLS
 ORGANIZATIONAL CHART
 JUNE 30, 2020



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term</u>
Karen Gray, President	2020-2022
Robin KcKeon, Vice-President	2019-2021
Lauren Beckman	2020-2022
Jennifer Korn	2018-2020
Karen Richman	2019-2021
Timothy Salmon	2019-2021
Suzanne Schafer Skalski	2020-2022
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
100 Campus Drive, Suite 400
Florham Park, NJ 07032

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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, 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

Florham Park, New Jersey
January 29, 2021

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, 2020

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, 2020. 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 fiscal year and the prior fiscal 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 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 and pension liability).

The government-wide financial statements can be found on pages 27-28 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 29-31 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 32-34 of this report.

Internal service funds. The District maintains one internal service fund. The internal service fund is utilized to account for the activity of the District's health insurance expenses. The basic internal service fund financial statements can be found on pages 32-34 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 35-36 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 37-79 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 80-109 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 \$25,075,518 (net position) at the close of 2020.

Key financial highlights for the 2019-2020 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2020.
- The final approved extraordinary aid awarded to the District for 2019/2020 exceeded the amount budgeted for by the District by \$1,853,567.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$1,000,000 and maintenance of \$453,238.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2020 and June 30, 2019 was \$21,171,053 and \$22,980,836, 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 \$24,186,971 and \$24,423,925 at June 30, 2020 and 2019, 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 \$5,789,985 relating to post-employment health benefits paid for by the State on behalf of the District.
- As a result of the COVID-19 pandemic the District was awarded CARES Act grant funding in the amount of \$244,091. As of June 30, 2020, the District expended \$99,890 of the award, with the remainder of the award expected to be expended during fiscal year 2020/2021.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2020 and 2019:

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

	2020			2019		
	Governmental Activities	Business Type- Activities		Governmental Activities	Business Type- Activities	
		Total			Total	
Current and other assets	\$ 30,456,677	\$ 2,233,056	\$ 32,689,733	\$ 27,863,731	\$ 2,254,663	\$ 30,118,394
Capital assets, net	80,478,831	62,688	80,541,519	81,660,697	85,591	81,746,288
Total assets	110,935,508	2,295,744	113,231,252	109,524,428	2,340,254	111,864,682
Deferred Outflows of Resources	7,086,124	-	7,086,124	9,357,279	-	9,357,279
Liabilities						
Current Liabilities	11,022,951	92,105	11,115,056	11,261,272	227,217	11,488,489
Net Pension Liability	21,171,053		21,171,053	22,980,836		22,980,836
Long Term Liabilities	54,613,843		54,613,843	58,643,839		58,643,839
Total liabilities	86,807,847	92,105	86,899,952	92,885,947	227,217	93,113,164
Deferred Inflow of Resources	8,341,906	-	8,341,906	8,440,516	-	8,440,516
Net position:						
Net investment in capital assets	25,079,014	62,688	25,141,702	22,390,074	85,591	22,475,665
Restricted	21,979,836		21,979,836	19,589,095		19,589,095
Unrestricted (deficit)	(24,186,971)	2,140,951	(22,046,020)	(24,423,925)	2,027,446	(22,396,479)
Total net position	\$ 22,871,879	\$ 2,203,639	\$ 25,075,518	\$ 17,555,244	\$ 2,113,037	\$ 19,668,281

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 \$4,327,946, excess surplus-designated for subsequent year's expenditures of \$3,028,692, \$4,586,727 for a maintenance reserve, \$8,925,119 for a capital reserve, \$910,666 for emergency reserve, and \$200,686 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, as well as changes in proportion of the allocation of the net pension liability. The decrease in long-term liabilities is mainly the result of the pay down of the principal on bonds outstanding and obligations under capital leases, offset by an increase in compensated absences as employees did not utilize as much vacation time during the spring as a result of the COVID-19 pandemic. The decrease 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 \$5,407,237 which was mainly due to the increase in revenues, 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, 2020 and 2019 are as follows:

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

	2020			2019		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 1,070,843	\$ 2,647,389	\$ 3,718,232	\$ 1,219,850	\$ 3,814,121	\$ 5,033,971
Operating grants and contributions	1,883,936		1,883,936	1,847,771		1,847,771
Capital grants and contributions	194,916		194,916	625,538		625,538
General revenues:						
Property taxes	92,241,238		92,241,238	90,534,114		90,534,114
Federal and state aid not restricted to a specific purpose	31,729,107		31,729,107	33,687,820		33,687,820
Investment Income	201,558		201,558	255,811		255,811
Miscellaneous	361,428		361,428	643,683		643,683
Total revenues	127,683,026	2,647,389	130,330,415	128,814,587	3,814,121	132,628,708
Expenses:						
Instructional services	77,263,989		77,263,989	78,999,180		78,999,180
Support services	43,213,882		43,213,882	44,484,976		44,484,976
Interest and Other Charges	1,888,520		1,888,520	2,026,264		2,026,264
Business-Type Activities		2,556,787	2,556,787		3,744,231	3,744,231
Total expenses	122,366,391	2,556,787	124,923,178	125,510,420	3,744,231	129,254,651
Change in Net Position	5,316,635	90,602	5,407,237	3,304,167	69,890	3,374,057
Net position—beginning	17,555,244	2,113,037	19,668,281	14,251,077	2,043,147	16,294,224
Net position—ending	\$ 22,871,879	\$ 2,203,639	\$ 25,075,518	\$ 17,555,244	\$ 2,113,037	\$ 19,668,281

The decrease in governmental activities revenues of approximately \$1.13 million is mainly the result of the impact of GASB 75, which required the District to record approximately \$5.78 million in revenues, which were contributions made on behalf of the District by the State for post-employment benefits compared to approximately \$8.25 million in the prior year. This decrease is offset by an increase in the tax levy from the 2018/19 fiscal year of approximately \$1.7 million and a decrease in the TPAF adjustment in regards to GASB 68 of \$1.4 million,

The decrease in capital grants and contributions is the result of less revenue from the SDA in the current year due to the status of the ongoing projects which have essentially been completed. The WAMS unit ventilator and HVAC upgrades were well underway in the prior year and were completed in the current year.

The decrease in miscellaneous revenue is mainly attributable to decreases in revenue streams such as PAC rentals, student activity fines and fees, transportation fees, etc. as a result of the COVID-19 pandemic, in the amount of approximately \$282,000.

The decrease in instructional and support services expenses is the result of the District spending and budgeting better in this area, in conjunction with various services being halted in the spring as the COVID-19 pandemic caused schools to close in the State in mid-March. As such, there were fewer expenditures as students and faculty were remote through the rest of the fiscal year.

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 30.6% and expenses decreased from the prior year by approximately 31.7%. The decrease is driven significantly due to a decrease in daily sales of approximately \$697,000 in the Food Service Enterprise Fund, as well as a decrease in tuition and fees in the Before and After School Care Enterprise Fund of approximately \$360,000, as the schools were closed from mid-March through the end of the fiscal year. The decrease in expenses was in line with the decrease in revenues.

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, 2020, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2019</u>	<u>Percent of Increase</u>
Local sources	\$ 93,948,193	78.5%	\$ 1,308,010	1.4%
State sources	24,158,877	20.1%	953,374	4.1%
Federal sources	1,633,811	1.4%	42,581	2.7%
Total	<u>\$ 119,740,881</u>	<u>100.0%</u>	<u>\$ 2,303,965</u>	<u>2.0%</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 \$1.06 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2019/20 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 Title II program funds during the current year, as well as the CARES Act funding, offset by decreased expenditures on various other grant programs.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the year ended June 30, 2020 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 2019</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 46,355,674	40.0%	\$ 146,869	0.3%
Undistributed	63,194,817	54.4%	551,076	0.9%
Capital Outlay	699,885	0.6%	(148,688)	(17.5)%
Charter School	-	0.0%	(2,833)	(100.0)%
Debt service:				
Principal	3,634,477	3.1%	185,686	5.4%
Interest and Other Charges	2,201,847	1.9%	(121,804)	(5.2)%
Total	<u>\$ 116,086,700</u>	<u>100.0%</u>	<u>\$ 610,306</u>	<u>0.5%</u>

The decrease in capital outlay expenditures is mainly attributable to large projects that occurred in the prior year were several additions: Camera System (\$224,373), Network Switches (\$160,056) and Asbestos Abatement (\$58,000), whereas in the current year the most significant project pertained to an interior door project for \$159,000. 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, 2020, and the decrease in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Decrease from 2019</u>	<u>Percent of Decrease</u>
Local sources	\$ 2,647,389	100.0%	\$ (1,166,732)	(30.6)%

Local revenues decreased due to a decrease in daily sales of approximately \$697,000 in the Food Service Enterprise Fund, as well as a decrease in tuition and fees in the Before and After School Care Enterprise Fund of approximately \$360,000, as the schools were closed from mid-March through the end of the fiscal year.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2020, and the increases and decreases in relation to the prior year:

<u>Expenses</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase from 2019</u>	<u>Percent of (Decrease) Increase</u>
Salaries	\$ 1,727,741	67.6%	\$ (768,964)	(30.8)%
General insurance	113,291	4.4%	(45,026)	(28.4)%
Other purchased services	25,843	1.0%	1,178	4.8%
Supplies and materials	72,459	2.8%	(85,958)	(54.8)%
Depreciation	22,903	0.9%	(1,360)	(5.6)%
Cost of sales	427,463	16.8%	(229,045)	(34.9)%
Management fee	102,595	4.0%	(50,726)	(33.1)%
Miscellaneous expenses	64,492	2.5%	(7,543)	(10.5)%
Total	\$ 2,556,787	100.0%	\$ (1,187,444)	(31.7)%

The decrease in expenses is mainly attributable to the Before and After School Care Tuition and Food Service enterprise funds, which were a direct result of the COVID-19 pandemic school closures. The remaining expenses were comparable to the prior year.

Capital Assets

Capital Assets. At June 30, 2020, the District's governmental activities had capital assets of \$80,478,831 (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, 2020 and 2019:

	June 30,	
	2020	2019
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	516,239	1,872,023
Buildings and building improvements	73,328,240	73,029,502
Machinery, equipment, and vehicles	1,356,952	1,481,772
Total capital assets, net	<u>\$ 80,478,831</u>	<u>\$ 81,660,697</u>

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, 2020 was primarily related to the Equipment Upgrades and Replacements at Ridge High School. Business-type activity capital assets, net of accumulated depreciation were \$62,688 and \$85,591 at June 30, 2020 and 2019, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2020 and 2019, the District's governmental activity long-term liabilities consisted of:

	June 30,	
	2020	2019
Bonds payable (net)	\$ 57,691,911	\$ 61,459,562
Obligations under capital leases	346,085	795,564
Net pension liability	21,171,053	22,980,836
Compensated absences	845,798	668,753
Total long-term liabilities	<u>\$ 80,054,847</u>	<u>\$ 85,904,715</u>

The District made the scheduled principal payments during the 2019/2020 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 Other School Districts Within the State - Special – a decrease of \$341,000 which is a result of decrease in enrollment of students.
- Undistributed Expenditures - Instruction – Tuition to Private School Within the State – an increase of \$338,500 which is a result of increase in enrollment of students.
- Undistributed Expenditures - Instruction – Tuition to Private School Out of State – an increase of 320,960 which is a result of increase in enrollment of students.
- Other Support Services – Students – Extra Services – Other Purchased Professional Educational Services – a decrease of \$459,460 is due to services not being required due to the COVID-19 pandemic shut downs and resources being reallocated.
- Custodial Services – Cleaning, Repair and Maintenance Services – a decrease of \$315,547 is a result of the district not requiring the purchase of as many services as originally anticipated.
- Custodial Services – Energy (natural gas) – a decrease of \$254,000 is a result of milder weather conditions, as well as the COVID-19 pandemic shut downs and resources being reallocated.
- Student Transportation Services – Contracted Services (between home and school) – vendor – a decrease of \$205,999 is a result of the COVID-19 pandemic shut downs, therefore, the District was not transporting students from mid-March through the end of the fiscal year and was not responsible for 100% of the contract cost.
- Unallocated Benefits – Employee Benefits – Health Benefits – an increase of \$224,999 is the result of anticipated increased claims due to the COVID-19 pandemic.
- Equipment – Regular Programs – Instruction – Grades 9-12 – increase of \$237,853 is the result of the expenditures expected to be incurred related to Ridge High School.

Economic Factors and Next Year's Budget

- The District budgeted \$3,459,684 of its 2020 unassigned fund balance to partially fund 2020/2021 operations, an increase of \$430,992 from the prior year.
- The 2020/2021 tax levy was increased in accordance with state regulations.
- The District considered the effects of the COVID-19 pandemic, potential for state aid reductions, and CARES Act grant funding.

All of these factors were considered in preparing the District's budget for the 2020/2021 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, 2020.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,958,927	\$ 2,115,238	\$ 13,074,165
Receivables, Net	4,599,898	121,450	4,721,348
Inventories		52,087	52,087
Internal Balances	55,719	(55,719)	-
Restricted assets:			
Cash and Cash Equivalents	14,422,512		14,422,512
Cash Held with Fiscal Agents	419,621		419,621
Capital Assets, Non-Depreciable	5,793,639		5,793,639
Capital Assets, Depreciable, Net	74,685,192	62,688	74,747,880
Total Assets	<u>110,935,508</u>	<u>2,295,744</u>	<u>113,231,252</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	2,638,179		2,638,179
Pension Deferrals	4,447,945		4,447,945
Total Deferred Outflows of Resources	<u>7,086,124</u>		<u>7,086,124</u>
LIABILITIES			
Accounts Payable	4,343,864	53,534	4,397,398
Accrued Liability for Insurance Claims	1,042,000		
Accrued Interest Payable	953,669		953,669
Payable to State Government	115,360		115,360
Other Liabilities	138,247	38,571	176,818
Unearned Revenue	159,860		159,860
Noncurrent Liabilities:			
Net Pension Liability	21,171,053		21,171,053
Due Within One Year	4,269,951		4,269,951
Due Beyond One Year	54,613,843		54,613,843
Total Liabilities	<u>86,807,847</u>	<u>92,105</u>	<u>86,899,952</u>
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	8,341,906		8,341,906
Total Deferred Inflow of Resources	<u>8,341,906</u>		<u>8,341,906</u>
NET POSITION			
Net Investment in Capital Assets	25,079,014	62,688	25,141,702
Restricted For:			
Capital Projects	200,686		200,686
Capital Reserve	8,925,119		8,925,119
Maintenance Reserve	4,586,727		4,586,727
Emergency Reserve	910,666		910,666
Reserved for Excess Surplus - Current Year	4,327,946		4,327,946
Reserved for Excess Surplus -			
Designated for Subsequent Years	3,028,692		3,028,692
Unrestricted (deficit)	<u>(24,186,971)</u>	<u>2,140,951</u>	<u>(22,046,020)</u>
Total Net Position	<u>\$ 22,871,879</u>	<u>\$ 2,203,639</u>	<u>\$ 25,075,518</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 49,102,191	\$ 905,675	\$ 320,832		\$ (47,875,684)		\$ (47,875,684)
Special Education	22,214,745		1,096,859		(21,117,886)		(21,117,886)
Other Special	3,246,173				(3,246,173)		(3,246,173)
Other Instructional Programs	2,700,880				(2,700,880)		(2,700,880)
Support Services:							
Tuition	2,549,053				(2,549,053)		(2,549,053)
Student and Instruction Related Services	19,049,807		422,061		(18,627,746)		(18,627,746)
General Administrative Services	1,382,202				(1,382,202)		(1,382,202)
School Administrative Services	6,207,232				(6,207,232)		(6,207,232)
Central Administrative Services	1,015,805				(1,015,805)		(1,015,805)
Administrative Information Technology	1,136,543				(1,136,543)		(1,136,543)
Plant Operations and Maintenance	6,399,299				(6,160,199)		(6,160,199)
Pupil Transportation	5,473,941	165,168		44,184	(5,308,773)		(5,308,773)
Interest and Other Charges on Long-Term Debt	1,888,520				(1,888,520)		(1,888,520)
Total Governmental Activities	<u>122,366,391</u>	<u>1,070,843</u>	<u>1,883,936</u>	<u>194,916</u>	<u>(119,216,696)</u>		<u>(119,216,696)</u>
Business-type Activities:							
Food Service	1,522,290	1,557,404				\$ 35,114	\$ 35,114
After School Enrichment	130,767	112,429				(18,338)	(18,338)
Project Jump Start	4,162					(4,162)	(4,162)
Before and After School Care	899,568	977,556				77,988	77,988
Total Business-type Activities	<u>2,556,787</u>	<u>2,647,389</u>				<u>90,602</u>	<u>90,602</u>
Total Primary Government	<u>\$ 124,923,178</u>	<u>\$ 3,718,232</u>	<u>\$ 1,883,936</u>	<u>\$ 194,916</u>	<u>(119,216,696)</u>		<u>(119,126,094)</u>

General Revenues:

Taxes:							
Property Taxes, Levied for General Purposes	87,135,060						87,135,060
Property Taxes, Levied for Debt Service	5,106,178						5,106,178
Federal and State Aid Not Restricted	31,729,107						31,729,107
Interest on Investments	201,558						201,558
Miscellaneous	361,428						361,428
Total General Revenues	<u>124,533,331</u>						<u>124,533,331</u>
Change in Net Position					90,602		5,407,237
Net Position - Beginning					2,113,037		19,668,281
Net Position - Ending					<u>\$ 2,203,639</u>		<u>\$ 25,075,518</u>

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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 9,343,663	\$ 635,252	\$ 980,011	\$ 1	\$ 10,958,927
Intergovernmental Receivable - State	3,724,449	22,064	37,964		3,784,477
Intergovernmental Receivable - Federal		477,028			477,028
Intergovernmental Receivable - Local	306,667	6,524			313,191
Interfund Receivable	1,374,990				1,374,990
Other Accounts Receivable		202			202
Restricted assets:					
Cash and Cash Equivalents	14,422,512				14,422,512
Total Assets	\$ 29,172,281	\$ 1,141,070	\$ 1,017,975	\$ 1	\$ 31,331,327
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,516,730	\$ 376,582	\$ 89,318		\$ 2,982,630
Other Current Liabilities	138,247				138,247
Interfund Payable	738,816	566,300	727,971		2,033,087
Payable to State Government		115,360			115,360
Unearned Revenue	77,032	82,828			159,860
Total Liabilities	3,470,825	1,141,070	817,289		5,429,184
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	4,327,946				4,327,946
Excess Surplus - Designated for Subsequent Year's Expenditures	3,028,692				3,028,692
Capital Reserve	8,925,119				8,925,119
Emergency Reserve	910,666				910,666
Maintenance Reserve	4,586,727				4,586,727
Capital Projects			200,686		200,686
Debt Service				\$ 1	1
Assigned to:					
Designated for Subsequent Year's Expenditures	430,992				430,992
Other Purposes	204,321				204,321
Unassigned	3,286,993				3,286,993
Total Fund Balances	25,701,456	-	200,686	1	25,902,143
Total Liabilities and Fund Balances	\$ 29,172,281	\$ 1,141,070	\$ 1,017,975	\$ 1	

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 \$128,485,996 and the accumulated depreciation is \$48,007,165 (See Note 4).	80,478,831
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.	(953,669)
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.	2,638,179
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).	(58,883,794)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(3,893,961)
Accrued pension contributions for the June 30, 2020 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.	(1,244,797)
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).	(21,171,053)
Net Position of Governmental Activities	\$ 22,871,879

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 87,135,060			\$ 5,106,178	\$ 92,241,238
Tuition from Other LEA's	864,575				864,575
Tuition from Individuals	41,100				41,100
Transportation Fees from Individuals	165,168				165,168
Interest Revenue	200,389		\$ 1,169		201,558
Miscellaneous	361,428	\$ 74,295			435,723
Total - Local Sources	88,767,720	74,295	1,169	5,106,178	93,949,362
State Sources	23,716,168	178,504	194,916	264,205	24,353,793
Federal Sources	2,674	1,631,137			1,633,811
Total Revenues	112,486,562	1,883,936	196,085	5,370,383	119,936,966
EXPENDITURES					
Current:					
Regular Instruction	28,361,648	320,832			28,682,480
Special Education Instruction	12,869,320	1,096,859			13,966,179
Other Special Instruction	1,852,198				1,852,198
Other Instructional Programs	1,854,817				1,854,817
Support Services:					
Tuition	2,549,053				2,549,053
Student and Instruction Related Services	12,434,696	422,061			12,856,757
General Administrative Services	1,099,757				1,099,757
School Administrative Services	3,772,625				3,772,625
Central Administrative Services	688,429				688,429
Administrative Information Technology	840,605				840,605
Plant Operations and Maintenance	6,024,687				6,024,687
Pupil Transportation	5,281,001				5,281,001
Unallocated Benefits	14,550,236				14,550,236
On-behalf TPAF FICA and Pension	15,531,667				15,531,667
Debt Service:					
Principal	449,477			3,185,000	3,634,477
Interest	15,084			2,186,763	2,201,847
Capital Outlay	655,701	44,184	1,004,190		1,704,075
Total Expenditures	108,831,001	1,883,936	1,004,190	5,371,763	117,090,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,655,561	-	(808,105)	(1,380)	2,846,076
OTHER FINANCING SOURCES (USES)					
Transfers In	99,351		724,621		823,972
Transfers Out	(724,621)		(99,351)		(823,972)
Total Other Financing Sources (Uses)	(625,270)	-	625,270	-	-
Net Change in Fund Balances	3,030,291	-	(182,835)	(1,380)	2,846,076
Fund Balance - July 1	22,671,165		383,521	1,381	23,056,067
Fund Balance - June 30	\$ 25,701,456	\$ -	\$ 200,686	\$ 1	\$ 25,902,143

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, 2020

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	2,846,076
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and the loss on disposal exceeded capital asset additions in the period.</p>		
Depreciation Expense	\$ (2,810,237)	
Capital Asset Additions	1,655,871	
Loss on Disposal of Capital Assets	<u>(27,500)</u>	(1,181,866)
<p>Repayments of bond principal and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Serial Bonds Payable	3,185,000	
Obligations Under Capital Leases	<u>449,479</u>	3,634,479
<p>Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.</p>		
Amortization of Premium on Bonds	582,651	
Amortization of Deferred Interest Costs	<u>(346,324)</u>	236,327
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
		77,000
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (sick and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(177,045)
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Pension Expense		<u>(118,336)</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>5,316,635</u></u>

Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2020

	Major Funds				Total	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	\$ 1,477,996	\$ 63,011	\$ 206,322	\$ 367,909	\$ 2,115,238	
Cash Held with Fiscal Agent						\$ 419,621
Other Accounts Receivable	121,450				121,450	
Interfund Receivable						738,816
Inventories	52,087				52,087	
Total Current Assets	1,651,533	63,011	206,322	367,909	2,288,775	1,158,437
Noncurrent Assets:						
Capital Assets:						
Machinery and Equipment	414,900				414,900	
Less: Accumulated Depreciation	(352,212)				(352,212)	
Total Capital Assets, net	62,688	-	-	-	62,688	-
Total Assets	1,714,221	63,011	206,322	367,909	2,351,463	1,158,437
LIABILITIES						
Current Liabilities:						
Accounts Payable	52,047	1,362	125		53,534	116,437
Accrued Liability for Insurance Claims						1,042,000
Interfund Payable	54,741		287	691	55,719	
Other Liabilities	7,667	15,945		14,959	38,571	
Total Current Liabilities	114,455	17,307	412	15,650	147,824	1,158,437
Total Liabilities	114,455	17,307	412	15,650	147,824	1,158,437
NET POSITION						
Investment in Capital Assets	62,688				62,688	
Unrestricted	1,537,078	45,704	205,910	352,259	2,140,951	-
Total Net Position	\$ 1,599,766	\$ 45,704	\$ 205,910	\$ 352,259	\$ 2,203,639	\$ -

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2020

	Major Funds				Total	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		
Operating Revenues:						
Charges for Services:						
Daily Sales	\$ 1,378,241			\$ 977,556	\$ 1,378,241	
Tuition and Fees		\$ 112,429			1,089,985	
Services Provided by Other Funds						\$ 14,888,316
Miscellaneous	179,163				179,163	
Total Operating Revenues	1,557,404	112,429		977,556	2,647,389	14,888,316
Operating Expenses:						
Salaries	764,424	118,509	\$ 3,750	841,058	1,727,741	
Employee Benefits	47,966	9,066	287	55,972	113,291	14,803,316
Other Purchased Services	25,843				25,843	85,000
Supplies and Materials	66,604	3,192	125	2,538	72,459	
Depreciation	22,903				22,903	
Cost of Sales	427,463				427,463	
Management Fee	102,595				102,595	
Miscellaneous	64,492				64,492	
Total Operating Expenses	1,522,290	130,767	4,162	899,568	2,556,787	14,888,316
Operating Income (Loss) and Change in Net Position	35,114	(18,338)	(4,162)	77,988	90,602	-
Total Net Position - Beginning	1,564,652	64,042	210,072	274,271	2,113,037	-
Total Net Position - Ending	\$ 1,599,766	\$ 45,704	\$ 205,910	\$ 352,259	\$ 2,203,639	\$ -

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Major Funds				Total	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			
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,564,174	\$ 120,544		\$ 986,396	\$ 2,671,114	\$ 14,888,316
Receipts from services provided				(841,058)	(1,727,741)	
Payments to employees	(764,424)	(118,509)	\$ (3,750)	(55,972)	(113,291)	(14,803,316)
Payments for insurance claims	(47,966)	(9,066)	(287)	(38,928)	(883,806)	(85,000)
Payments to suppliers	(839,596)	(2,330)	(2,952)	50,438	(53,724)	-
Net cash (used for) provided by operating activities	<u>(87,812)</u>	<u>(9,361)</u>	<u>(6,989)</u>			
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITY						
Receipts from other funds	54,741		287	691	55,719	
Net cash provided by non-capital financing activity	<u>54,741</u>		<u>287</u>	<u>691</u>	<u>55,719</u>	
Net (decrease) increase in cash and cash equivalents	(33,071)	(9,361)	(6,702)	51,129	1,995	
Cash and cash equivalents, beginning of year	1,511,067	72,372	213,024	316,780	2,113,243	-
Cash and cash equivalents, end of year	<u>\$ 1,477,996</u>	<u>\$ 63,011</u>	<u>\$ 206,322</u>	<u>\$ 367,909</u>	<u>\$ 2,115,238</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash (used for) provided by operating activities:						
Operating income (loss)	\$ 35,114	\$ (18,338)	\$ (4,162)	\$ 77,988	\$ 90,602	\$ -
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:						
Depreciation					22,903	
Change in assets and liabilities:						
(Increase) in other accounts receivable					(897)	
(Increase) in inventories	(31,220)				(31,220)	
(Decrease) in unearned revenue		(7,830)		(6,119)	(13,949)	
(Decrease) increase in accounts payable	(121,379)	862	(2,827)	(36,390)	(159,734)	
Increase in other liabilities	7,667	15,945		14,959	38,571	
Net cash (used for) provided by operating activities	<u>\$ (87,812)</u>	<u>\$ (9,361)</u>	<u>\$ (6,989)</u>	<u>\$ 50,438</u>	<u>\$ (53,724)</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, 2020

	Unemployment Compensation Trust	Private- Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 536,038	\$ 3,611	\$ 1,407,036
Total Current Assets	536,038	3,611	\$ 1,407,036
LIABILITIES			
Accounts Payable	42,787		\$ 25,000
Due to Student Groups			877,245
Payroll Deductions and Withholdings Payable			504,791
Total Liabilities	42,787	-	\$ 1,407,036
NET POSITION			
Held for Unemployment Claims	\$ 493,251		
Held for Scholarship Awards		\$ 3,611	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private- Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Members	\$ 88,931	
Federal CARES ACT-COVID 19	53,050	
Donations		<u>\$ 125</u>
Total Additions	<u>141,981</u>	<u>125</u>
DEDUCTIONS		
Payment of Unemployment Claims	145,581	
Payment of Scholarship Awards and Other Expenses		<u>285</u>
Total Deductions	<u>145,581</u>	<u>285</u>
Change in Net Position	(3,600)	(160)
Net Position - Beginning of the Year	<u>496,851</u>	<u>3,771</u>
Net Position - End of the Year	<u><u>\$ 493,251</u></u>	<u><u>\$ 3,611</u></u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2020

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, 2020

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, 2020

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 insurance expenses.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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, 2020

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, 2020

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, 2020, the District had inventories in the Food Service Enterprise Fund of \$52,087.

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 2019-2020 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, 2020

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, 2020

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, 2020, a liability existed for compensated absences in the governmental activities of the Government-wide financial statements in the amount of \$845,798 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. 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, 2020

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. 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, 2020 amounted to \$346,324. As of June 30, 2020, the District has recorded an unamortized balance of \$2,638,179 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, 2020

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 \$25,701,456 of fund balances in the General Fund at June 30, 2020, \$204,321 of encumbrances are assigned to other purposes, \$430,992 has been designated for subsequent year's expenditures, \$4,327,946 has been restricted for excess surplus-current year, \$3,028,692 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$8,925,119 has been restricted for the capital reserve, \$4,586,727 has been restricted for the maintenance reserve, \$910,666 has been restricted for the emergency reserve and \$3,286,993 is classified as unassigned.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The District also has \$200,686 of fund balance in the Capital Projects Fund, which is restricted for capital projects and \$1 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 \$5,282,513 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, 2020 was \$7,356,638. Of this amount, \$3,028,692 has been appropriated in the 2020/21 budget and the remaining \$4,327,946 will be appropriated in the 2021/22 budget.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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. Due to the COVID-19 pandemic, the effective date has been postponed by one year. 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. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has determined that the Statement did not impact the District's financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2020. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 29, 2021, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

As of June 30, 2020, District operations and the ways in which education is provided have been disrupted by the outbreak of the novel coronavirus COVID-19. Going forward, COVID-19 could further limit the District's operations, including unexpected deferrals of tax payments from the municipality, deferrals or reductions in state aid or an increase in expenses associated with this or any other potential infectious disease outbreak. District management cannot reasonably predict how long the Pandemic in New Jersey is expected to last and how the outbreak may impact the financial condition or operations of the District. District management continues to monitor the Pandemic and plans to take action to address any significant impact on future operations.

2. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and unamortized premiums, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$58,883,794 difference are as follows:

Bonds payable	\$ 54,130,000
Unamortized premium on bonds	3,561,911
Capital leases payable	346,085
Compensated absences payable	<u>845,798</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 58,883,794</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments

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

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

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, 2020, the carrying amount of the District's deposits for all funds was \$29,443,362 and the bank balance was \$30,050,657. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2020 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$19,540,809. \$597,202 held in the District agency accounts and \$9,412,646 held in a NJ Cash Management account are not covered by GUDPA. In addition, the District has cash held with fiscal agents in the amount of \$419,621.

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

At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

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

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, 2020, the District's balance in NJCMF was \$9,412,646 and is classified as cash equivalents at June 30, 2020 due to its short-term nature and is considered a Level 1 investment under GASB No. 72. The debt instruments in the NJCMF are rated by three national rating agencies.

Custodial Credit Risk: The District does not have a policy for custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution.

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2020, the District had no investments, 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, 2020

3. Deposits and Investments (continued)

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, 2020, other than funds held in NJCMF which are classified as cash equivalents due to its short-term nature.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,277,400				\$ 5,277,400
Construction in progress	1,872,023	\$ 1,221,521	\$ (27,500)	\$ (2,549,805)	516,239
Total capital assets, not being depreciated	<u>7,149,423</u>	<u>1,221,521</u>	<u>(27,500)</u>	<u>(2,549,805)</u>	<u>5,793,639</u>
Capital assets, being depreciated:					
Buildings and building improvements	114,238,344	92,130		2,549,805	116,880,279
Machinery, equipment and vehicles	5,469,858	342,220			5,812,078
Total capital assets, being depreciated	<u>119,708,202</u>	<u>434,350</u>	<u>-</u>	<u>2,549,805</u>	<u>122,692,357</u>
Less accumulated depreciation for:					
Buildings and building improvements	(41,208,842)	(2,343,197)			(43,552,039)
Machinery, equipment and vehicles	(3,988,086)	(467,040)			(4,455,126)
Total accumulated depreciation	<u>(45,196,928)</u>	<u>(2,810,237)</u>	<u>-</u>	<u>-</u>	<u>(48,007,165)</u>
Total capital assets, being depreciated, net	<u>74,511,274</u>	<u>(2,375,887)</u>	<u>-</u>	<u>2,549,805</u>	<u>74,685,192</u>
Governmental activities capital assets, net	<u>\$81,660,697</u>	<u>\$(1,154,366)</u>	<u>\$ (27,500)</u>	<u>\$ -</u>	<u>\$80,478,831</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2020 as follows:

Instruction:	
Regular	\$ 1,047,907
Special education	510,251
Other special instruction	67,670
School sponsored/ other instructional	67,765
Support Services:	
Student and instruction related services	469,719
General administrative services	40,179
School administrative services	137,832
Central administrative services	25,152
Administrative information technology	30,711
Plant operations and maintenance	220,111
Pupil transportation	192,940
Total	<u>\$ 2,810,237</u>

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Additions	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	\$ 414,900		\$ 414,900
Less accumulated depreciation for:			
Machinery and equipment	(329,309)	\$ (22,903)	(352,212)
Total business-type activities capital assets, net	<u>\$ 85,591</u>	<u>\$ (22,903)</u>	<u>\$ 62,688</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 57,315,000		\$ 3,185,000	\$ 54,130,000	\$3,340,000
Unamortized premium on bonds	4,144,562		582,651	3,561,911	582,651
Obligations under capital leases	795,564		449,479	346,085	284,113
Compensated absences payable	668,753	\$ 871,829	694,784	845,798	63,187
Subtotal	62,923,879	871,829	4,911,914	58,883,794	4,269,951
Net pension liability	22,980,836		1,809,783	21,171,053	
Total governmental activity long-term liabilities	\$ 85,904,715	\$ 871,829	\$ 6,721,697	\$ 80,054,847	\$4,269,951

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

Bonds Payable

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

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

Year	Principal	Interest	Total
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	4,640,000	1,280,800	5,920,800
2026-2030	27,970,000	3,356,219	31,326,219
2031	6,035,000	94,600	6,129,600
	<u>\$ 54,130,000</u>	<u>\$ 11,849,069</u>	<u>\$ 65,979,069</u>

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2020 are comprised of the following issues:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

\$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 \$425,000 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 \$2,845,000 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 and \$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, 2020, \$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, 2020, \$22,740,000 of defeased debt remains outstanding.

In February 2015, the District issued \$5,515,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2020, \$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, 2020, \$8,850,000 of the defeased debt remains outstanding.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

Capital Leases Payable

The District is leasing several copiers and technology equipment with interest rates ranging from 1.47% to 6.62%. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2020:

Principal and interest due on all capital leases outstanding is as follows:

Year	Principal	Interest	Total
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
	\$ 346,085	\$ 10,029	\$ 356,114

All capital leases outstanding are presented on schedule I-2 in this report. Assets capitalized through capital leases at June 30, 2020 are as follows:

Machinery, equipment and vehicles	\$ 2,668,011
Less accumulated depreciation	<u>(1,600,233)</u>
Total	<u>\$ 1,067,778</u>

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 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all 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.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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 are 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, 2020, the State of New Jersey contributed \$12,300,418 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 \$3,231,249 during the year ended June 30, 2020 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, 2020, 2019 and 2018 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, 2020, the District reported a liability of \$21,171,053 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. 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,

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

2019, the District's proportion was 0.1174963106 percent, which was an increase of 0.0007801206 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$1,261,233 in the government-wide financial statements. At June 30, 2020, 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	\$ 379,993	\$ 93,524
Changes of assumptions	2,114,007	7,348,405
Net difference between projected and actual earnings on pension plan investments		334,193
Changes in proportion and differences between district contributions and proportionate share contributions	709,148	565,784
District contributions subsequent to the measurement date	<u>1,244,797</u>	
	<u>\$ 4,447,945</u>	<u>\$ 8,341,906</u>

\$1,244,797 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	\$ (350,977)
2021	(1,973,696)
2022	(1,888,144)
2023	(847,162)
2024	<u>(78,779)</u>
	<u>\$ (5,138,758)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increase:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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 Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of actuarially determined contributions for the local employers.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
District's proportionate share of the net pension liability	\$ 26,742,480	\$ 21,171,053	\$ 16,476,336

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, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	\$ 7,645,087,574
Net pension liability	\$ 18,143,832,135
District's Proportion	0.1174963106%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Special Funding Situation - Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 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, 2019 was \$241,581,038. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3936407400 percent, which was a decrease of 0.0002741323 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$14,249,095 for contributions incurred by the State.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Actuarial assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019 and 4.86% as of June 30, 2018. 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 3.50% as of June 30, 2019 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 70% 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.60%) or 1-percentage-point higher (6.60%) than the current rate:

	At 1% decrease (4.60%)	At current discount rate (5.60%)	At 1% increase (6.60%)
State's proportionate share of the net pension liability associated with the District	\$ 284,877,514	\$ 241,581,038	\$ 205,658,635

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$10,077,460,797
Deferred inflows of resources	\$17,525,379,167
Net pension liability	\$61,370,943,870
District's Proportion	0.3936407400%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2019 is \$3,642,191,152.

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, 2019, 2018, 2017, 2016, 2015, and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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 in a disability pension from one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) 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 health care coverage in retirement provided that 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 coverage.

Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees. The total nonemployer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The State's contributions to the Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2020, 2019 and 2018 were \$3,326,438, \$3,585,251, and \$3,837,651 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 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 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. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The total non-employer (State) OPEB liability from New Jersey's plan is \$41,729,081,045.

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, 2020:

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

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2018	\$ 131,465,904
Charges for the year:	
Service cost	6,677,315
Interest	5,274,853
Difference between actual and expected	(16,690,884)
Changes of assumptions	1,861,815
Member contributions	113,624
Benefit payments	(3,833,122)
Net changes	(6,596,399)
Ending Total OPEB Liability, June 30, 2019	\$ 124,869,505

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2019</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,943

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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2020 was \$124,869,505. 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 in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

	<u>TPAF</u>	<u>PERS</u>
Inflation rate:	2.50%	2.50%
Salary increases:		
Through 2026	1.55 - 3.05%	2.00-6.00%
	based on years of service	based on years of service
Thereafter	1.55-3.05%	3.00-7.00%
	based on years of service	based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The following represents sensitivity of the Total Nonemployer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate

The following presents the non-employer OPEB liability associated with the District as of June 30, 2019 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 (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	At 1% decrease (2.50%)	At current discount rate (3.50%)	At 1% increase (4.50%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 147,520,230	\$ 124,869,505	\$ 106,877,010

The following represents sensitivity of the Total Nonemployer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate

The following presents the non-employer OPEB liability associated with the District as of June 30, 2019 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 (2.50%) or 1-percentage-point higher (4.50%) 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)	\$ 102,886,906	\$ 124,869,505	\$ 153,969,952

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,789,985 for OPEB expenses incurred by the State.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Deferred outflows of resources	\$	1,921,145,183
Deferred inflows of resources	\$	20,887,639,826
Collective OPEB Expense	\$	1,015,664,874
District's Proportion		0.30%

Special Funding Situation

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

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,374,990	\$ 738,816
Special Revenue Fund		566,300
Capital Projects Fund		727,971
Food Service Enterprise Fund		54,741
Project Jump Start Enterprise Fund		287
Before and After School Care Enterprise Fund		691
Internal Service Fund - Self Insurance	738,816	
Payroll Agency Fund		25,000
	\$ 2,113,806	\$ 2,113,806

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 General Fund and Food Service Enterprise Fund represents a payable from

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

8. Interfund Receivables and Payables (continued)

the Food Service Enterprise Fund to the General Fund to cover food service bills and payroll paid on behalf of the Food Service Enterprise Fund. 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. The interfund between the General Fund and the Payroll Agency Fund represents a short-term loan. 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, 2020 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its capital projects. The costs associated with the funding received from the NJSDA are subject to final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

11. Capital Reserve Account (continued)

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 8,551,224
Deposits:	
Interest earned on investments	334
Approved by Resolution at the June 15, 2020 meeting	1,000,000
Transfer of unexpended capital projects funds	98,182
Withdrawals:	
Transfer to Capital Projects Fund by Resolution	<u>(724,621)</u>
Ending balance, June 30, 2020	<u>\$ 8,925,119</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

12. Maintenance Reserve Account

On June 20, 2011, the District elected to establish a reserve to be used to accumulate funds for the required maintenance of a facility, and in accordance with N.J.S.A. 18A:7G-9, as amended by P.L. 2004, c. 73 (S1701), passed a board resolution authorizing the establishment of a maintenance reserve account in the District's General Fund. As allowed by N.J.S.A. 18A:F-41 and N.J.A.C. 6A:23A-14.3 the District can adopt a board resolution to deposit funds into a maintenance reserve account between June 1 and June 30 of each budget year. The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

12. Maintenance Reserve Account (continued)

Beginning balance, July 1, 2019	\$ 4,586,394
Deposits:	
Approved by Resolution at the June 15, 2020 meeting	453,238
Interest earned on Investments	333
Withdrawals:	
Budgeted in 2019-20 Adopted Budget	<u>(453,238)</u>
Ending balance, June 30, 2020	<u>\$ 4,586,727</u>

The District has included \$24,027 of this balance in its 2020-21 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 \$910,666 at June 30, 2020.

14. Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

14. Risk Management (continued)

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, 2020, the accrued liability for unpaid medical and prescription of \$1,042,000 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 years ended June 30, 2020 and 2019 is as follows:

Year	Balance	Claims and Estimates	Payments	Balance
2019-2020	\$ 1,112,000	\$ 14,733,316	\$ 14,803,316	\$ 1,042,000
2018-2019	\$ -	\$ 13,051,861	\$ 11,939,861	\$ 1,112,000

15. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2020 fiscal year:

	In	Out
General Fund	\$ 99,351	\$ 724,621
Capital Projects Fund	724,621	99,351
	<u>\$ 823,972</u>	<u>\$ 823,972</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 2020 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.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

16. Deferred Compensation (continued)

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, 2020 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$240,321 and in the Capital Projects Fund as restricted for capital projects in the amount of \$208,074 which is offset by an unrestricted deficit of \$7,388.

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, which has reduced the Township's tax revenues. The Township entered into this agreement dated July 28, 2009, which is a full abatement of taxes for a nonprofit housing corporation for its senior citizen housing development, and in return the nonprofit housing corporation is required to pay the Township an annual service charge. The annual service charge is to be calculated at 15% of the annual gross rents derived from such housing project as detailed in the agreement. The agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first. For the 2020 calendar year, the Township recognized revenue of \$426,711 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property was \$485,449, resulting in a reduction of taxes collected by the Township of \$58,738. A portion of this would have been allocated to the District.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

19. Liquidity, Management Plans and Intentions

Due to the COVID-19 Pandemic, the District closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the District for the year ended June 30, 2020. However, the Pandemic did result in the State of New Jersey taking steps to reduce the amount of state aid to be provided to the District in the 2020-21 fiscal year subsequent to the District's adoption of its budget. Management has taken steps to reduce certain expenses related to operating the District and also plans to utilize existing funds to balance its budget for the 2020-21 fiscal year, if needed. Management believes that the unassigned fund balance available as of June 30, 2020 and the anticipated revenues from state aid, taxes and other revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - Local Group	0.1174963106%	0.1167161900%	0.1186278136%	0.12154446151%	0.1131163225%	0.1095265402%	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 21,171,053	\$ 22,980,836	\$ 27,614,659	\$ 35,998,029	\$ 25,392,348	\$ 20,506,364	\$ 20,822,890	n/a	n/a	n/a
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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	261.74%	290.42%	341.18%	446.14%	319.52%	273.56%	295.23%	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	52.08%	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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,142,899	\$ 1,125,708	\$ 1,079,785	\$ 1,091,855	\$ 972,497	\$ 893,254	\$ 812,491	\$ 793,924	\$ 836,157	\$ 767,682
Contributions in relation to the contractually required contribution	(1,142,899)	(1,125,708)	(1,079,785)	(1,091,855)	(972,497)	(893,254)	(812,491)	(793,924)	(836,157)	(767,682)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,133,512	\$ 8,088,638	\$ 7,912,953	\$ 8,095,970	\$ 8,068,738	\$ 7,952,090	\$ 7,496,079	\$ 7,101,311	\$ 6,892,274	\$ 6,888,973
Contributions as a percentage of covered-employee payroll	14.05%	13.92%	13.65%	13.49%	12.05%	11.23%	10.84%	11.18%	12.13%	11.14%

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,					
	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3936407400%	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	\$ 241,581,038	\$ 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>\$ 241,581,038</u>	<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	26.95%	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*

	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.30%	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	\$ 124,869,505	\$ 131,465,904	\$ 150,631,595	\$ 161,686,767
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 124,869,505</u>	<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%	0.00%

	2020	2019	2018	2017 **
Total OPEB Liability				
Service cost	\$ 6,677,315	\$ 7,508,589	\$ 9,107,318	
Interest cost	5,274,853	5,601,203	4,820,081	
Changes of assumptions	(14,829,069)	(28,881,628)	(21,622,096)	
Member contributions	113,624	121,496	128,472	
Gross benefit payments	(3,833,122)	(3,515,351)	(3,488,947)	
Net change in total OPEB liability	<u>(6,596,399)</u>	<u>(19,165,691)</u>	<u>(11,055,172)</u>	
Total OPEB liability - beginning	<u>131,465,904</u>	<u>150,631,595</u>	<u>161,686,767</u>	
Total OPEB liability - ending	<u>\$ 124,869,505</u>	<u>\$ 131,465,904</u>	<u>\$ 150,631,595</u>	
Covered-employee payroll	<u>\$ 51,725,954</u>	<u>\$ 50,777,433</u>	<u>\$ 49,398,644</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>241.41%</u>	<u>258.91%</u>	<u>304.93%</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, 2020

PUBLIC EMPLOYEES' RETIREMENT SYSTEM-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

TEACHERS' PENSION AND ANNUITY FUND-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

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 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

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, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final To <u>Actual</u>
Revenues					
Local sources:					
Local tax levy	\$ 87,135,060		\$ 87,135,060	\$ 87,135,060	
Tuition from other LEA's	871,000		871,000	864,575	\$ (6,425)
Tuition from individuals	29,000		29,000	41,100	12,100
Transportation fees from individuals	208,000		208,000	165,168	(42,832)
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				199,389	199,389
Miscellaneous	496,951	\$ 28,030	524,981	314,280	(210,701)
Total - local sources	<u>88,788,078</u>	<u>28,030</u>	<u>88,816,108</u>	<u>88,767,720</u>	<u>(48,388)</u>
State sources:					
Special education aid	3,268,458		3,268,458	3,268,458	
Security aid	101,447		101,447	101,447	
Transportation aid	1,296,717		1,296,717	1,296,717	
Extraordinary aid	1,700,000		1,700,000	3,553,567	1,853,567
Additional nonpublic transportation aid				13,050	13,050
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				8,966,582	8,966,582
TPAF Pension Contributions - Post-Retirement Medical (On-Behalf - Non-Budgeted)				3,326,438	3,326,438
TPAF Pension Contributions - Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				7,398	7,398
TPAF Social Security (Reimbursed - Non-Budgeted)				3,231,249	3,231,249
Total - state sources	<u>6,366,622</u>		<u>6,366,622</u>	<u>23,764,906</u>	<u>17,398,284</u>
Federal sources:					
Medicaid reimbursement	20,873		20,873	2,674	(18,199)
Total - federal sources	<u>20,873</u>		<u>20,873</u>	<u>2,674</u>	<u>(18,199)</u>
Total revenues	<u>95,175,573</u>	<u>28,030</u>	<u>95,203,603</u>	<u>112,535,300</u>	<u>17,331,697</u>
Expenditures					
Current expense:					
Instruction:					
Regular programs:					
Salaries of teachers:					
Kindergarten	1,065,320	24,683	1,090,003	1,089,312	691
Grades 1-5	9,424,323	(561,155)	8,863,168	8,738,160	125,008
Grades 6-8	7,308,718	11,000	7,319,718	7,227,350	92,368
Grades 9-12	9,417,171	181,000	9,598,171	9,508,020	90,151
Instruction- home instruction:					
Salaries of teachers	87,550		87,550	32,783	54,767
Purchased professional-educational services	20,000		20,000	10,293	9,707
Regular programs - undistributed instruction:					
Purchased professional-educational services	27,425		27,425	2,817	24,608
Other purchased services	195,940	(5,000)	190,940	132,166	58,774
General supplies	1,592,198	130,857	1,723,055	1,430,041	293,014
Textbooks	396,150	(107,511)	288,639	190,706	97,933
Total regular programs	<u>29,534,795</u>	<u>(326,126)</u>	<u>29,208,669</u>	<u>28,361,648</u>	<u>847,021</u>
Special education:					
Cognitive moderate:					
Salaries of teachers	415,898	(7,000)	408,898	406,677	2,221
Other salaries for instruction	577,348	(52,000)	525,348	505,268	20,080
General Supplies	13,730	1,000	14,730	12,911	1,819
Textbooks	19,800	2,474	22,274	21,759	515
Total cognitive moderate	<u>1,026,776</u>	<u>(55,526)</u>	<u>971,250</u>	<u>946,615</u>	<u>24,635</u>
Learning and/or language disabilities:					
Salaries of teachers	309,130	65,000	374,130	371,158	2,972
Other salaries for instruction	382,663	14,500	397,163	382,788	14,375
General supplies	20,000	(3,610)	16,390	15,861	529
Textbooks	3,000	(389)	2,611	2,576	35
Total learning and/or language disabilities	<u>714,793</u>	<u>75,501</u>	<u>790,294</u>	<u>772,383</u>	<u>17,911</u>
Auditory impairments:					
Salaries of teachers	86,538		86,538	85,132	1,406
General supplies	7,150	2,900	10,050	9,967	83
Total auditory impairments	<u>93,688</u>	<u>2,900</u>	<u>96,588</u>	<u>95,099</u>	<u>1,489</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Current expense (continued):					
Instruction (continued):					
Behavioral disabilities:					
Salaries of teachers	\$ 455,747	\$ 46,174	\$ 501,921	\$ 501,747	\$ 174
Other salaries for instruction	485,534	3,826	489,360	489,083	277
General supplies	18,150	(5,639)	12,511	7,793	4,718
Total behavioral disabilities	<u>959,431</u>	<u>44,361</u>	<u>1,003,792</u>	<u>998,623</u>	<u>5,169</u>
Resource room/center:					
Salaries of teachers	5,135,258	100,026	5,235,284	5,137,698	97,586
Other salaries for instruction	675,460	(155,425)	520,035	503,222	16,813
General supplies	51,000	2,461	53,461	50,747	2,714
Total resource room/center	<u>5,861,718</u>	<u>(52,938)</u>	<u>5,808,780</u>	<u>5,691,667</u>	<u>117,113</u>
Autism:					
Salaries of teachers	1,219,417	23,500	1,242,917	1,241,912	1,005
Other salaries for instruction	2,722,027	51,000	2,773,027	2,735,933	37,094
General supplies	39,100	821	39,921	35,871	4,050
Total autism	<u>3,980,544</u>	<u>75,321</u>	<u>4,055,865</u>	<u>4,013,716</u>	<u>42,149</u>
Preschool disabilities-part-time:					
Salaries of teachers	226,225	36,000	262,225	261,717	508
Other salaries for instruction	86,737	(11,000)	75,737	75,372	365
General supplies	9,400	300	9,700	9,481	219
Total preschool disabilities - part-time	<u>322,362</u>	<u>25,300</u>	<u>347,662</u>	<u>346,570</u>	<u>1,092</u>
Preschool disabilities-full time:					
General supplies	5,300	(400)	4,900	4,647	253
Total preschool disabilities - full time	<u>5,300</u>	<u>(400)</u>	<u>4,900</u>	<u>4,647</u>	<u>253</u>
Total special education	<u>12,964,612</u>	<u>114,519</u>	<u>13,079,131</u>	<u>12,869,320</u>	<u>209,811</u>
Basic skills/remedial - Instruction:					
Salaries of teachers	735,777	17,620	753,397	753,397	
General supplies	10,200		10,200	9,969	231
Total basic skills/remedial - instruction	<u>745,977</u>	<u>17,620</u>	<u>763,597</u>	<u>763,366</u>	<u>231</u>
Bilingual education:					
Salaries of teachers	262,054	132,925	394,979	394,621	358
Other salaries for instruction	30,394	455	30,849	30,849	
Other purchased services	800		800	107	693
General supplies	2,700		2,700	125	2,575
Total bilingual education	<u>295,948</u>	<u>133,380</u>	<u>429,328</u>	<u>425,702</u>	<u>3,626</u>
School sponsored co-curricular activities - instruction:					
Salaries	354,974	91,824	446,798	446,798	
Supplies and materials	60,850	(1,938)	58,912	51,030	7,882
Other objects	1,000	(150)	850	850	0
Total school sponsored co-curricular activities - instruction	<u>416,824</u>	<u>89,736</u>	<u>506,560</u>	<u>497,828</u>	<u>8,732</u>
School sponsored athletic activities:					
Salaries	1,068,271	35,017	1,103,288	1,103,288	
Purchased services	69,000	(8,050)	60,950	45,378	15,572
Supplies and materials	137,694	2,694	140,388	122,616	17,772
Other objects	55,000	7,550	62,550	50,707	11,843
Transfers to cover deficit (agency funds)	90,000		90,000	35,000	55,000
Total school sponsored athletic activities	<u>1,419,965</u>	<u>37,211</u>	<u>1,457,176</u>	<u>1,356,989</u>	<u>100,187</u>
Other supplemental / at-risk programs - instruction:					
Salaries of reading specialists	657,794	8,656	666,450	663,130	3,320
Total other supplemental / at-risk programs - instruction	<u>657,794</u>	<u>8,656</u>	<u>666,450</u>	<u>663,130</u>	<u>3,320</u>
Total instruction	<u>46,035,915</u>	<u>74,996</u>	<u>46,110,911</u>	<u>44,937,983</u>	<u>1,172,928</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-regular		\$ 18,000	\$ 18,000	\$ 17,617	\$ 383
Tuition to other school districts in the state-special	\$ 1,139,418	(341,000)	798,418	746,096	52,322
Tuition to county vocational - regular	16,198		16,198	12,588	3,610
Tuition to county vocational - special		56,000	56,000	54,313	1,687
Tuition to private school - handicap in state	1,153,742	338,500	1,492,242	1,426,064	66,178
Tuition to private school - handicap out state		320,960	320,960	292,375	28,585
Total undistributed expenditures - instruction	<u>2,309,358</u>	<u>392,460</u>	<u>2,701,818</u>	<u>2,549,053</u>	<u>152,765</u>
Health services:					
Salaries	683,984	99,174	783,158	776,519	6,639
Other salaries	116,143		116,143	116,024	119
Purchased prof. and tech. services	30,000	(6,000)	24,000	17,725	6,275
Other purchased services	3,500		3,500	1,140	2,360
Supplies and materials	42,706	6,000	48,706	44,292	4,414
Total health services	<u>876,333</u>	<u>99,174</u>	<u>975,507</u>	<u>955,700</u>	<u>19,807</u>
Other support services - student-speech, OT, PT, and related services:					
Salaries	1,358,388	(38,000)	1,320,388	1,318,270	2,118
Purchased professional educational services	24,140	67,000	91,140	80,304	10,836
Supplies and materials	10,850	(1,841)	9,009	4,752	4,257
Total other support services - student-speech, OT, PT, and related services	<u>1,393,378</u>	<u>27,159</u>	<u>1,420,537</u>	<u>1,403,326</u>	<u>17,211</u>
Other support services - students - extra services:					
Salaries	785,162	47,000	832,162	829,365	2,797
Purchased professional educational services	724,578	(459,460)	265,118	240,021	25,097
Supplies and materials	6,800	1,923	8,723	8,645	78
Total other support services - students - extra services	<u>1,516,540</u>	<u>(410,537)</u>	<u>1,106,003</u>	<u>1,078,031</u>	<u>27,972</u>
Other support services - guidance - regular:					
Salaries of other prof. staff	1,810,171	11,431	1,821,602	1,819,692	1,910
Salaries secretary/clerical assts.	513,662		513,662	511,528	2,134
Purchased professional - educational services	93,000		93,000	60,095	32,905
Other purchased prof. and tech. services	203,710	(18,000)	185,710	185,676	34
Other purchased services	303,660		303,660	287,020	16,640
Supplies and materials	16,500	(200)	16,300	2,993	13,307
Other objects	744	200	944	913	31
Total other support services - guidance - regular	<u>2,941,447</u>	<u>(6,569)</u>	<u>2,934,878</u>	<u>2,867,917</u>	<u>66,961</u>
Child study teams:					
Salaries of other prof. staff	1,981,332	118,223	2,099,555	2,011,209	88,346
Salaries secretary/clerical asst(stants)	302,465	(8,653)	293,812	293,812	
Other purchased prof. and tech. services	101,459		101,459	75,942	25,517
Other purchased services	28,500		28,500	12,826	15,674
Supplies and materials	90,756	27,755	118,511	71,881	46,630
Other objects	3,400		3,400	1,283	2,117
Total child study teams	<u>2,507,912</u>	<u>137,325</u>	<u>2,645,237</u>	<u>2,466,953</u>	<u>178,284</u>
Improvement of instruction services/instructional staff:					
Salaries of supervisors of instruction	817,756	(4,689)	813,067	812,798	269
Salaries of secretarial and clerical assistants	181,158	426	181,584	181,584	
Other salaries	303,132	34,189	337,321	337,218	103
Other purchased services	500		500	156	344
Supplies and materials	14,093		14,093	9,224	4,869
Other objects	14,000		14,000	12,781	1,219
Total improvement of instruction services/instructional staff	<u>1,330,639</u>	<u>29,926</u>	<u>1,360,565</u>	<u>1,353,761</u>	<u>6,804</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Current expense (continued):					
Undistributed expenditures (continued):					
Educational media services/school library:					
Salaries	\$ 659,723	\$ (45,419)	\$ 614,304	\$ 610,068	\$ 4,236
Salaries of technology coordinators	115,636		115,636	90,683	24,953
Purchased prof. and tech. services	115,545	23,786	139,331	133,461	5,870
Supplies and materials	74,100	(2,286)	71,814	61,384	10,430
Total educational media services/school library	965,004	(23,919)	941,085	895,596	45,489
Instructional staff training services:					
Salaries of supervisors of instruction	909,094	(4,958)	904,136	904,136	
Salaries of secretarial and clerical assistants	246,495	38,055	284,550	284,550	
Other salaries	49,082	11,297	60,379	60,379	
Purchased professional - educational services	25,000		25,000	16,744	8,256
Other purchased prof. and tech. services	69,285	(2,806)	66,479	53,110	13,369
Other purchased services	60,000		60,000	37,744	22,256
Supplies and materials	63,480	(1,394)	62,086	51,268	10,818
Other objects	5,830	1,700	7,530	5,481	2,049
Total instructional staff training services	1,428,266	41,894	1,470,160	1,413,412	56,748
Support services - general administration:					
Salaries	370,318		370,318	368,172	2,146
Legal services	175,000	8,051	183,051	181,192	1,859
Audit fees	50,000	17,000	67,000	57,650	9,350
Architect / engineering services	24,700	10,000	34,700	17,873	16,827
Other purchased prof. services	70,400	(51)	70,349	68,693	1,656
Communications/telephone	74,230	10,000	84,230	67,118	17,112
BOE other purchased services	7,500		7,500	3,462	4,038
Miscellaneous purchased services	286,535	25,000	311,535	283,509	28,026
General supplies	13,450		13,450	12,870	580
Miscellaneous expenditures	47,000		47,000	39,218	7,782
Total support services - general administration	1,119,133	70,000	1,189,133	1,099,757	89,376
Support services - school administration:					
Salaries of principals/asst. principals	2,525,046	132,000	2,657,046	2,413,124	243,922
Salaries of other professional staff	164,533	16,000	180,533	164,533	16,000
Salaries secretary/clerical assts.	1,150,022	101,300	1,251,322	1,162,999	88,323
Purchased professional and technical services	107,500	3,500	111,000	69,916	41,084
Other purchased services	3,300		3,300	1,941	1,359
Supplies and materials	15,100	(667)	14,433	6,643	7,790
Other objects	21,975	2,500	24,475	18,865	5,610
Total support services - school administration	3,987,476	254,633	4,242,109	3,838,021	404,088
Central Services:					
Salaries	713,819	1,000	714,819	590,112	124,707
Purchased professional services	78,800	2,000	80,800	77,702	3,098
Misc purchased services	20,200		20,200	6,544	13,656
Supplies and materials	14,000		14,000	11,793	2,207
Miscellaneous expenditures	2,750		2,750	2,278	472
Total central services	829,569	3,000	832,569	688,429	144,140
Admin Info Technology:					
Salaries	712,982	17,000	729,982	644,201	85,781
Purchased technical services	144,496	13,450	157,946	129,295	28,651
Supplies and materials	68,690	(1,233)	67,457	67,109	348
Total Admin Info Technology	926,168	29,217	955,385	840,605	114,780
Required maintenance for school facilities:					
Salaries	241,573	(75,000)	166,573	165,860	713
Cleaning, repair and maintenance services	2,202,258	(28,036)	2,174,222	1,663,686	510,536
Travel	500	3,000	3,500	2,736	764
General supplies	158,000	38,847	196,847	113,829	83,018
Other objects		500	500	60	440
Total required maintenance for school facilities	2,602,331	(60,689)	2,541,642	1,946,171	595,471

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Custodial services:					
Salaries	\$ 272,212	\$ (1,952)	\$ 270,260	\$ 99,410	\$ 170,850
Purchased professional and technical services	95,000	(8,150)	86,850	86,460	390
Cleaning, repair and maintenance services	2,462,902	(315,547)	2,147,355	1,649,547	497,808
Other purchased property services	273,000	7,500	280,500	280,358	142
Insurance	333,767	(25,350)	308,417	308,400	17
General supplies	180,000	121,000	301,000	207,492	93,508
Energy (electricity)	892,885	(100,500)	792,385	711,199	81,186
Energy (natural gas)	595,849	(254,000)	341,849	259,113	82,736
Total custodial services	<u>5,105,615</u>	<u>(576,999)</u>	<u>4,528,616</u>	<u>3,601,979</u>	<u>926,637</u>
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	546,193	(89,300)	456,893	340,280	116,613
General supplies	15,000	5,000	20,000	10,205	9,795
Total care and upkeep of grounds	<u>561,193</u>	<u>(84,300)</u>	<u>476,893</u>	<u>350,485</u>	<u>126,408</u>
Security:					
Salaries	119,100	6,952	126,052	126,052	-
Total security	<u>119,100</u>	<u>6,952</u>	<u>126,052</u>	<u>126,052</u>	<u>-</u>
Student transportation services:					
Management fee- ESC & CTSA trans. program	166,000	83,000	249,000	248,397	603
Cleaning, repair and maintenance services	5,000	(1,000)	4,000	1,235	2,765
Contracted services (between home and sch.) - vendor	2,977,417	(205,999)	2,771,418	2,721,626	49,792
Contracted services (other than home to sch.) - vendor	330,200	24,550	354,750	259,858	94,892
Contracted services (special ed.) - esc	1,880,765	83,000	1,963,765	1,811,403	152,362
Contracted services - aid in lieu of payments - nonpublic	295,000	-	295,000	220,000	75,000
Contracted services - parental contracts	5,000	18,000	23,000	17,899	5,101
Other objects	2,000	(1,000)	1,000	583	417
Total student transportation services	<u>5,661,382</u>	<u>551</u>	<u>5,661,933</u>	<u>5,281,001</u>	<u>380,932</u>
Unallocated benefits - employee benefits:					
Social security contributions	1,121,100	(100,000)	1,021,100	1,016,809	4,291
Other retirement contributions - PERS	1,276,308	(88,000)	1,188,308	1,173,895	14,413
Unemployment compensation	13,000	(13,000)	-	-	-
Worker's compensation	287,967	5,000	292,967	292,873	94
Health benefits	11,543,595	224,999	11,768,594	11,578,694	189,900
Tuition reimbursement	325,000	(45,000)	280,000	259,591	20,409
Other employee benefits	215,319	20,000	235,319	228,374	6,945
Total unallocated benefits	<u>14,782,289</u>	<u>3,999</u>	<u>14,786,288</u>	<u>14,550,236</u>	<u>236,052</u>
On-behalf payments:					
On-behalf TPAF pension and annuity fund (non-budgeted)	-	-	-	8,966,582	(8,966,582)
On-behalf TPAF post retirement medical (non-budgeted)	-	-	-	3,326,438	(3,326,438)
On-behalf TPAF long-term disability insurance (non-budgeted)	-	-	-	7,398	(7,398)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	3,231,249	(3,231,249)
Total on-behalf payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,531,667</u>	<u>(15,531,667)</u>
Total undistributed expenditures	<u>50,963,133</u>	<u>(66,723)</u>	<u>50,896,410</u>	<u>62,838,152</u>	<u>(11,941,742)</u>
Total expenditures - current expense	<u>96,999,048</u>	<u>8,273</u>	<u>97,007,321</u>	<u>107,776,135</u>	<u>(10,768,814)</u>
Capital outlay					
Equipment:					
Regular programs - instruction:					
Grades 1-5	136,000	-	136,000	60,000	76,000
Grades 6-8	18,000	5,605	23,605	5,605	18,000
Grades 9-12	333,292	237,853	571,145	337,311	233,834
Instructional Alternative Education Programs	-	4,288	4,288	4,288	-
Required maintenance for school facilities	65,000	-	65,000	35,417	29,583
Total equipment	<u>552,292</u>	<u>247,746</u>	<u>800,038</u>	<u>442,621</u>	<u>357,417</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final To <u>Actual</u>
Capital outlay (continued)					
Facilities acquisition and construction services:					
Other purchased professional and technical services		\$ 29,000	\$ 29,000	\$ 29,000	
Construction services	\$ 212,996	(16,005)	196,991	183,996	\$ 12,995
Lease purchase agreements - principal	399,250		399,250	399,249	1
Total facilities acquisition and construction svcs.	<u>612,246</u>	<u>12,995</u>	<u>625,241</u>	<u>612,245</u>	<u>12,996</u>
Interest deposit to capital reserve	1,000		1,000		1,000
Total capital outlay	<u>1,165,538</u>	<u>260,741</u>	<u>1,426,279</u>	<u>1,054,866</u>	<u>371,413</u>
Total expenditures	<u>98,164,586</u>	<u>269,014</u>	<u>98,433,600</u>	<u>108,831,001</u>	<u>(10,397,401)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(2,989,013)</u>	<u>(240,984)</u>	<u>(3,229,997)</u>	<u>3,704,299</u>	<u>6,934,296</u>
Other Financing Sources (Uses):					
Transfers In - Capital Projects Fund - Interest Earnings				1,169	1,169
Transfers In - Capital Projects Fund				98,182	98,182
Transfers Out - Capital Reserve Transfer to Capital Projects Fund		(724,621)	(724,621)	(724,621)	
Total other financing sources (uses)	<u>-</u>	<u>(724,621)</u>	<u>(724,621)</u>	<u>(625,270)</u>	<u>99,351</u>
(Deficiency) excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(2,989,013)</u>	<u>(965,605)</u>	<u>(3,954,618)</u>	<u>3,079,029</u>	<u>7,033,647</u>
Fund balances, July 1	23,082,530		23,082,530	23,082,530	
Fund balances, June 30	<u>\$ 20,093,517</u>	<u>\$ (965,605)</u>	<u>\$ 19,127,912</u>	<u>\$ 26,161,559</u>	<u>\$ 7,033,647</u>
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)					
Budgeted Fund Balance	\$ (2,294,793)	(1,793,404)	\$ (4,088,197)	\$ 2,945,450	\$ 7,033,647
Budgeted Fund Balance - Maintenance Reserve	(453,238)	453,238			
Withdrawal From Capital Reserve		(724,621)	(724,621)	(724,621)	
Deposit to Capital Reserve		1,098,516	1,098,516	1,098,516	
Deposit to Maintenance Reserve		333	333	333	
Deposit to Emergency Reserve		333	333	333	
Adjustment for Prior Year Encumbrances	(240,982)		(240,982)	(240,982)	
Total	<u>\$ (2,989,013)</u>	<u>\$ (965,605)</u>	<u>\$ (3,954,618)</u>	<u>\$ 3,079,029</u>	<u>\$ 7,033,647</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 3,028,692	
Excess Surplus - Current Year				4,327,946	
Capital Reserve				8,925,119	
Maintenance Reserve				4,586,727	
Emergency Reserve				910,666	
Assigned Fund Balance:					
Year End Encumbrances				204,321	
Designated for Subsequent Year's Expenditures				430,992	
Unassigned Fund Balance				<u>3,747,096</u>	
				26,161,559	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(460,103)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 25,701,456</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 157,124	\$ 157,124	\$ 48,139	\$ (108,985)
State Sources		293,864	293,864	178,504	(115,360)
Federal Sources	\$ 1,632,643	591,436	2,224,079	1,565,998	(658,081)
Total Revenues	<u>1,632,643</u>	<u>1,042,424</u>	<u>2,675,067</u>	<u>1,792,641</u>	<u>(882,426)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		68,000	68,000		68,000
Purchased Professional and Educational Services		210,555	210,555	124,285	86,270
Other Purchased Services	1,097,862	(1,003)	1,096,859	1,096,859	
General Supplies	236,259	36,408	272,667	121,736	150,931
Textbooks		18,395	18,395	18,194	201
Total Instruction	<u>1,334,121</u>	<u>332,355</u>	<u>1,666,476</u>	<u>1,361,074</u>	<u>305,402</u>
Support Services:					
Salaries	61,784	56,763	118,547	94,335	24,212
Personal Services - Employee Benefits	10,695	18,180	28,875	23,227	5,648
Purchased Professional and Technical Services	186,153	72,710	258,863	82,013	176,850
Other Purchased Services		27,159	27,159	20,423	6,736
Supplies and Materials	39,309	411,470	450,779	182,009	268,770
Other Objects	581	(581)			
Total Support Services	<u>298,522</u>	<u>585,701</u>	<u>884,223</u>	<u>402,007</u>	<u>482,216</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		67,622	67,622	29,560	38,062
Construction Services		56,746	56,746		56,746
Total Facilities Acquisition and Construction Services		<u>124,368</u>	<u>124,368</u>	<u>29,560</u>	<u>94,808</u>
Total Expenditures	<u>1,632,643</u>	<u>1,042,424</u>	<u>2,675,067</u>	<u>1,792,641</u>	<u>882,426</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, 2020

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)	\$ 112,535,300	\$ 1,792,641
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		(22,967)
Prior Year (net of cancellations)		114,262
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	411,365	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(460,103)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 112,486,562</u>	<u>\$ 1,883,936</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 108,831,001	\$ 1,792,641
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		(22,967)
Prior Year (net of Cancellations)		<u>114,262</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 108,831,001</u>	<u>\$ 1,883,936</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, 2020

	Nonpublic Textbooks	Nonpublic Security	NJ Nonpublic Auxiliary Services, Ch. 192			NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	Nonpublic Technology	CARES Emergency Relief Grant
			Nonpublic Comp. Education	Home Instruction	E.S.L.	Nonpublic Exam and Class	Nonpublic Corrective Speech	Nonpublic Suppl. Instruction			
REVENUES:											
State Sources	\$ 18,194	\$ 23,547	\$ 41,853	4,495	\$ 2,729	\$ 27,505	\$ 9,387	\$ 15,945	\$ 22,371	\$ 12,478	
Federal Sources										\$ 99,890	
Other Sources											
Total Revenues	<u>\$ 18,194</u>	<u>\$ 23,547</u>	<u>\$ 41,853</u>	<u>\$ 4,495</u>	<u>\$ 2,729</u>	<u>\$ 27,505</u>	<u>\$ 9,387</u>	<u>\$ 15,945</u>	<u>\$ 22,371</u>	<u>\$ 12,478</u>	<u>\$ 99,890</u>
EXPENDITURES:											
Instruction:											
Purchased Prof. - Educ. Services			\$ 41,853	\$ 4,495	\$ 2,729	\$ 27,505	\$ 9,387	\$ 15,945	\$ 22,371		
Other Purchased Services											
Instructional Supplies											
Textbooks	\$ 18,194										
Total Instruction	<u>18,194</u>		<u>41,853</u>	<u>4,495</u>	<u>2,729</u>	<u>27,505</u>	<u>9,387</u>	<u>15,945</u>	<u>22,371</u>		
Support Services:											
Salaries											
Personal Svcs. - Employee Benefits											
Purchased Prof. - Technical Services											
Other Purchased Services											
Supplies and Materials		\$ 23,547								\$ 12,478	\$ 77,645
Total Support Services		<u>23,547</u>								<u>12,478</u>	<u>77,645</u>
Facilities Acquisition and Construction Services:											
Instructional Equipment											22,245
Total Facilities Acquisition and Construction Services											<u>22,245</u>
Total Expenditures	<u>\$ 18,194</u>	<u>\$ 23,547</u>	<u>\$ 41,853</u>	<u>\$ 4,495</u>	<u>\$ 2,729</u>	<u>\$ 27,505</u>	<u>\$ 9,387</u>	<u>\$ 15,945</u>	<u>\$ 22,371</u>	<u>\$ 12,478</u>	<u>\$ 99,890</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2020

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>I.D.E.A. Part B</u>	<u>Local Grants</u>	<u>Totals</u>
REVENUES:								
State Sources								\$ 178,504
Federal Sources	\$ 189,670	\$ 98,737	\$ 13,681	\$ 21,054	\$ 6,187	\$ 1,136,779		1,565,998
Other Sources							\$ 48,139	48,139
Total Revenues	<u>\$ 189,670</u>	<u>\$ 98,737</u>	<u>\$ 13,681</u>	<u>\$ 21,054</u>	<u>\$ 6,187</u>	<u>\$ 1,136,779</u>	<u>\$ 48,139</u>	<u>\$ 1,792,641</u>
EXPENDITURES:								
Instruction:								
Purchased Prof. - Educ. Services						\$ 1,096,859		\$ 124,285
Other Purchased Services							\$ 20,716	1,096,859
Instructional Supplies	\$ 92,049		\$ 6,742	\$ 2,229				121,736
Textbooks								18,194
Total Instruction	<u>92,049</u>		<u>6,742</u>	<u>2,229</u>		<u>1,096,859</u>	<u>20,716</u>	<u>1,361,074</u>
Support Services:								
Salaries		\$ 75,510		18,825				94,335
Personal Svcs. - Employee Benefits		23,227						23,227
Purchased Prof. - Technical Services	35,793		6,300			39,920		82,013
Other Purchased Services	300				\$ 6,187		13,936	20,423
Supplies and Materials	61,528		639				6,172	182,009
Total Support Services	<u>97,621</u>	<u>98,737</u>	<u>6,939</u>	<u>18,825</u>	<u>6,187</u>	<u>39,920</u>	<u>20,108</u>	<u>402,007</u>
Facilities Acquisition and Construction Services:								
Instructional Equipment							7,315	29,560
Total Facilities Acquisition and Construction Services							<u>7,315</u>	<u>29,560</u>
Total Expenditures	<u>\$ 189,670</u>	<u>\$ 98,737</u>	<u>\$ 13,681</u>	<u>\$ 21,054</u>	<u>\$ 6,187</u>	<u>\$ 1,136,779</u>	<u>\$ 48,139</u>	<u>\$ 1,792,641</u>

Capital Projects Fund

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis

Year Ended June 30, 2020

REVENUES

State Sources	\$	(19,469)
SDA Grants		
Local Sources		1,169
Interest Earned on Investments		<u>1,169</u>
Total Revenues		<u>(18,300)</u>

EXPENDITURES

Other Purchased Professional and Technical Services	516,899
Construction Services	<u>487,291</u>
Total Expenditures	<u>1,004,190</u>

(Deficiency) of Revenues (under) Expenditures (1,022,490)

OTHER FINANCING SOURCES (USES)

Transfers In - Withdrawal from Capital Reserve	724,621
Transfers Out - Return Excess Project Funds to Fund 10 (Capital Reserve Funding)	(98,182)
Transfers Out - Interest Earned to General Fund	<u>(1,169)</u>

Total Other Financing Sources (Uses) 625,270

Net Change in Fund Balance (397,220)

Fund Balance - July 1 605,294

Fund Balance - June 30 \$ 208,074

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2020 - budgetary- basis	\$	208,074
GAAP Basis Revenues not recognized		<u>(7,388)</u>
Fund balance, June 30, 2020 - GAAP Basis	\$	<u>200,686</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, 2020

	<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	\$ 524,493	\$ (4,574)	\$ 519,919	\$ 519,909
Transfer from capital reserve	872,540	(75,997)	796,543	844,597
Total Revenues	1,397,033	(80,571)	1,316,462	1,364,506
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	73,636		73,636	73,636
Construction Services	954,083	288,743	1,242,826	1,237,964
Total Expenditures and Other Financing Uses	1,027,719	288,743	1,316,462	1,311,600
Excess (deficiency) of revenues over (under) expenditures	\$ 369,314	\$ (369,314)	\$ -	\$ 52,906
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	52,906			
Revised Authorized Cost	\$ 1,364,506			
Percentage Increase (Decrease) over Original Authorized Cost		4.03%		
Percentage Completed		96.48%		
Original Target Completion Date		9/1/19		
Revised Target Completion Date		Complete		

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School - HVAC Upgrades
Year Ended June 30, 2020

	<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	\$ 401,667	\$ (14,895)	\$ 386,772	\$ 401,720
Transfer from capital reserve	602,501	(5,677)	596,824	602,580
Total Revenues	1,004,168	(20,572)	983,596	1,004,300
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	56,770		56,770	59,587
Construction Services	728,278	198,548	926,826	944,713
Total Expenditures and Other Financing Uses	785,048	198,548	983,596	1,004,300
Excess (deficiency) of revenues over (under) expenditures	\$ 219,120	\$ (219,120)	\$ -	\$ -
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		19.77%		
Original Target Completion Date		9/1/19		
Revised Target Completion Date		Complete		

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School - Curtain Wall Upgrades
Year Ended June 30, 2020

	<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	\$ (16,200)	\$ 27,500	\$ 43,700
Total Revenues	<u>43,700</u>	<u>(16,200)</u>	<u>27,500</u>	<u>43,700</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	26,840	660	27,500	43,700
Total Expenditures and Other Financing Uses	<u>26,840</u>	<u>660</u>	<u>27,500</u>	<u>43,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,860</u>	<u>\$ (16,860)</u>	<u>\$ -</u>	<u>\$ -</u>
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	1.51%			
Original Target Completion Date	9/1/19			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School Cafeteria Upgrades
Year Ended June 30, 2020

	<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		\$ 669,563	\$ 669,563	\$ 669,563
Total Revenues	-	669,563	669,563	669,563
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		476,408	476,408	669,563
Total Expenditures and Other Financing Uses	-	476,408	476,408	669,563
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 193,155	\$ 193,155	\$ -
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	\$	669,563		
Additional Authorized Cost				
Revised Authorized Cost	\$	669,563		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	71.15%			
Original Target Completion Date	9/1/20			
Revised Target Completion Date	9/1/20			

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 Science Labs
Year Ended June 30, 2020

	<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		\$ 54,750	\$ 54,750	\$ 54,750
Total Revenues	-	54,750	54,750	54,750
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		39,831	39,831	54,750
Total Expenditures and Other Financing Uses	-	39,831	39,831	54,750
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 14,919	\$ 14,919	\$ -
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	\$	54,750		
Additional Authorized Cost				
Revised Authorized Cost	\$	54,750		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	72.75%			
Original Target Completion Date	9/1/20			
Revised Target Completion Date	9/1/20			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund

Summary Schedule of Project Expenditures
Year Ended June 30, 2020

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations June 30, 2020
			Prior Years	Current Years	
William Annin M.S. - Unit Ventilator Replacement	12/12/2014	\$ 1,316,462	\$ 1,027,719	\$ 288,743	
William Annin M.S. - HVAC Upgrades	12/12/2014	983,596	785,048	198,548	
William Annin M.S. - Curtain Wall Upgrades	11/12/2018	27,500	26,840	660	
Ridge High School - Cafeteria Upgrades	11/12/2018	669,563		476,408	\$ 193,155
William Annin M.S. - Science Labs	11/12/2018	54,750		39,831	14,919
Totals		\$ 3,051,871	\$ 1,839,607	\$ 1,004,190	\$ 208,074
State Grants (SDA)		\$ 906,691			
Transfers From Capital Reserve		2,145,180			
Total		\$ 3,051,871			

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	<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	\$ 536,038	\$ 3,611	\$ 539,649	\$ 902,245	\$ 504,791	\$ 1,407,036
Total Assets	<u>536,038</u>	<u>3,611</u>	<u>539,649</u>	<u>\$ 902,245</u>	<u>\$ 504,791</u>	<u>\$ 1,407,036</u>
LIABILITIES						
Accounts Payable	42,787		42,787	\$ 25,000		\$ 25,000
Due to Student Groups				877,245		877,245
Payroll Deductions and Withholdings Payable					\$ 504,791	504,791
Total Liabilities	<u>42,787</u>	<u>-</u>	<u>42,787</u>	<u>\$ 902,245</u>	<u>\$ 504,791</u>	<u>\$ 1,407,036</u>
NET POSITION						
Held in Trust for Unemployment Claims	<u>\$ 493,251</u>		493,251			
Held in Trust for Scholarship Awards		<u>\$ 3,611</u>	3,611			
			<u>\$ 496,862</u>			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private - Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Members	\$ 88,931	
Federal CARES ACT-COVID 19	53,050	
Donations		\$ 125
Total Additions	<u>141,981</u>	<u>125</u>
DEDUCTIONS		
Payment of Unemployment Claims	145,581	
Payment of Scholarship Awards and Other Expenses		285
Total Deductions	<u>145,581</u>	<u>285</u>
Change in Net Position	(3,600)	(160)
Net Position - Beginning of the Year	<u>496,851</u>	<u>3,771</u>
Net Position - End of the Year	<u>\$ 493,251</u>	<u>\$ 3,611</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 748,403	\$ 1,420,986	\$ 1,267,144	\$ 902,245
Total Assets	<u>\$ 748,403</u>	<u>\$ 1,420,986</u>	<u>\$ 1,267,144</u>	<u>\$ 902,245</u>
LIABILITIES:				
Due to Student Groups Accounts Payable	\$ 748,403	\$ 1,395,986 25,000	\$ 1,267,144	\$ 877,245 25,000
Total Liabilities	<u>\$ 748,403</u>	<u>\$ 1,420,986</u>	<u>\$ 1,267,144</u>	<u>\$ 902,245</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary Schools:				
Liberty Corner	\$ 42,092	\$ 43,282	\$ 27,347	\$ 58,027
Oak Street	20,647	6,537	10,935	16,249
Cedar Hill	69,661	29,981	24,056	75,586
Mount Prospect	6,850	7,699	6,585	7,964
Total Elementary Schools	<u>139,250</u>	<u>87,499</u>	<u>68,923</u>	<u>157,826</u>
Middle School:				
William Annin	<u>77,781</u>	<u>392,509</u>	<u>426,128</u>	<u>44,162</u>
High School:				
Athletic Fund	2,839	101,810	74,802	29,847
Performing Arts	13,222	76,468	38,960	50,730
Ridge High School	515,311	762,700	658,331	619,680
Total High School	<u>531,372</u>	<u>940,978</u>	<u>772,093</u>	<u>700,257</u>
Totals	<u>\$ 748,403</u>	<u>\$ 1,420,986</u>	<u>\$ 1,267,144</u>	<u>\$ 902,245</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 475,121	\$ 66,609,889	\$ 66,580,219	\$ 504,791
Total Assets	<u>\$ 475,121</u>	<u>\$ 66,609,889</u>	<u>\$ 66,580,219</u>	<u>\$ 504,791</u>
LIABILITIES:				
Payroll Deductions and Withholdings Payable	\$ 475,121	\$ 66,609,889	\$ 66,580,219	\$ 504,791
Total Liabilities	<u>\$ 475,121</u>	<u>\$ 66,609,889</u>	<u>\$ 66,580,219</u>	<u>\$ 504,791</u>

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Paid</u>	<u>Balance June 30, 2020</u>						
			<u>Date</u>	<u>Amount</u>										
Refunding School Bonds	5/22/12	\$ 9,700,000	07/15/20	\$ 70,000	4.000 %	\$ 9,160,000	\$ 70,000	\$ 9,090,000						
			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	07/15/20	425,000	4.000	22,540,000	405,000	22,135,000						
			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	11,665,000	2,710,000	8,955,000
									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>\$ 57,315,000</u>	<u>\$ 3,185,000</u>	<u>\$ 54,130,000</u>						

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2020

Series	Date of Lease	Term of Lease	Amount of Original Lease Principal	Interest	Interest Rate	Balance June 30, 2019	Retired	Balance June 30, 2020
2015 Savin Copiers - Various Schools	11/30/2014	5 Years	\$ 139,065	\$ 13,545	5.34 %	\$ 10,095	\$ 10,095	
2015 Construction Projects - Wellness Center and Turf Field	4/20/2015	5 Years	763,200	40,472	1.90	158,691	158,691	
2016 Copiers - Oak Street	5/1/2016	5 Years	40,097	6,335	5.93	16,095	8,563	\$ 7,532
2016 Copiers - Ridge High School	12/1/2015	5 Years	11,278	1,579	6.62	3,503	2,445	1,058
2017 - Various IT Equipment	7/1/2016	5 Years	1,143,000	45,468	1.47	468,391	232,155	236,236
2018 - Copiers - Various Schools	7/25/2017	5 Years	92,391	9,609	3.90	57,612	18,449	39,163
2018 - Copiers - Various Schools	10/28/2017	5 Years	44,384	4,936	4.23	29,903	8,768	21,135
2019 - Copiers - Various Schools	10/28/2018	5 Years	6,605	1,172	6.62	5,748	1,211	4,537
2019 - Copiers - Various Schools	1/28/2019	5 Years	49,880	7,840	5.90	45,526	9,102	36,424
						<u>\$ 795,564</u>	<u>\$ 449,479</u>	<u>\$ 346,085</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020

	<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	\$ 5,106,178		\$ 5,106,178	\$ 5,106,178	
State Sources-Debt Service Aid	<u>264,205</u>		<u>264,205</u>	<u>264,205</u>	
Total Revenues	<u>5,370,383</u>		<u>5,370,383</u>	<u>5,370,383</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	3,185,000		3,185,000	3,185,000	
Interest on Bonds	<u>2,186,763</u>		<u>2,186,763</u>	<u>2,186,763</u>	
Total Expenditures	<u>5,371,763</u>		<u>5,371,763</u>	<u>5,371,763</u>	
Deficiency of Revenues Under Expenditures	(1,380)		(1,380)	(1,380)	
Fund Balance, July 1	<u>1,381</u>	<u>-</u>	<u>1,381</u>	<u>1,381</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital Assets	\$ 4,266,351	\$ 4,428,832	\$ 5,971,475	\$ 7,194,143	\$ 9,037,435	\$ 13,756,660	\$ 16,956,066	\$ 19,080,016	\$ 22,390,074	\$ 25,079,014
Restricted	3,899,177	8,047,536	12,188,654	13,238,125	15,682,406	16,339,829	19,016,860	19,510,590	19,389,095	21,979,836
Unrestricted (deficit)	4,284,762	2,547,097	1,255,960	2,024,611	(19,457,972)	(20,748,365)	(23,954,718)	(24,339,529)	(24,423,925)	(24,186,971)
Total Governmental Activities Net Position	<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>	<u>\$ 22,871,879</u>
Business-type Activities:										
Investment in Capital Assets	\$ 56,950	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521	\$ 132,771	\$ 124,511	\$ 103,854	\$ 85,591	\$ 62,688
Unrestricted	951,881	918,635	874,073	1,041,476	1,114,668	1,319,034	1,718,909	1,939,293	2,027,446	2,140,931
Total Business-type Activities Net Position	<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>	<u>\$ 2,203,639</u>
Government-wide:										
Net Investment in Capital Assets	\$ 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	\$ 25,141,702
Restricted	3,899,177	8,047,536	12,188,654	13,238,125	15,682,406	16,339,829	19,016,860	19,510,590	19,389,095	21,979,836
Unrestricted (deficit)	5,236,643	3,465,732	2,110,053	3,066,087	(18,523,304)	(19,429,331)	(22,235,809)	(22,400,236)	(22,396,479)	(22,046,020)
Total Government-Wide Net Position	<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>	<u>\$ 25,075,518</u>

Source: District CAFR A-1

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

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

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

	2010	2011	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 34,297,822	\$ 35,059,837	\$ 36,921,273	\$ 37,740,692	\$ 45,216,738	\$ 47,134,891	\$ 53,375,707	\$ 53,242,764	\$ 50,846,888	\$ 49,102,191
Special Education	13,146,096	12,941,908	15,643,646	16,438,289	19,374,066	20,646,861	23,778,056	23,778,056	22,611,975	22,214,745
Other Special Instruction	1,793,775	1,684,511	2,005,530	1,429,424	1,958,334	2,331,613	2,820,956	2,183,051	2,988,214	3,246,173
Other Instruction	1,668,722	1,813,227	1,945,703	2,560,784	2,560,784	2,110,012	2,307,572	2,602,853	2,572,403	2,700,880
Support Services:										
Tuition	2,680,778	3,477,234	2,420,182	2,782,496	2,697,135	2,176,329	1,848,121	2,288,833	2,280,925	2,549,053
General Services	13,480,530	12,811,041	13,157,717	13,511,813	14,019,783	15,053,548	17,731,196	18,581,111	19,581,111	19,049,807
Related Administration Services	1,079,525	1,036,011	877,445	956,971	1,145,215	1,145,215	1,437,136	1,446,330	1,382,302	1,302,302
School Administration Services	4,170,436	4,391,229	4,601,249	4,824,684	5,241,917	5,761,580	6,174,950	6,616,137	6,544,237	6,207,322
Central Services	692,996	794,277	864,125	866,214	988,397	953,062	978,363	1,067,485	978,299	1,015,865
Administrative Information										
Plant Operations and Maintenance	754,135	771,620	800,194	813,294	839,648	888,132	982,707	1,159,516	1,051,967	1,136,243
Food Service	7,444,538	8,824,096	6,898,263	6,376,143	6,306,007	6,748,671	6,778,337	6,276,296	7,000,609	6,799,399
Pupil Transportation	4,112,632	5,275,700	5,445,939	5,399,062	5,346,697	5,506,213	5,246,333	5,818,770	5,000,160	5,473,941
Interest and other charges on Long-Term Debt	3,926,655	3,588,293	3,268,504	3,081,435	2,720,395	2,303,108	2,487,746	2,152,268	2,026,364	1,888,520
Total Governmental Activities Expenses	89,708,900	92,197,284	94,930,768	96,889,001	107,930,837	114,041,023	124,439,976	130,003,607	125,510,420	122,366,391
Business-type Activities:										
Food Service	1,911,960	2,184,202	2,069,346	2,413,043	2,309,728	2,178,232	1,898,157	2,094,777	2,145,630	1,523,290
After School Enrichment	258,311	162,681	139,716	116,740	102,696	115,744	110,284	125,212	141,735	130,357
Project Jump Start	91,640	98,062	85,069	90,065	90,088	90,705	82,248	87,771	41,323	4,162
Before and After School Care	1,034,402	1,233,566	1,277,769	986,525	1,196,681	1,303,341	1,241,053	1,310,375	1,411,641	899,568
Total Business-type Activities Expense	3,296,313	3,678,429	3,571,900	3,608,373	3,699,173	3,650,640	3,331,714	3,649,933	3,744,231	2,556,387
Total District Expenses	93,004,313	96,075,713	98,502,668	100,497,374	111,630,010	117,691,663	127,771,690	133,653,540	129,254,651	124,922,178
Program Revenues										
Governmental Activities:										
Changes for Services:										
Instruction (Tuition)	\$ 691,186	\$ 1,268,721	\$ 1,203,364	\$ 1,328,288	\$ 1,384,605	\$ 1,570,663	\$ 1,846,891	\$ 1,823,962	\$ 978,515	\$ 905,675
Pupil Transportation	272,498	222,716	232,370	211,782	240,135	256,368	254,237	207,025	241,335	165,168
Omnibus Grants and Contributions	2,706,434	1,698,257	2,328,542	1,767,677	1,768,400	1,784,908	1,789,911	1,837,957	1,847,771	1,883,936
Capital Grants and Contributions	-	-	3,226	455,123	393,312	886,137	686,634	338,092	622,538	194,916
Total Governmental Activities Program Revenues	3,670,118	3,189,674	3,754,505	3,394,087	3,781,701	4,278,998	4,065,673	3,707,036	3,693,159	3,189,695
Business-type Activities:										
Changes for Services:										
Food Service	2,007,314	2,140,882	2,109,131	2,193,147	2,199,501	2,372,148	2,261,276	2,246,569	2,288,387	1,537,404
After School Enrichment	233,810	153,664	153,664	127,127	126,820	116,747	116,747	122,995	142,352	112,429
Project Jump Start	106,760	106,760	105,189	109,857	105,007	86,250	86,450	139,100	45,500	45,500
Before and After School Care	1,153,211	1,109,200	1,034,213	1,204,769	1,219,883	1,265,121	1,258,856	1,340,456	1,337,682	977,556
Omnibus Grants and Contributions	119,882	124,916	100,101	132,132	120,253	79,707	-	-	-	-
Total Business-type Activities Program Revenues	3,628,504	3,652,792	3,522,497	3,766,032	3,771,264	3,926,256	3,725,329	3,849,130	3,814,121	2,647,389
Total District Program Revenues	7,298,622	6,842,466	7,277,002	7,160,099	7,553,065	8,205,254	7,791,002	7,556,166	7,507,280	5,837,084
Net (Expense) Revenue	\$ (86,037,882)	\$ (84,991,531)	\$ (80,207,613)	\$ (91,176,263)	\$ (99,494,934)	\$ (104,149,136)	\$ (120,577,203)	\$ (126,296,571)	\$ (121,817,261)	\$ (112,161,698)
Governmental Activities	332,191	216,684	(25,637)	(49,403)	137,659	72,191	391,615	199,727	69,890	90,692
Business-type Activities	(85,705,691)	(84,774,667)	(80,233,257)	(91,225,666)	(99,337,279)	(104,076,945)	(119,985,688)	(125,096,844)	(121,947,371)	(112,151,006)
Total Government-wide Net Expense	\$ (85,373,500)	\$ (84,557,983)	(80,258,894)	(91,374,869)	(99,199,574)	(103,873,754)	(119,583,673)	(124,839,905)	(121,777,371)	(111,960,404)

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

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 79,910,723	\$ 74,368,977	\$ 75,965,316	\$ 77,373,442	\$ 78,920,911	\$ 80,499,329	\$ 82,109,315	\$ 83,751,501	\$ 85,426,531	\$ 87,135,060
Taxes Levied for Debt Service	5,491,242	5,764,182	5,761,979	5,503,366	5,084,560	5,218,363	5,284,441	5,102,268	5,107,283	5,106,178
Fees, Fines and Contributions	8,622,237	11,210,045	13,446,943	13,192,149	23,047,887	27,345,345	35,235,841	39,315,637	33,687,820	31,729,107
Investment Earnings	42,182	13,872	8,805	8,162	8,333	8,413	8,240	91,998	255,811	201,238
Miscellaneous Income	154,079	421,748	474,894	476,692	753,725	748,630	389,559	388,076	643,685	301,528
Total Governmental Activities	\$ 87,320,473	\$ 91,780,785	\$ 95,548,887	\$ 96,555,724	\$ 107,797,016	\$ 113,808,280	\$ 123,047,387	\$ 128,549,440	\$ 125,121,428	\$ 124,533,331
Business-type Activities:										
Miscellaneous Income			12,548	12,548						
Total Business-type Activities	\$ -	\$ -	\$ 12,548	\$ 12,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Government-wide	\$ 87,320,473	\$ 91,780,785	\$ 95,561,435	\$ 96,568,272	\$ 107,797,016	\$ 113,808,280	\$ 123,047,387	\$ 128,549,440	\$ 125,121,428	\$ 124,533,331
Changes in Net Position										
Governmental Activities	\$ 1,282,591	\$ 6,789,434	\$ 6,341,777	\$ 5,379,461	\$ 14,302,082	\$ 9,659,144	\$ 2,670,084	\$ 2,232,869	\$ 3,304,167	\$ 5,316,655
Business-type Activities	332,191	216,684	(13,089)	(49,403)	157,659	72,191	391,615	199,727	69,890	90,602
Total District	\$ 1,614,782	\$ 7,006,118	\$ 6,328,688	\$ 5,330,058	\$ 14,459,741	\$ 9,731,335	\$ 3,061,699	\$ 2,432,596	\$ 3,374,057	\$ 5,407,257

Source: District CAFR A-2
 GASB 65 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 unamortized premiums 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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
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	\$ 21,779,150
Assigned	4,793,453	2,471,993	695,042	1,039,137	953,179	315,469	40,462	620,982	406,843	635,313
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	3,286,993
Total General Fund	\$ 9,842,220	\$ 11,833,198	\$ 14,183,516	\$ 16,525,256	\$ 17,318,408	\$ 18,439,637	\$ 20,916,016	\$ 22,138,496	\$ 22,671,165	\$ 25,701,456
All Other Governmental Funds:										
Restricted for:										
Capital Projects Fund *	\$ 565,314	\$ 565,314	\$ 568,540	\$ 148,540	\$ 1,664,801	\$ 620,202	\$ 458,273	\$ 539,864	\$ 383,521	\$ 200,686
Debt Service Fund	1	1,399	45,263	286,069	36,069		1,802	3,182	1,381	1
Total All Other Governmental Funds	\$ 565,315	\$ 566,713	\$ 613,803	\$ 434,609	\$ 1,700,870	\$ 620,202	\$ 460,075	\$ 543,046	\$ 384,902	\$ 200,687

Source: District CAFR B-1

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

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

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 78,501,965	\$ 80,135,119	\$ 81,618,245	\$ 82,878,808	\$ 84,005,871	\$ 85,717,892	\$ 87,593,756	\$ 88,853,769	\$ 90,534,114	\$ 92,241,238
Tuition Charges	1,020,789	1,268,721	1,205,564	1,328,285	1,356,604	1,370,663	1,296,717	1,235,962	978,515	905,675
Interest Earnings	42,182	13,873	8,805	8,162	48,001	8,413	9,158	8,240	255,811	201,558
Miscellaneous	514,882	782,244	771,371	757,915	1,248,976	1,123,075	847,989	541,400	978,673	600,891
State Sources	8,862,302	11,206,655	13,657,525	13,596,089	14,832,731	16,887,311	17,895,211	19,962,090	25,205,563	24,353,793
Federal Sources	1,076,447	1,863,747	1,989,928	1,578,533	1,320,815	1,428,770	1,393,834	1,562,588	1,484,300	1,653,811
Total Revenues	90,018,537	94,970,459	99,248,938	99,949,791	102,792,898	106,536,724	108,855,767	112,355,767	117,436,916	119,936,966
Expenditures										
Instruction:										
Regular Instruction	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	28,682,480
Special Education Instruction	8,893,940	9,479,261	11,475,971	11,998,460	12,846,421	13,167,823	13,256,885	13,571,968	13,767,124	13,966,179
Other Special Instruction	1,217,099	1,187,619	1,364,300	993,832	1,314,366	1,306,749	1,425,485	1,653,156	1,641,700	1,852,198
School-sponsored/Other Instructional Support Services:										
Tuition	3,109,756	3,467,469	2,400,432	2,762,123	2,676,546	2,155,642	1,836,112	2,275,487	2,277,410	2,549,055
Student and Instruction Related Services	9,259,142	9,961,962	10,096,439	10,257,890	10,248,340	10,614,056	11,412,307	12,332,102	12,790,815	12,856,757
General Administrative Services	832,971	888,616	750,997	821,333	778,801	963,463	1,003,733	1,094,848	1,137,732	1,099,737
School Administrative Services	3,137,486	3,229,189	3,300,578	3,486,554	3,619,073	3,538,390	3,498,321	3,644,988	3,862,168	3,772,625
Central Services	552,298	558,175	632,648	728,076	696,289	675,431	652,085	696,564	688,429	688,429
Admin. Information Technology	571,542	578,041	606,600	625,303	648,290	661,175	709,508	768,126	726,750	840,605
Plant Operations and Maintenance	7,287,654	8,324,895	6,536,556	6,140,155	6,032,621	6,400,057	6,384,898	6,211,074	6,633,205	6,024,687
Pupil Transportation	4,784,527	5,097,286	5,262,726	5,219,448	5,169,510	5,328,761	5,154,231	5,645,226	5,407,828	5,281,001
Employee Benefits	15,868,492	16,918,257	19,629,935	19,577,007	20,521,613	22,763,218	23,638,620	26,067,479	29,119,728	30,081,903
Charter Schools	9,765	19,750	20,375	20,589	20,887	20,687	12,009	10,346	12,009	10,346
Capital Outlay	860,539	425,472	1,468,161	735,665	3,123,933	3,310,221	3,468,645	1,429,848	2,491,055	1,704,075
Cost of Issuance		107,095	176,244	171,194	84,661	112,906				
Debt Service:										
Principal	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	3,634,477
Interest and Other Charges	3,843,040	3,777,224	3,406,864	2,730,465	2,838,284	2,764,108	2,454,542	2,447,189	2,325,631	2,201,847
Total Expenditures	87,634,190	93,181,767	97,082,228	97,958,439	102,550,025	106,660,444	107,662,515	111,167,091	117,118,876	117,090,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,384,337	1,788,692	2,166,710	1,991,352	442,873	(125,720)	1,173,252	1,188,676	318,040	2,846,076
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)	209,080	96,589	(26,930,622)	(26,384,529)	(26,384,529)	51,375	1,143,000	136,775	56,485	
Payments to Escrow Agent		(9,651,344)			(6,395,704)	(9,037,678)				
Refunding Bonds Issued		9,700,000	23,743,000	23,920,000	5,515,000	8,680,000				
Premium on Bonds Refunded		38,439	3,361,866	2,633,725	965,365	470,584				
Insurance Proceeds		54,454								
Transfers In	82	137	234	420,000	1,717,801	2,468,245	883,897	654,769	946,333	823,972
Transfers Out	(82)	(137)	(234)	(420,000)	(1,717,801)	(2,468,245)	(883,897)	(654,769)	(946,333)	(823,972)
Total Other Financing Sources (Uses)	209,080	205,684	230,698	171,194	1,616,540	164,281	1,143,000	136,775	56,485	-
Net Change in Fund Balances	\$ 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	\$ 2,846,076
Debt service as a percentage of noncapital expenditures	6.82%	6.58%	6.33%	5.73%	5.65%	6.34%	5.34%	5.25%	5.04%	5.06%

Note: Noncapital expenditures are total expenditures less capital outlay.

Source: District CAFR B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Annual Totals</u>
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
2020	165,168	84,634	7,753	269,041	526,596

Source: District Records

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

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Res.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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	6,029,533,000	23,132,300	301,600	713,515,600	6,476,500	7,923,800	6,799,350,700	8,113,677	6,807,464,377	6,896,718,944	1.246
2016	19,396,000	6,031,343,100	26,258,500	306,000	717,290,500	6,476,500	8,013,500	6,809,084,100	7,858,035	6,816,942,135	6,976,129,429	1.270
2017	20,557,600	5,988,078,700	31,572,700	300,300	728,288,600	6,476,500	8,131,800	6,783,406,200	7,893,242	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	7,862,361	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	1.317
2020	12,255,400	5,853,177,400	28,439,600	278,300	793,945,900	2,173,400	8,744,000	6,699,014,000	8,151,385	6,707,165,385	6,707,165,385	1.389

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
 Taxable Value of Machinery, Implements and Equipment of Telephones, Telegraph and Messenger System Companies

^b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Bernards Township	Somerset County	
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	1.317	0.332	0.363	2.005
2020	1.312	0.077	1.389	0.343	0.362	2.094

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

	2020			2011		
	<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	\$ 209,710,304	1	3.07%			
Fellowship Village, Inc.	58,412,000	2	0.79%	\$ 50,480,000	2	0.78%
RW 211 Mount Airy, LLC	48,991,000	3	0.72%			
AREP Westgate I, LLC	33,425,300	4	0.49%	33,848,800	4	0.65%
Verizon Corporate Services Group Inc.	25,898,000	5	0.38%	207,310,500	1	3.23%
131 Morristown Road	24,183,800	6	0.35%	27,576,100	5	0.49%
Ashford Basking Ridge	23,970,000	7	0.35%	24,675,000	6	0.50%
110 Allen Rd LLC	22,195,900	8	0.33%	22,195,900	9	0.40%
120 Mountainview LLC	20,661,400	9	0.30%			
150 Allen Road LLC	20,166,100	10	0.30%	22,001,700	10	0.39%
Avaya Inc./CB R Ellis/German				39,150,000	3	0.66%
OTR / Mack-Cali Realty Corp						
Realty Assoc Fund						
BRCP NJ Prop LLC c/o Broadreach Cap				23,940,000	7	0.37%
KBSII Mountainview, LLC				22,739,000	8	0.35%
Realty Assoc Fund VII, LP						
Total	\$ 487,613,804		7.08%	\$ 473,917,000		7.82%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2020	92,241,238	92,241,238	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>				
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
2020	54,130,000	346,085		54,476,085	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 June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2011	\$ 82,575,000		\$ 82,575,000	1.31%	\$ 71,919
2012	81,455,000		81,455,000	1.27%	75,678
2013	78,170,000		78,170,000	1.18%	78,762
2014	73,455,000		73,455,000	1.08%	82,666
2015	70,365,000		70,365,000	1.03%	87,930
2016	66,430,000		66,430,000	0.98%	90,268
2017	63,320,000	\$ 1,802	63,318,198	0.93%	96,548
2018	60,380,000	3,182	60,376,818	0.88%	Not Available
2019	57,315,000	1,381	57,313,619	Not Available	Not Available
2020	54,130,000	1	54,129,999	Not Available	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, 2020
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			\$ 54,129,999
Total Direct and Overlapping Debt			\$ 54,129,999

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 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 271,220,304
Total Net Debt Applicable to Limit	82,575,000	81,455,000	78,170,000	73,455,000	70,365,000	66,430,000	63,318,198	60,376,818	57,313,619	54,129,999
Legal Debt Margin	\$ 201,004,726	\$ 196,924,151	\$ 196,695,133	\$ 199,642,869	\$ 201,274,443	\$ 210,801,659	\$ 214,603,800	\$ 216,361,980	\$ 217,428,499	\$ 217,090,305
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.12%	29.26%	28.44%	26.90%	25.90%	23.96%	22.78%	21.82%	20.86%	19.96%
Average Equalized Valuation of Taxable Property						\$ 6,780,507,597				
Debt Limit (4% of Average Equalization Value)						\$ 271,220,304 ^a				
Total Net Debt Applicable to Limit						57,313,619				
Legal Debt Margin						\$ 213,906,685				
Equalized Valuation Basis										
2020						\$ 6,707,165,385				
2019						6,826,378,444				
2018						6,807,978,961				
						\$ 20,341,522,790				

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 N.J.S.A. 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
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
2020	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**

	2020		2011	
<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>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>2020</u>
Teachers - General Fund	442.8	440.6	450.0	467.0	482.7	490.1	489.0	488.2	472.8	490.1
Classroom Aides - General Fund	96.5	109.0	120.0	116.8	122.3	119.5	128.2	129.6	130.8	112.5
Athletic	-	-	-	2.0	2.0	2.0	2.0	2.0	4.0	4.0
Health Services	11.0	11.0	10.0	10.0	12.0	12.5	12.6	13.0	13.0	13.0
Related Services	11.6	12.0	13.0	13.5	13.5	13.0	13.0	16.0	16.0	16.0
Extraordinary Services	8.4	11.0	9.0	9.5	7.6	9.0	10.0	8.0	9.0	10.0
Guidance - Professional	19.2	21.2	21.0	20.2	20.0	20.7	21.0	21.0	22.0	22.0
Guidance - Support	8.0	8.0	8.0	9.0	8.0	8.0	8.0	8.0	10.0	8.0
Child Study Team	16.4	17.8	21.0	20.8	21.6	23.0	21.6	22.0	23.3	21.0
Child Study Team - Support	2.0	2.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Supervisors and Other Professionals	3.5	9.8	5.0	4.5	4.5	5.5	5.5	6.0	12.0	12.5
Improvement of Instruction - Support	2.0	4.0	3.0	2.0	3.0	2.0	3.0	3.0	3.0	3.0
Media Services/Technology	10.0	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0	9.0
Professional Development - Professionals	5.0	5.5	-	-	-	-	-	-	-	-
Professional Development - Support	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	5.0	4.5
General District Administrators	-	-	3.0	5.0	5.5	9.0	8.5	9.0	3.0	2.5
General Administration - Professional	1.5	2.5	3.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
General Administration - Support	1.0	-	6.0	0.5	1.0	-	-	-	-	-
Principals/Assistant Professionals	17.0	16.0	17.0	17.0	17.0	17.0	17.0	17.0	15.0	16.0
School Administration - Support	19.0	21.0	19.0	19.0	19.0	19.0	19.0	19.5	20.0	19.5
Central Services - Administrators	1.0	7.0	1.0	7.5	9.0	6.0	6.0	6.0	6.5	5.5
Central Services - Support	4.6	-	-	-	-	-	-	-	-	-
Administration Information Technology Services	8.0	9.0	11.0	9.5	9.0	9.0	9.0	10.0	8.0	9.0
Operation and Maintenance	-	-	-	2.0	3.0	2.0	2.0	3.0	3.5	2.5
Support Staff - Special Revenue	3.0	6.0	-	-	-	-	-	-	-	-
Total	696.5	728.4	741.0	757.9	780.8	788.2	795.4	801.3	792.9	786.6

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				
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%
2020	5,105	109,550,491	21,459	4.05%	490	8.8	9.1	10.1	5,146	5,005	-3.05%	97.26%

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>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>2020</u>
<u>Elementary:</u>										
Cedar Hill Elementary School	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022
Square Feet	724	724	724	724	724	724	724	724	724	724
Capacity (students)	607	604	593	612	610	601	592	594	546	556
Enrollment										
Liberty Corner Elementary School	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240
Square Feet	682	682	682	682	682	682	682	682	682	682
Capacity (students)	561	570	598	581	556	531	545	536	525	515
Enrollment										
Mount Prospect Elementary School	97,708	97,708	97,708	97,708	103,440	103,440	103,440	103,440	103,440	103,440
Square Feet	839	839	839	839	839	839	839	839	839	839
Capacity (students)	719	715	707	680	672	651	611	571	570	520
Enrollment										
Oak Street Elementary School	69,272	69,272	69,272	69,272	75,927	75,927	75,927	75,927	75,927	75,927
Square Feet	686	686	686	686	686	686	686	686	686	686
Capacity (students)	627	636	607	616	579	550	513	488	465	420
Enrollment										
<u>Middle School:</u>										
William Annin Middle School	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Square Feet	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Capacity (students)	1,433	1,406	1,405	1,366	1,382	1,396	1,359	1,341	1,317	1,282
Enrollment										
<u>High School:</u>										
Ridge High School	297,158	297,158	297,158	297,158	312,939	312,939	312,939	312,939	312,939	312,939
Square Feet	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Capacity (students)	1,724	1,774	1,815	1,865	1,878	1,897	1,901	1,877	1,855	1,812
Enrollment										
<u>Other:</u>										
Administration Building	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076
Square Feet										

Number of Schools at June 30, 2020:
 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 for School Facilities
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>
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
2020	781,425	413,682	171,939	189,580	213,572	175,973	1,946,171
Total School Facilities	<u>\$ 7,580,276</u>	<u>\$ 4,226,719</u>	<u>\$ 1,719,726</u>	<u>\$ 2,115,396</u>	<u>\$ 2,511,420</u>	<u>\$ 1,869,807</u>	<u>\$ 20,023,344</u>

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

Source: District Records

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Insurance Schedule
June 30, 2020

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG:		
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 Liability	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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2021.

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) as a basis for designing 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 financial statements. 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

Florham Park, New Jersey
January 29, 2021



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, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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, 2020.

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

Florham Park, New Jersey
January 29, 2021

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2019	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2020	Unearned Revenue June 30, 2020	Due to Grantor at June 30, 2020
				From	To							
U.S. Department of Health and Human Services Passed-Through State Department of Education General Fund: Medical Assistance Program - SEMI	95-778	2006NISMAMP	\$ 2,674	07/01/19	06/30/20	\$	\$ 2,674	\$ 2,674				
Total General Fund							\$ 2,674	\$ 2,674				
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund: Title II - Part A Title II - Part A	84-367A 84-367A	S567A180029 S567A190029	86,242 125,588	07/01/18 07/01/19	09/30/20	\$ (33,215)	33,215 18,000	98,737	\$ (80,737)			
Language Instruction for English Learners and Immigrant Students:												
Title III	84-365	S565A180030	30,105	07/01/18	06/30/19	(5,400)	5,400		(1,192)			
Title III	84-365	S565A190030	28,331	07/01/19	09/30/20		12,489	13,681				
Title III Immigrant	84-365	S565A180030	30,490	07/01/18	06/30/19	(5,553)	5,555		(3,810)			
Title III Immigrant	84-365	S565A190030	24,385	07/01/19	09/30/20	(10,953)	40,686	34,735	(3,002)			
Subtotal Language Instruction for English Learners and Immigrant Students												
Title I Part A	84-010	S010A180030	378,717	07/01/18	06/30/19	(120,587)	120,587	189,670	(67,697)			
Title I Part A	84-010	S010A190030	453,067	07/01/19	09/30/20		121,973					
Title IV	84-424	S424A180031	19,464	07/01/18	06/30/19	(17,819)	17,819		(1)			
Title IV	84-424	S424A190031	10,562	07/01/19	09/30/20		6,186	6,187				
Special Education Grant Cluster:												
I.D.E.A., Part B, Basic	84-027	H027A180100	1,185,576	07/01/18	06/30/19	(44,681)	44,681		(244,572)			
I.D.E.A., Part B, Basic	84-027	H027A190100	1,167,446	07/01/19	09/30/20	(44,681)	892,207	1,136,779	(244,572)			
Subtotal of Special Education Grant Cluster							936,888	1,136,779				
CARES Emergency Relief Grant	84-425D	S425D200027	244,091	03/13/20	09/30/22	(227,255)	1,295,354	1,565,998	(497,899)			
Total Special Revenue Fund												
U.S. Department of Labor Passed-through State Department of Labor and Workforce Development: Unemployment Compensation Trust Fund: COVID-19 CARES ACT - Unemployment Relief	17-000	Not available	55,050	04/01/20	06/30/20		53,050	53,050				
Total Expenditures of Federal Awards						\$ (227,255)	\$ 1,351,078	\$ 1,621,772	\$ (497,899)	\$	\$	

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, 2020

State Grant/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Recovery of Prior Years' Balances	Balance at June 30, 2020 (Accounts Receivable)	Due to Grantor	MEMO	
			From	To	(Accounts Receivable)	Revenue						Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
Special Education													
Special Education Aid	19-495-034-5120-089	\$ 2,797,493	7/1/2018	6/30/2019	\$ (274,282)	\$ 274,282	\$ 2,946,206	\$ 3,268,458			\$ (322,252)	\$ 3,268,458	
Special Education Aid	20-495-034-5120-089	3,268,458	7/1/2019	6/30/2020	(9,946)	9,946							
Security Aid	19-495-034-5120-084	101,447	7/1/2018	6/30/2019	(9,946)	9,946		101,447			(10,002)	101,447	
Security Aid	20-495-034-5120-084	101,447	7/1/2019	6/30/2020	(127,157)	127,157					(127,849)	1,296,717	
Transportation Aid	19-495-034-5120-014	1,296,717	7/1/2018	6/30/2019	(3,168,786)	3,168,786		1,296,717				1,296,717	
Transportation Aid	20-495-034-5120-014	1,296,717	7/1/2019	6/30/2020	(111,940)	111,940						3,553,567	
Extraordinary Aid	19-495-034-5120-044	5,553,567	7/1/2018	6/30/2019	(153,196)	153,196		13,050				13,050	
Extraordinary Aid	20-495-034-5120-044	111,940	7/1/2019	6/30/2020	(157,832)	157,832		3,231,249				3,231,249	
Nonpublic School Transportation Costs	19-495-034-5120-014	13,050	7/1/2018	6/30/2019	(8,966,582)	8,966,582		8,966,582				8,966,582	
Nonpublic School Transportation Costs	20-495-034-5120-014	3,134,539	7/1/2019	6/30/2020				3,326,438				3,326,438	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	3,134,539	7/1/2018	6/30/2019				7,398				7,398	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	3,231,249	7/1/2019	6/30/2020				23,425,641				23,764,906	
On-Behalf Teachers' Pension and Annuity Fund	20-195-034-5094-002	8,966,582	7/1/2019	6/30/2020								(460,103)	23,764,906
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	20-495-034-5094-001	3,326,438	7/1/2019	6/30/2020									7,398
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	20-495-034-5094-004	7,398	7/1/2019	6/30/2020									
Total General Fund													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	19-100-034-5120-064	20,986	7/1/2018	6/30/2019	\$ 455	\$ 455		18,194			\$ 201	18,194	
Textbook Aid	20-100-034-5120-064	18,395	7/1/2019	6/30/2020								22,371	
Nursing Services	19-100-034-5120-070	38,121	7/1/2018	6/30/2019	6,011	6,011		33,853			11,482	12,478	
Nursing Services	20-100-034-5120-070	33,853	7/1/2019	6/30/2020								36	
Technology	19-100-034-5120-073	11,148	7/1/2018	6/30/2019	4,001	4,001		12,564				28,803	
Technology	20-100-034-5120-073	12,564	7/1/2019	6/30/2020								4,495	
Security	19-100-034-5120-309	58,330	7/1/2018	6/30/2019	3,828	3,828		52,350				4,746	
Security	20-100-034-5120-309	52,350	7/1/2019	6/30/2020								8,378	
Auxiliary Services:													
Home Instruction	20-000-034-5120-067	4,495	7/1/2019	6/30/2020									19,599
English as a Second Language	19-100-034-5120-067	10,355	7/1/2018	6/30/2019	4,746	4,746		7,403				5,543	
English as a Second Language	20-100-034-5120-067	8,272	7/1/2019	6/30/2020								41,853	
Compensatory Education	19-100-034-5120-067	65,991	7/1/2018	6/30/2019	8,378	8,378		55,323				1,588	
Compensatory Education	20-100-034-5120-067	61,812	7/1/2019	6/30/2020								2,590	
Handicapped Services:													
Supplemental Instruction	19-100-034-5120-066	27,119	7/1/2018	6/30/2019	1,588	1,588		23,313				1,274	
Supplemental Instruction	20-100-034-5120-066	25,903	7/1/2019	6/30/2020								35,788	
Examination and Classification	19-100-034-5120-066	56,770	7/1/2018	6/30/2019	1,274	1,274		35,788				19,374	
Examination and Classification	20-100-034-5120-066	39,764	7/1/2019	6/30/2020								32,811	
Corrective Speech	19-100-034-5120-066	31,248	7/1/2018	6/30/2019	19,374	19,374		52,811				27,069	
Corrective Speech	20-100-034-5120-066	36,456	7/1/2019	6/30/2020								178,504	
Total Special Revenue Fund													115,560
NISDA Grants:													
Capital Projects Fund:													
WAMS - Unit Ventilator Replacement	0350-050-14-QZNX	524,640	12/12/2014	Completion	(180,512)	180,512		284,058				(11,950)	505,364
WAMS - HVAC Upgrades	0350-050-14-QZNV	401,720	12/12/2014	Completion	(153,331)	153,331		206,757				(19,248)	393,439
Total Capital Projects Fund													67,964
													(45,353)
													899,303

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Due to Grantor	Budgetary Reservable	Cumulative Total Expenditures
Debt Service Fund: Debt Service Aid	20-495-034-5120-075	\$ 264,205	7/1/2019	6/30/2020			\$ 264,205	\$ 264,205						\$ 264,205
Total Debt Service Fund							264,205	264,205						264,205
Total Expenditures of State Financial Assistance							\$ 49,655	\$ 24,402,531	\$ 24,402,531	\$ 49,655	\$ (6,784,477)	\$ 115,360	\$ (505,456)	\$ 25,106,918
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf/Teachers' Pension and Annuity Fund	20-495-034-5094-002	8,966,582	7/1/2019	6/30/2020			\$ 8,966,582	\$ 8,966,582						\$ 8,966,582
On-Behalf/Teachers' Pension and Annuity Fund - Port Retirement Medical	20-495-034-5094-001	3,326,438	7/1/2019	6/30/2020			3,326,438	3,326,438						3,326,438
On-Behalf/Teachers' Pension & Annuity Fund - Non-contributory Insurance	20-495-034-5094-004	7,598	7/1/2019	6/30/2020			7,598	7,598						7,598
Total On-Behalf/State Financial Assistance							12,300,618	12,300,618						12,300,618
Total State Financial Assistance Subject to Single Audit Determination							\$ 49,655	\$ 12,152,023	\$ 12,102,113	\$ 49,655	\$ (6,784,477)	\$ 115,360	\$ (505,456)	\$ 12,806,500

Township of Bernards Board of Education
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2020. 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.

The information in these schedules are presented in accordance with the 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*. 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, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting is described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2020

3. Relationship to Basic Financial Statements (continued)

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.

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 \$48,738 for the general fund and \$91,295 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	\$ 2,674	\$ 23,716,168	\$ 23,718,842
Special Revenue Fund	1,631,137	178,504	1,809,641
Capital Projects Fund		194,916	194,916
Debt Service Fund		264,205	264,205
Unemployment Trust Fund	53,050		53,050
Total financial award revenues	<u>\$ 1,686,861</u>	<u>\$ 24,353,793</u>	<u>\$ 26,040,654</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$20,871 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

Township of Bernards Board of Education
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2020

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.

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, 2020.

The post retirement pension medical benefits and long-term disability received on-behalf of the District for the year ended June 30, 2020 amounted to \$12,300,418. 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, 2020

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	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None Reported

Noncompliance material to the basic financial statements noted?

_____	Yes	_____ <u>X</u> _____	No
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	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	_____ <u>X</u> _____	No
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A190100	IDEA Part B, Basic

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	Yes	_____	No
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Township of Bernards Board of Education
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

Part II – Schedule of Financial Statement Findings

No compliance or internal control over financial reporting 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, 2020

**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 Financial Assistance 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, 2020

Not applicable as there were no prior year findings noted.