

BERNARDS PUBLIC SCHOOLS

Township of Bernards
Board of Education
Basking Ridge
County of Somerset
New Jersey

*Annual Comprehensive Financial Report
For the Year Ended
June 30, 2021*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Prepared by

Business Office

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Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

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

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

February 14, 2022

Members of the Board of Education
Bernards Township School District
101 Peachtree Road
Basking Ridge, N.J. 07920

Dear Board Members and Constituents:

The Annual Comprehensive Financial Report of the Bernards Township School District (District) as of and for the year ended June 30, 2021, 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 and each major fund at June 30, 2021, 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 Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's discussion and analysis and should be read in conjunction with it), the District's organizational chart, and a list of principal officials and professionals. The financial section includes Management's discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Audit Standards* and an independent auditors' report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the Uniform Guidance and New Jersey Circular 15-08 are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Bernards Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this year’s report. The Bernards Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through twelve. These include regular, as well as, special education for handicapped youngsters. The District completed the 2020/2021 fiscal year with an average daily enrollment of 4,851 students, which is 295 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>
2020-21	4,851	(5.07)%
2019-20	5,146	(3.05)
2018-19	5,308	(2.12)
2017-18	5,423	(1.92)
2016-17	5,529	(1.88)

2. ECONOMIC CONDITIONS AND OUTLOOK:

The School District continues to proactively address the financial impacts of the state’s fiscal condition and imposed state and federal regulatory requirements. The immediate future continues to hold continuing financial and budgeting challenges for the District, especially when anticipating increases in health insurance costs and the need to replace aging technological hardware and as such the Bernards Township School District is working under conservative assumptions with respect to the economic outlook. The Board of Education has resolved to create and fund capital, maintenance and emergency reserves in an effort to support this philosophy and as a way to anticipate fluctuations in future resources. In an effort to optimally manage the increase in the significant operating cost related to provision of health benefits the district became self-funded in fiscal year 2018-2019. It should be noted that this shift permitted the district to avoid an increase in its budgeted major medical insurance expenses from the prior fiscal year. Results for the 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 measureable until Fiscal 2021-2022.

Current demographic data suggest 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 has Township 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 2020-2021 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. GOALS

The 2020-2021 District Goals included:

1. Enhance the district's ability to respond to necessary school closures through the development of blended learning programs and an updated long range technology plan.
2. Strengthen the ability of the staff to promote social, emotional, health and well-being outcomes through staff development.
3. Provide students greater opportunity to understand how their personal strengths and interests align with 21st century career pathways.

The above district goals are in fact two year goals and therefore they will continue into the 2021-2022 school year. However, progress on each goal was made during the 2020-2021 school year.

Goal 1:

The district formed a technology steering committee that has been meeting regularly to identify needs and develop a long range plan. The committee emphasized a need to move toward a 1:1 environment in order to be able to respond to potential challenges associated with the COVID-19 pandemic. Consequently, the district invested heavily in Chromebooks for students in the last year and launched an initiative to provide a Chromebook to each student in grades 3 to 12.

Goal 2:

The emphasis here has been to use staff development days as well as the district’s staff college program to provide professional development activities for staff that focus on the CASEL model. Staff have focused on how to better take care of students and themselves. Schools have also worked to promote more SEL through enhancements to culture and climate initiatives and character education programs. The high school focused on building staff up in preparation for a new master schedule (rotating drop) to be implemented in 2021-2022.

Goal 3:

The district expanded the use of interest inventories and career exploration. Career fairs and career days were provided to students. The school counseling team conducted a program evaluation on career education and researched how 35 other districts in New Jersey approach the issue. Program evaluation recommendations include expanding dual enrollment and internship opportunities.

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2020-2021 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 state aid 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	\$9,880
Support Services	\$3,070	\$2,791
Administration	\$1,624	\$1,685
Extracurricular	\$430	\$341
Plant operations/maintenance	\$1,682	\$2,025
Total	\$17,529	\$16,722

- **Note that as of December 2021 the State of New Jersey has not released the FY20-21 averages and therefore these are the prior fiscal state year averages shown in this table.**

District busing was privately contracted in FY 2020-2021 for the first time in 20 plus years. The effective saving to the district for shifting from it prior educational service commission provider was in the form of cost avoidance of an estimated \$1.3 Million dollars. The district assumed direct responsibility for the management and daily operation of all transportation needs except privately contracted routes for out of district transportation, which remained with the Somerset County Educational services commission to insure cost efficiency in sharing routes with other districts in the county. There were approximately 100 routes servicing all regular, special education (including extended summer period), subscription and non-public students.

C. CURRICULUM

The 2020-2021 school year was challenged by the COVID-19 pandemic. Schools were closed in the spring of 2020 (the end of the 2019-2020 school year) for in-person instruction. Therefore, instruction was fully remote in April, May and June of 2020. The district worked to make major facility changes and other preparations to reopen school in the fall of 2020 and was able to do so effective October 1,

2020 (September 2020 instruction remained remote). The curricular program for 2020-2021 was a mixture of in-person and remote programs. It was tremendously challenging as the district allowed students be in-person or fully remote. Fully remote students never came to school in-person, all of their instruction occurred through Zoom and asynchronous activities. Students who opted to come to school for in-person instruction had a more traditional education but were dismissed on an abbreviated day schedule to avoid having to run lunch service in school cafeterias. As a result, in the afternoons, all students (both remote and in-person) did asynchronous learning activities in the afternoons. As health conditions improved the district was able to open for full school days starting in May of 2021 though some students remained on the fully remote program through June of 2021.

Obviously from a curriculum standpoint the staff had to adjust to the dual learning environment with some students being in-person in classrooms and other students working remotely from home. The staff learned to implement more technology tools to facilitate the remote learning. Staff became expert at utilities such as Zoom and Google Classroom.

Despite the unprecedented learning situation of the 2020-2021 school year there were two new courses implemented. At the high school a 9th grade elective called Study Skills was begun. At the middle school a new course was started called Accelerated Algebra I.

D. FACILITIES

The Business Administrator updated the district's long-term capital plan, which incorporates the results of a Feasibility Study that was completed in 2011 by the Spiegle Architectural Group. Since 2012, 59 of these projects totaling \$11,674,489 have been completed. Due to the pandemic no planned projects were undertaken during the summer of 2020. However, during the summer of 2021 the William Annin Science Lab renovation project was completed. Below are some of the major project completed since 2012.

- 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:

- Oak Street School pitched roof renovation
- 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 administrative code. Many policies and regulations were reviewed and updated during the 2020-2021 school year including:

- P 0145 - Board Member Resignation and Removal (M) (Revised)
- P 0155.1 - Board Member Participation at Board Meetings Using Electronic Device (New)
- P 0164.6 - Remote Public Board Meetings During a Declared Emergency (M) (New)
- P 1620 Administrative Employment Contracts (M) (Revised)
- P 1643 - Family Leave (M) (New)
- P 1648 Restart and Recovery Plan (M) (Revised)
- P 1648 Restart and Recovery Plan (M) (New)
- P 1648.02 Remote Learning Options for Families (M) (New)
- P 1648.03 - Restart and Recovery Plan – Full-Time Remote Instruction (M)
- P 1649 - Federal Families First Coronavirus (COVID-19) Response Act (FFCRA) (M) (New)
- P 2415 - Every Student Succeeds Act (M) (Revised)
- P 2415.02 - Title I – Fiscal Responsibilities (M) (Revised)
- P 2415.03 - Highly Qualified Teachers (M) (Abolished)
- P 2415.05 - Student Surveys, Analysis, and/or Evaluations (M) (Revised)
- P 2415.20 - Every Student Succeeds Act Complaints (M) (Revised)
- P 2431 Athletic Competition (M) (Revised)
- P 2431.3 - Heat Participation Policy for Student-Athlete Safety (M) (Revised)
- P 2464 - Gifted and Talented Students (M) (Revised)
- P 2622 - Student Assessment (M) (Revised)
- P 3431.1 - Family Leave (M) (Abolished)
- P 3431.3 - New Jersey Family Leave Insurance Program (Abolished)
- P 4125 - Employment of Support Staff Members (M) (Revised)
- P 4431.1 - Family Leave (M) (Abolished)
- P 4431.3 - New Jersey Family Leave Insurance Program (Abolished)
- P 5111- Eligibility of Resident Nonresident Students (M) (Revised)
- P 5200 - Attendance (M) (Revised)

P 5320 - Immunization (Revised)
P 5330.01 - Administration of Medical Cannabis (M) (Revised)
P 5330.04 - Administering an Opioid Antidote (M) (Revised)
P 5330.05 Seizure Action Plan (M) (New)
P 5350 - Pupil Suicide Prevention (M) (Revised)
P 5610 - Suspension (M) (Revised)
P 5620 - Expulsion (M)
P 6360 - Political Contributions (M) (Revised)
P 6440 - Cooperative Purchasing (M) (Revised)
P 6470.01 - Electronic Funds Transfer and Claimant Certification (M) (New)
P 7425 - Lead Testing of Water in Schools (M) (Revised)
P 7430 - School Safety (M) (Abolished)
P 7440 - School District Security (M) (Revised)
R 7510 - Use of School Facilities (M) (Revised)
R 8320 - Personnel Records (M) (Revised)

F. HUMAN RESOURCES

As a result of a decline in student enrollment in 2020-2021 several reductions in force occurred. At the elementary level there were reductions in regular K-5 staff and in special areas such as art and music. The middle school saw a reduction in special education staff and the high school saw reductions in social studies, science, art, ELA and mathematics.

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, 2021.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's financial statements are presented in conformity with generally accepted accounting principles in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and a government-wide presentation is also included. These funds and government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

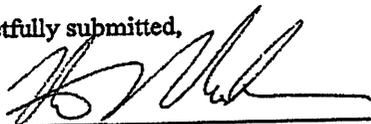
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Wiss & Company, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and New Jersey State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

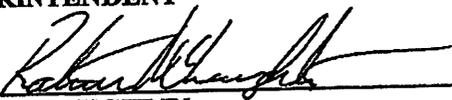
10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

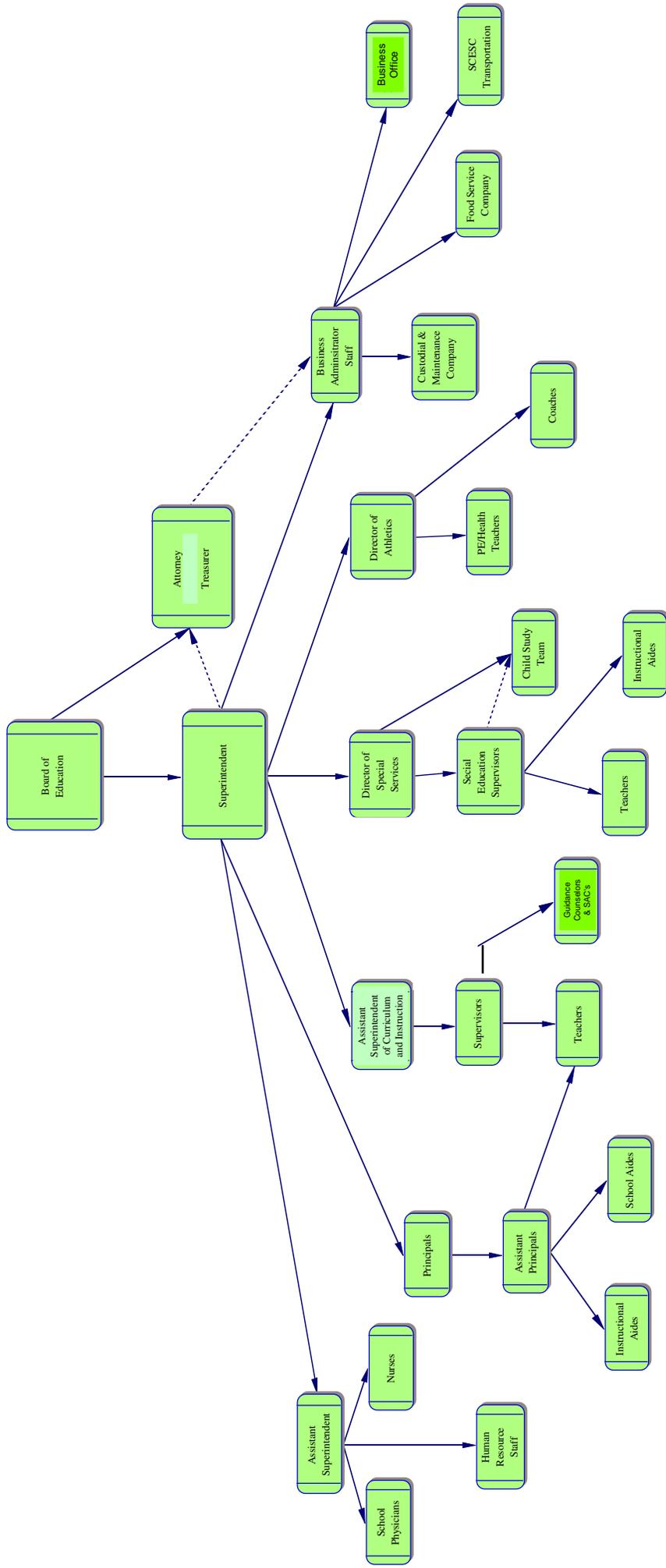


**NICK MARKARIAN
SUPERINTENDENT**



**ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

BERNARDS TOWNSHIP PUBLIC SCHOOLS
ORGANIZATIONAL CHART
JUNE 30, 2021



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2021

Members of the Board of Education

Term

Karen Gray, President	2020-2022
Robin KcKeon, Vice-President	2019-2021
Lauren Beckman	2020-2022
Ruchika Hira	2021
Jennifer Korn	2021-2023
Timothy Salmon	2019-2021
Guddia Singh	2021
Suzanne Schafer Skalski	2020-2022
Jennifer White	2021-2023

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 and each major fund, of the Bernards Township School District, County of Somerset, New Jersey (the "District"), as of and for the year ended June 30, 2021, 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 and each major fund of the District as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 20 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidelines, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principle. As discussed in Note 20 to the financial statements, as of July 1, 2020, the District's government-wide financial statements net position and the fund balances of the general fund and special revenue fund were retroactively adjusted to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

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 February 14, 2022, 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
February 14, 2022

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, 2021

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, 2021. 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 26-27 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 28-30 of this report.

Proprietary funds. The District maintains one proprietary fund type. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service, after school enrichment, project jump start, and before and after school care programs, each of which are considered major funds of the District. The basic proprietary fund financial statements can be found on pages 31-33 of this report.

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 31-33 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34-77 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 78-101 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 \$33,451,380 (net position) at the close of 2021.

Key financial highlights for the 2020-2021 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2021.
- The final approved extraordinary aid awarded to the District for 2020/2021 exceeded the amount budgeted for by the District by \$3,915,592.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2021 and June 30, 2020 was \$18,556,036 and \$21,171,053, respectively. This resulted in the unrestricted net position being reduced during the year resulting in an unrestricted deficit at the government-wide governmental activities financial statements of \$19,054,514 and \$24,186,971 at June 30, 2021 and 2020, 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 \$13,326,214 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 in fiscal year 2021, with additional awards under the Elementary and Secondary School Emergency Relief ("ESSER II") Fund and the Coronavirus Relief Fund ("CRF") in the amounts of \$1,000,565 and \$138,365, respectively. As of June 30, 2021, the District has fully expended the CARES award and the CRF and has spent \$439,234 of the ESSER II grant.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2021 and 2020:

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

	2021			2020		
	Governmental Activities	Business Type- Activities		Governmental Activities	Business Type- Activities	
		Total	Total		Total	Total
Current and other assets	\$ 37,660,966	\$ 1,949,759	\$ 39,610,725	\$ 30,456,677	\$ 2,233,056	\$ 32,689,733
Capital assets, net	77,967,132	46,114	78,013,246	80,478,831	62,688	80,541,519
Total assets	115,628,098	1,995,873	117,623,971	110,935,508	2,295,744	113,231,252
Deferred Outflows of Resources	5,473,869	-	5,473,869	7,086,124	-	7,086,124
Liabilities						
Current Liabilities	11,798,508	16,337	11,814,845	11,022,951	92,105	11,115,056
Net Pension Liability	18,556,036		18,556,036	21,171,053		21,171,053
Long Term Liabilities	50,394,330		50,394,330	54,613,843		54,613,843
Total liabilities	80,748,874	16,337	80,765,211	86,807,847	92,105	86,899,952
Deferred Inflow of Resources	8,881,249	-	8,881,249	8,341,906	-	8,341,906
Net position:						
Net investment in capital assets	26,402,648	46,114	26,448,762	25,079,014	62,688	25,141,702
Restricted	24,123,710		24,123,710	21,979,836		21,979,836
Unrestricted (deficit)	(19,054,514)	1,933,422	(17,121,092)	(24,186,971)	2,140,951	(22,046,020)
Total net position	\$ 31,471,844	\$ 1,979,536	\$ 33,451,380	\$ 22,871,879	\$ 2,203,639	\$ 25,075,518

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 \$4,015,828, excess surplus-designated for subsequent year's expenditures of \$4,758,938, \$4,143,584 for a maintenance reserve, \$8,387,953 for a capital reserve, \$910,999 for emergency reserve, \$625,501 is restricted for capital projects, \$1 restricted for debt service, \$3,338 restricted for scholarships and \$694,175 for student activities.

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, especially related to the funding awarded as a result of COVID-19. The decrease in capital assets, net is the result of current year depreciation expense exceeding the additions in the current year. 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. The increase in deferred

inflow of resources is the result of the actuarial valuation of the PERS pension deferrals District. The increase in restricted net position is mainly attributable to the District generating excess surplus in the current year as well as the impact of the implementation of GASB 84, requiring the District to record restricted reserves for the student activities and scholarships. The total net position of the District increased \$8,375,862 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, 2021 and 2020 are as follows:

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

	2021			2020		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 1,743,007	\$ 31,726	\$ 1,774,733	\$ 1,070,843	\$ 2,647,389	\$ 3,718,232
Operating grants and contributions	2,670,359		2,670,359	1,883,936		1,883,936
Capital grants and contributions				194,916		194,916
General revenues:						
Property taxes	93,985,651		93,985,651	92,241,238		92,241,238
Federal and state aid not restricted to a specific purpose	44,244,359		44,244,359	31,729,107		31,729,107
Investment Income	32,440		32,440	201,558		201,558
Miscellaneous	464,870		464,870	361,428		361,428
Total revenues	143,140,686	31,726	143,172,412	127,683,026	2,647,389	130,330,415
Expenses:						
Instructional services	85,165,105		85,165,105	77,263,989		77,263,989
Support services	49,050,621		49,050,621	43,213,882		43,213,882
Interest and Other Charges	1,724,102		1,724,102	1,888,520		1,888,520
Business-Type Activities		255,829	255,829		2,556,787	2,556,787
Total expenses	135,939,828	255,829	136,195,657	122,366,391	2,556,787	124,923,178
Change in Net Position	7,200,858	(224,103)	6,976,755	5,316,635	90,602	5,407,237
Net position–beginning (retroactively adjusted)	24,270,986	2,203,639	26,474,625	17,555,244	2,113,037	19,668,281
Net position–ending	\$ 31,471,844	\$ 1,979,536	\$ 33,451,380	\$ 22,871,879	\$ 2,203,639	\$ 25,075,518

The increase in governmental activities revenues of approximately \$13.57 million is mainly the result of the impact of GASB 75, which required the District to record approximately \$13.32 million in revenues, which were contributions made on behalf of the District by the State for post-employment benefits compared to approximately \$5.78 million in the prior year, as well as the increases in the grant awards as a result of COVID and increases in the property tax levy from the

2019/20 fiscal year of approximately \$1.7 million and an increase in the TPAF adjustment in regards to GASB 68 of \$2.5 million.

The increase in instructional and support services expenses is the result of the District spending additional funds received in the current year on various services and supplies as a result of the COVID-19 pandemic in order to operate the school year as well as the related increases in expenses associates with the impact of GASB 75, as mentioned above. In the prior year there were fewer expenditures as students and faculty were remote for a portion of the year and a various services were halted.

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 and expenses decreased significantly from the prior year. The decrease is driven significantly due to the Food Service Enterprise Fund not generating revenues as the District was not selling meals during the current year while the students were on hybrid schedules. Additionally, the After School Enrichment Enterprise Fund decreased by approximately \$112,000 as the program did not run in the current year. Lastly, the Before and After School Enterprise Fund decreased approximately \$945,000. 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, 2021, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2020</u>	<u>Percent of Increase</u>
Local sources	\$ 96,316,961	75.0%	\$ 2,368,768	2.5%
State sources	29,846,264	23.2%	5,687,387	23.5%
Federal sources	2,335,349	1.8%	701,538	42.9%
Total	<u>\$ 128,498,574</u>	<u>100.0%</u>	<u>\$ 8,757,693</u>	<u>7.3%</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 \$3.26 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2020/21 compared to the prior year. The increase also resulted from an increase in the Extraordinary Aid in the current year.

The increase in federal sources is attributable to the District expending remaining CARES Act funding in the current fiscal year, as well as the additional ESSER II and CRF funds that were made available to the District.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the year ended June 30, 2021 and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2020	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 47,146,395	38.1%	\$ 790,721	1.7%
Undistributed	70,322,325	56.9%	7,127,508	11.3%
Capital Outlay	443,703	0.4%	(256,182)	(17.5)%
Debt service:				
Principal	3,625,656	2.9%	(8,821)	-0.2%
Interest and Other Charges	2,039,637	1.7%	(162,210)	(5.2)%
Total	\$ 123,577,716	100.0%	\$ 7,491,016	6.5%

The increase in undistributed expenditures is mainly attributable to the allocation of supplies and support services related to the COVID-19 pandemic.

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, 2021, and the decrease in relation to the prior year:

Revenue	Amount	Percent of Total	Decrease from 2020	Percent of Decrease
Local sources	\$ 31,726	100.0%	\$ (2,615,663)	(98.8)%

Local revenues decreased due to a decrease in daily sales in the Food Service Enterprise Fund, as well as a decrease in tuition and fees in the Before and After School Care Enterprise Fund, as the programs were not running as they previously had due to the revised school schedule as a result of the COVID-19 pandemic.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2021, and the decreases in relation to the prior year:

<u>Expenses</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) from 2020</u>	<u>Percent of (Decrease)</u>
Salaries	\$ 87,211	34.1%	\$ (1,640,530)	(30.8)%
General insurance	5,032	2.0%	(108,259)	(28.4)%
Other purchased services	19,707	7.6%	(6,136)	(23.7)%
Supplies and materials	7,849	3.1%	(64,610)	(54.8)%
Depreciation	16,574	6.5%	(6,329)	(5.6)%
Cost of sales	81,677	31.9%	(345,786)	(34.9)%
Management fee	12	0.0%	(102,583)	(33.1)%
Miscellaneous expenses	37,767	14.8%	(26,725)	(10.5)%
Total	\$ 255,829	100.0%	\$ (2,300,958)	(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, 2021, the District's governmental activities had capital assets of \$77,967,132 (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, 2021 and 2020:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	543,088	516,239
Buildings and building improvements	70,981,062	73,328,240
Machinery, equipment, and vehicles	1,165,582	1,356,952
Total capital assets, net	\$ 77,967,132	\$ 80,478,831

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, 2021 was primarily related to the Cafeteria Upgrades at Ridge High School and the Science Labs Upgrades at William Annin Middle School. Business-type activity capital assets, net of accumulated depreciation were \$46,114 and \$62,688 at June 30, 2021 and 2020, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2021 and 2020, the District's governmental activity long-term liabilities consisted of:

	June 30,	
	2021	2020
Bonds payable (net)	\$ 53,769,260	\$ 57,691,911
Obligations under capital leases	87,080	346,085
Net pension liability	18,556,036	21,171,053
Compensated absences	722,122	845,798
Total long-term liabilities	<u>\$ 73,134,498</u>	<u>\$ 80,054,847</u>

The District made the scheduled principal payments during the 2020/2021 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:

- Regular Programs – Salaries of Teachers – Grades 1-5 – a decrease of \$507,352, which is the result of a decrease in enrollment of these students.
- Undistributed Expenditures - Instruction – Tuition to Other School Districts Within the State - Special – a decrease of \$350,000 which is a result of decrease in enrollment of students.
- Undistributed Expenditures - Instruction – Tuition to Private School Within the State – an increase of \$250,000, which is a result of increase in enrollment of students.
- Undistributed Expenditures – General Administration – Other Purchases Professional Services – an increase of \$368,890, which is a result additional services needed to reallocate resources as a result of the COVID-19 pandemic impact on changing the operation of the school year.
- Unallocated Benefits – Employee Benefits – Health Benefits – an increase of \$516,310 is the result of anticipated increased claims due to the COVID-19 pandemic.

Economic Factors and Next Year's Budget

- The District budgeted \$4,758,938 of its 2021 unassigned fund balance to partially fund 2021/2022 operations, an increase of \$790,627 from the prior year.
- The 2021/2022 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 2021/2022 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, 2021.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 30,266,881	\$ 2,005,478	\$ 32,272,359
Receivables, Net	6,885,656		6,885,656
Internal Balances	55,719	(55,719)	-
Restricted assets:			
Cash Held with Fiscal Agents	452,710		452,710
Capital Assets, Non-Depreciable	5,820,488		5,820,488
Capital Assets, Depreciable, Net	72,146,644	46,114	72,192,758
Total Assets	<u>115,628,098</u>	<u>1,995,873</u>	<u>117,623,971</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	2,291,856		2,291,856
Pension Deferrals	3,182,013		3,182,013
Total Deferred Outflows of Resources	<u>5,473,869</u>		<u>5,473,869</u>
LIABILITIES			
Accounts Payable	5,318,811	15,612	5,334,423
Accrued Liability for Insurance Claims	1,179,000		1,179,000
Accrued Interest Payable	874,462		874,462
Payable to State Government	55,077		55,077
Payable to Federal Government	35,448		35,448
Other Liabilities		725	725
Unearned Revenue	151,578		151,578
Noncurrent Liabilities:			
Net Pension Liability	18,556,036		18,556,036
Due Within One Year	4,184,132		4,184,132
Due Beyond One Year	50,394,330		50,394,330
Total Liabilities	<u>80,748,874</u>	<u>16,337</u>	<u>80,765,211</u>
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	8,881,249		8,881,249
Total Deferred Inflow of Resources	<u>8,881,249</u>		<u>8,881,249</u>
NET POSITION			
Net Investment in Capital Assets	26,402,648	46,114	26,448,762
Restricted For:			
Capital Projects	625,501		625,501
Capital Reserve	8,387,953		8,387,953
Maintenance Reserve	4,143,584		4,143,584
Emergency Reserve	910,999		910,999
Unemployment Reserve	583,394		583,394
Scholarships	3,338		3,338
Student Activities	694,175		694,175
Reserved for Excess Surplus - Current Year	4,015,828		4,015,828
Reserved for Excess Surplus - Designated for Subsequent Years	4,758,938		4,758,938
Unrestricted (deficit)	<u>(19,054,514)</u>	<u>1,933,422</u>	<u>(17,121,092)</u>
Total Net Position	<u>\$ 31,471,844</u>	<u>\$ 1,979,536</u>	<u>\$ 33,451,380</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Program Revenues		Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 54,597,662	\$ 804,736	\$ 872,168	\$ (52,920,758)	\$	\$ (52,920,758)
Special Education	24,261,027		984,588	(23,276,439)		(23,276,439)
Other Special	3,585,348			(3,585,348)		(3,585,348)
Other Instructional Programs	2,721,068			(2,721,068)		(2,721,068)
Support Services:						
Tuition	3,928,992			(3,928,992)		(3,928,992)
Student and Instruction Related Services	20,889,493	878,927	752,765	(19,257,801)		(19,257,801)
General Administrative Services	2,966,429			(2,966,429)		(2,966,429)
School Administrative Services	5,865,508			(5,865,508)		(5,865,508)
Central Administrative Services	1,110,752			(1,110,752)		(1,110,752)
Administrative Information Technology	1,283,697			(1,283,697)		(1,283,697)
Plant Operations and Maintenance	7,613,032		60,838	(7,552,194)		(7,552,194)
Pupil Transportation	5,392,718	59,344		(5,333,374)		(5,333,374)
Interest and Other Charges on Long-Term Debt	1,724,102			(1,724,102)		(1,724,102)
Total Governmental Activities	135,939,828	1,743,007	2,670,359	(131,526,462)		(131,526,462)
Business-type Activities:						
Food Service	206,532				\$ (206,532)	(206,532)
Before and After School Care	49,297	31,726			(17,571)	(17,571)
Total Business-type Activities	255,829	31,726			(224,103)	(224,103)
Total Primary Government	\$ 136,195,657	\$ 1,774,733	\$ 2,670,359	(131,526,462)	(224,103)	(131,750,565)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				88,877,761		88,877,761
Property Taxes, Levied for Debt Service				5,107,890		5,107,890
Federal and State Aid Not Restricted				44,244,359		44,244,359
Interest on Investments				32,440		32,440
Miscellaneous				464,870		464,870
Total General Revenues				138,727,320		138,727,320
Change in Net Position				7,200,858	(224,103)	6,976,755
Net Position, July 1, (retrospectively adjusted - see Note 20)				24,270,986	2,203,639	26,474,625
Net Position - Ending				\$ 31,471,844	\$ 1,979,536	\$ 33,451,380

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, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 27,703,423	\$ 1,157,279	\$ 1,406,178	\$ 1	\$ 30,266,881
Intergovernmental Receivable - State	5,852,036	2,810	37,964		5,892,810
Intergovernmental Receivable - Federal		844,290			844,290
Intergovernmental Receivable - Local	142,960	5,596			148,556
Interfund Receivable	1,385,004	23,537			1,408,541
Total Assets	\$ 35,083,423	\$ 2,033,512	\$ 1,444,142	\$ 1	\$ 38,561,078
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,366,320	\$ 556,726	\$ 90,670		\$ 3,013,716
Payroll Deductions and Withholdings Payable	74,166				74,166
Interfund Payable	1,653,049	601,314	727,971		2,982,334
Payable to State Government		55,077			55,077
Payable to Federal Government		35,448			35,448
Unearned Revenue	64,144	87,434			151,578
Total Liabilities	4,157,679	1,335,999	818,641		6,312,319
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	4,015,828				4,015,828
Excess Surplus - Designated for Subsequent Year's Expenditures	4,758,938				4,758,938
Capital Reserve	8,387,953				8,387,953
Emergency Reserve	910,999				910,999
Maintenance Reserve	4,143,584				4,143,584
Unemployment Compensation Reserve	583,394				583,394
Capital Projects			625,501		625,501
Debt Service				\$ 1	1
Scholarships		3,338			3,338
Student Activities		694,175			694,175
Assigned to:					
Other Purposes	768,828				768,828
Unassigned	7,356,220				7,356,220
Total Fund Balances	30,925,744	697,513	625,501	1	32,248,759
Total Liabilities and Fund Balances	\$ 35,083,423	\$ 2,033,512	\$ 1,444,142	\$ 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 \$128,843,563 and the accumulated depreciation is \$50,876,431 (See Note 4).	77,967,132
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.	(874,462)
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.	2,291,856
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).	(54,578,462)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(5,699,236)
Accrued pension contributions for the June 30, 2021 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.	(1,327,707)
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).	(18,556,036)
Net Position of Governmental Activities	\$ 31,471,844

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 88,877,761			\$ 5,107,890	\$ 93,985,651
Tuition from Other LEA's	697,674				697,674
Tuition from Individuals	107,062				107,062
Transportation Fees from Individuals	59,344				59,344
Interest Revenue	32,212		\$ 228		32,440
Miscellaneous	464,870	\$ 969,920			1,434,790
Total - Local Sources	90,238,923	969,920	228	5,107,890	96,316,961
State Sources	29,333,931	248,011		264,322	29,846,264
Federal Sources	4,267	2,331,082			2,335,349
Total Revenues	119,577,121	3,549,013	228	5,372,212	128,498,574
EXPENDITURES					
Current:					
Regular Instruction	28,828,119	872,168			29,700,287
Special Education Instruction	12,889,439	984,588			13,874,027
Other Special Instruction	1,883,245				1,883,245
Other Instructional Programs	1,688,836				1,688,836
Support Services:					
Tuition	1,822,763				1,822,763
Student and Instruction Related Services	12,651,611	1,839,762			14,491,373
General Administrative Services	1,430,913				1,430,913
School Administrative Services	3,923,164				3,923,164
Central Administrative Services	749,892				749,892
Administrative Information Technology	877,448				877,448
Plant Operations and Maintenance	6,956,859				6,956,859
Pupil Transportation	5,206,287				5,206,287
Unallocated Benefits	16,071,247				16,071,247
On-behalf TPAF FICA and Pension	18,792,379				18,792,379
Debt Service:					
Principal	285,656			3,340,000	3,625,656
Interest	7,425			2,032,212	2,039,637
Capital Outlay	269,880	60,838	112,985		443,703
Total Expenditures	114,335,163	3,757,356	112,985	5,372,212	123,577,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,241,958	(208,343)	(112,757)	-	4,920,858
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	26,651				26,651
Transfers In	228		537,800		538,028
Transfers Out	(537,800)		(228)		(538,028)
Total Other Financing Sources (Uses)	(510,921)	-	537,572	-	26,651
Net Change in Fund Balances	4,731,037	(208,343)	424,815	-	4,947,509
Fund Balance, July 1 (retroactively adjusted - see note 20)	26,194,707	905,856	200,686	1	27,301,250
Fund Balance - June 30	\$ 30,925,744	\$ 697,513	\$ 625,501	\$ 1	\$ 32,248,759

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, 2021

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	4,947,509
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions in the period.</p>		
Depreciation Expense	\$ (2,869,266)	
Capital Asset Additions	<u>357,567</u>	(2,511,699)
<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	3,340,000	
Obligations Under Capital Leases	<u>285,656</u>	3,625,656
<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>(346,323)</u>	236,328
<p>Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; lease purchase payables and capital leases increase long-term liabilities in the statement of net assets.</p>		
Obligations Under Capital Leases		(26,651)
<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>		
		79,207
<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>		
		123,676
<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>726,832</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>7,200,858</u></u>

Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2021

	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	\$ 1,418,198	\$ 45,704	\$ 206,197	\$ 335,379	\$ 2,005,478	
Cash Held with Fiscal Agent						\$ 452,710
Interfund Receivable						1,629,512
Total Current Assets	1,418,198	45,704	206,197	335,379	2,005,478	2,082,222
Noncurrent Assets:						
Capital Assets:						
Machinery and Equipment	414,900				414,900	
Less: Accumulated Depreciation	(368,786)				(368,786)	
Total Capital Assets, net	46,114	-	-	-	46,114	-
Total Assets	1,464,312	45,704	206,197	335,379	2,051,592	2,082,222
LIABILITIES						
Current Liabilities:						
Accounts Payable	15,612				15,612	903,222
Accrued Liability for Insurance Claims						1,179,000
Interfund Payable	54,741		287	691	55,719	
Other Liabilities	725				725	
Total Current Liabilities	71,078	-	287	691	72,056	2,082,222
Total Liabilities	71,078	-	287	691	72,056	2,082,222
NET POSITION						
Investment in Capital Assets	46,114				46,114	
Unrestricted	1,347,120	45,704	205,910	334,688	1,933,422	-
Total Net Position	\$ 1,393,234	\$ 45,704	\$ 205,910	\$ 334,688	\$ 1,979,536	\$ -

See accompanying notes to the basic financial statements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2021

	Major Funds				Internal Service Fund	
	Business-type Activities - Enterprise Funds					
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	Total	Self-Insured Health Benefits
Operating Revenues:						
Charges for Services:						
Tuition and Fees				\$ 31,726	\$ 31,726	
Services Provided by Other Funds						\$ 14,999,596
Total Operating Revenues				31,726	31,726	14,999,596
Operating Expenses:						
Salaries	\$ 40,079			47,132	87,211	
Employee Benefits	2,953			2,079	5,032	14,914,596
Other Purchased Services	19,707				19,707	85,000
Supplies and Materials	7,763			86	7,849	
Depreciation	16,574				16,574	
Cost of Sales	81,677				81,677	
Management Fee	12				12	
Miscellaneous	37,767				37,767	
Total Operating Expenses	206,532			49,297	255,829	14,999,596
Operating (Loss) and Change in Net Position	(206,532)			(17,571)	(224,103)	-
Total Net Position - Beginning	1,599,766	\$ 45,704	\$ 205,910	352,259	2,203,639	-
Total Net Position - Ending	\$ 1,393,234	\$ 45,704	\$ 205,910	\$ 334,688	\$ 1,979,536	-

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Major Funds					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	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 114,508	\$ (15,945)		\$ 16,767	\$ 115,330	
Receipts from services provided						\$ 14,999,596
Payments to employees	(40,079)			(47,132)	(87,211)	
Payments for insurance claims	(2,953)			(2,079)	(5,032)	(14,914,596)
Payments to suppliers	(131,274)	(1,362)	\$ (125)	(86)	(132,847)	(85,000)
Net cash (used for) operating activities	<u>(59,798)</u>	<u>(17,307)</u>	<u>(125)</u>	<u>(32,530)</u>	<u>(109,760)</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	(59,798)	(17,307)	(125)	(32,530)	(109,760)	
Cash and cash equivalents, beginning of year	<u>1,477,996</u>	<u>63,011</u>	<u>206,322</u>	<u>367,909</u>	<u>2,115,238</u>	
Cash and cash equivalents, end of year	<u>\$ 1,418,198</u>	<u>\$ 45,704</u>	<u>\$ 206,197</u>	<u>\$ 335,379</u>	<u>\$ 2,005,478</u>	<u>\$ -</u>
Reconciliation of operating (loss) to net cash (used for) operating activities:						
Operating (loss)	\$ (206,532)	\$ -	\$ -	\$ (17,571)	\$ (224,103)	\$ -
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:						
Depreciation	16,574				16,574	
Change in assets and liabilities:						
Decrease in other accounts receivable	121,450				121,450	
Decrease in inventories	52,087				52,087	
(Decrease) in accounts payable	(36,435)	(1,362)	(125)		(37,922)	
(Decrease) in other liabilities	(6,942)	(15,945)		(14,959)	(37,846)	
Net cash (used for) operating activities	<u>\$ (59,798)</u>	<u>\$ (17,307)</u>	<u>\$ (125)</u>	<u>\$ (32,530)</u>	<u>\$ (109,760)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2021

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 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, 2021

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 and proprietary funds. 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 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, 2021

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, 2021

1. Summary of Significant Accounting Policies (continued)

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

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

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

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties, and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April School Board 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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.

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, 2021, the District had inventories in the Food Service Enterprise Fund of \$0.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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 2020-2021 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, 2021

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, 2021

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, 2021, a liability existed for compensated absences in the governmental activities of the Government-wide financial statements in the amount of \$722,122 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, 2021

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, 2021 amounted to \$346,323. As of June 30, 2021, the District has recorded an unamortized balance of \$2,291,856 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, 2021

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 \$30,925,744 of fund balances in the General Fund at June 30, 2021, \$768,828 of encumbrances are assigned to other purposes, \$4,015,828 has been restricted for excess surplus-current year, \$4,758,938 has been restricted for prior year excess surplus that has been designated for subsequent year’s expenditures, \$8,387,953 has been restricted for the capital reserve, \$4,143,584 has been restricted for the maintenance reserve, \$910,999 has been restricted for the emergency reserve, \$583,394 has been restricted in the unemployment compensation reserve, and \$7,356,220 is classified as unassigned.

The District also has \$625,501 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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 \$4,642,063 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, 2021 was \$8,774,766. Of this amount, \$4,758,938 has been appropriated in the 2021/22 budget and the remaining \$4,015,828 will be appropriated in the 2022/23 budget.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements

Recently Issued and Adopted Accounting Principles

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 June 15, 2021. 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, 2020. Management has not determined the impact of the Statement on the 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, 2021. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 14, 2022, 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, 2021, 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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 \$54,578,462 difference are as follows:

Bonds payable	\$ 50,790,000
Unamortized premium on bonds	2,979,260
Capital leases payable	87,080
Compensated absences payable	<u>722,122</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 54,578,462</u>

3. Deposits and Investments

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

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

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:

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

At June 30, 2021, the carrying amount of the District's deposits for all funds was \$32,272,359 and the bank balance was \$32,427,718. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2021 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$22,317,499. \$191,856 held in the District agency accounts and \$9,418,363 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 \$452,710.

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

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

Investments

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

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

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

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, 2021, the District’s balance in NJCMF was \$9,418,363 and is classified as cash equivalents at June 30, 2021 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, 2021, the District had no investments, other than funds held in NJCMF which are classified as cash equivalents due to its short-term nature.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The District did not have any funds held as investments during the year ended June 30, 2021, 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, 2021

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 5,277,400		\$ 5,277,400
Construction in progress	516,239	\$ 26,849	543,088
Total capital assets, not being depreciated	<u>5,793,639</u>	<u>26,849</u>	<u>5,820,488</u>
Capital assets, being depreciated:			
Buildings and building improvements	116,880,279	51,893	116,932,172
Machinery, equipment and vehicles	5,812,078	278,825	6,090,903
Total capital assets, being depreciated	<u>122,692,357</u>	<u>330,718</u>	<u>123,023,075</u>
Less accumulated depreciation for:			
Buildings and building improvements	(43,552,039)	(2,399,071)	(45,951,110)
Machinery, equipment and vehicles	(4,455,126)	(470,195)	(4,925,321)
Total accumulated depreciation	<u>(48,007,165)</u>	<u>(2,869,266)</u>	<u>(50,876,431)</u>
Total capital assets, being depreciated, net	<u>74,685,192</u>	<u>(2,538,548)</u>	<u>72,146,644</u>
Governmental activities capital assets, net	<u>\$ 80,478,831</u>	<u>\$ (2,511,699)</u>	<u>\$ 77,967,132</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2021 as follows:

Instruction:	
Regular	\$ 1,063,531
Special education	495,287
Other special instruction	57,235
School sponsored/ other instructional	70,677
Support Services:	
Student and instruction related services	517,034
General administrative services	51,239
School administrative services	140,484
Central administrative services	26,853
Administrative information technology	31,420
Plant operations and maintenance	229,075
Pupil transportation	186,431
Total	<u>\$ 2,869,266</u>

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2021:

Business-type activities:	Beginning Balance	Additions	Ending Balance
Capital assets, being depreciated:			
Machinery and equipment	\$ 414,900		\$ 414,900
Less accumulated depreciation for:			
Machinery and equipment	(352,212)	\$ (16,574)	(368,786)
Total business-type activities capital assets, net	<u>\$ 62,688</u>	<u>\$ (16,574)</u>	<u>\$ 46,114</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

5. Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 54,130,000		\$ 3,340,000	\$ 50,790,000	\$ 3,495,000
Unamortized premium on bonds	3,561,911		582,651	2,979,260	582,651
Obligations under capital leases	346,085	\$ 26,651	285,656	87,080	45,945
Compensated absences payable	845,798	746,902	870,578	722,122	60,536
Subtotal	58,883,794	773,553	5,078,885	54,578,462	4,184,132
Net pension liability	21,171,053		2,615,017	18,556,036	
Total governmental activity long-term liabilities	\$ 80,054,847	\$ 773,553	\$ 7,693,902	\$ 73,134,498	\$ 4,184,132

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
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	5,315,000	1,082,869	6,397,869
2027-2031	28,690,000	2,367,950	31,057,950
	\$ 50,790,000	\$ 9,816,856	\$ 60,606,856

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2021 are comprised of the following issues:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

5. Long-Term Liabilities (continued)

\$9,700,000, 2012 refunding bonds, due in annual installments ranging from \$75,000 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 \$430,000 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 of \$2,990,000 and \$3,120,000 due on January 1, 2022 and January 1, 2023, respectively, at interest rates of 4.00% and 5.00%, respectively.

\$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, 2021, \$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, 2021, \$22,310,000 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, 2021, \$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, 2021, \$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, 2021

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, 2021:

Year	Principal	Interest	Total
2022	\$ 45,945	\$ 3,586	\$ 49,531
2023	19,892	1,842	21,734
2024	11,476	853	12,329
2025	5,745	423	6,168
2026	4,022	90	4,112
	<u>\$ 87,080</u>	<u>\$ 6,794</u>	<u>\$ 93,874</u>

All capital leases outstanding are presented on schedule I-2 in this report. Assets capitalized through capital leases at June 30, 2021 are as follows:

Machinery, equipment and vehicles	\$ 2,694,662
Less accumulated depreciation	(1,907,292)
Total	<u>\$ 787,370</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.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

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 New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

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, 2021, the State of New Jersey contributed \$15,507,846 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 \$3,284,533 during the year ended June 30, 2021 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 District's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020 and 2019 were \$1,244,797, \$1,142,899 and \$1,125,708, 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, 2021, the District reported a liability of \$18,556,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.1137891583 percent, which was a decrease of 0.0037071523 percent from its proportion measured as of June 30, 2019.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

For the year ended June 30, 2021, the District recognized full accrual pension expense of \$517,963 in the government-wide financial statements. At June 30, 2021, 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	\$ 337,875	\$ 65,622
Changes of assumptions	601,979	7,769,588
Net difference between projected and actual earnings on pension plan investments	634,260	
Changes in proportion and differences between district contributions and proportionate share contributions	280,192	1,046,039
District contributions subsequent to the measurement date	1,327,707	
	<u>\$ 3,182,013</u>	<u>\$ 8,881,249</u>

\$1,327,707 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:	
2022	\$ (2,501,967)
2023	(2,416,415)
2024	(1,375,434)
2025	(607,049)
2026	(126,078)
	<u>\$ (7,026,943)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2021

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
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, 2019 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 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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, 2020) 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, 2021

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

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, 2020 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
District's proportionate share of the net pension liability	\$ 23,358,954	\$ 18,556,036	\$ 14,480,629

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, 2020 are as follows:

Deferred outflows of resources	\$ 2,347,583,337
Deferred inflows of resources	\$ 7,849,949,467
Net pension liability	\$ 16,435,616,426
District's Proportion	0.1137891583%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

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, 2020 was \$264,450,852. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4016031646 percent, which was an increase of 0.0079624246 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$16,444,680 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2021

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2021

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, 2020 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 (4.40%) or 1-percentage-point higher (6.40%) than the current rate:

	At 1% decrease (4.40%)	At current discount rate (5.40%)	At 1% increase (6.40%)
State's proportionate share of the net pension liability associated with the District	\$ 310,628,497	\$ 264,450,852	\$ 226,108,069

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, 2020 are as follows:

Deferred outflows of resources	\$ 9,589,140,982
Deferred inflows of resources	\$14,409,361,877
Net pension liability	\$65,848,796,740
District's Proportion	0.4016031646%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2020 is \$4,114,319,534.

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, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.99, 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, 2021

7. Post-Retirement Benefits

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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 2020, the State paid PRM benefits for 143,053 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, 2021

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, 2021, 2020 and 2019 were \$3,698,756, \$3,326,438, and \$3,58,251 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including the new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 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 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion of 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability from New Jersey's plan is \$67,809,962,608.

Changes in Total OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2021:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2019	\$ 124,869,505
Charges for the year:	
Service cost	6,970,219
Interest	4,553,819
Difference between actual and expected	36,128,623
Changes of assumptions	37,776,638
Member contributions	109,126
Benefit payments	<u>(3,600,350)</u>
Net changes	81,938,075
Ending Total OPEB Liability, June 30, 2020	<u>\$ 206,807,580</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2020</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	366,108

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective 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, 2021 was \$206,807,580. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020 and included in the June 30, 2020 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

	TPAF	PERS
Inflation rate:	2.50%	2.50%
Salary increases:		
Through 2026	1.55 - 4.45%	2.00-6.00%
	based on years of service	based on years of service
Thereafter	1.55 - 4.45%	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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

would be if it was calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	At 1% decrease (1.21%)	At current discount rate (2.21%)	At 1% increase (3.21%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 249,317,212	\$ 206,807,580	\$ 173,569,142

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 total non-employer OPEB liability associated with the District as of June 30, 2020 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend 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)	\$ 166,942,053	\$ 206,807,580	\$ 254,278,563

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

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$7,860,244 for OPEB expenses incurred by the State.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

Collective balances of the Local Education Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	24,023,298,802
Deferred inflows of resources	\$	19,101,933,244
Collective OPEB Expense	\$	3,337,755,596
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, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,385,004	\$ 1,653,049
Special Revenue Fund	23,537	601,314
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	1,629,512	
	\$ 3,038,053	\$ 3,038,053

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. In addition, there is a payable from the General Fund to the Special Revenue Fund to remit monies collected that are due to the student activity accounts. The interfund between the General Fund and the Capital Projects Fund represents a payable

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

8. Interfund Receivables and Payables (continued)

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

9. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

10. Contingent Liabilities

The District is a defendant in several legal proceedings that are in various stages of litigation. In the opinion of management and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 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, 2021 may be impaired. As a result of the impact of COVID-19, the District has received funding under the Elementary and Secondary School Emergency Relief (ESSER) Fund and Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules and regulations governing the ESSER and CRF funds, money may be required to be returned. 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

11. Capital Reserve Account

A capital reserve account was established by the Township of Bernards Board of Education by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP).

Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 8,925,119
Deposits:	
Interest earned on investments	334
Withdrawals:	
Transfer to Capital Projects Fund by Resolution	<u>(537,500)</u>
Ending balance, June 30, 2021	<u>\$ 8,387,953</u>

The June 30, 2021 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, 2020 to June 30, 2021 fiscal year is as follows:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

12. Maintenance Reserve Account (continued)

Beginning balance, July 1, 2020	\$ 4,586,727
Deposits:	
Interest earned on Investments	333
Withdrawals:	
Budgeted in 2020-21 Adopted Budget	(24,027)
Board approved withdrawal	<u>(419,449)</u>
Ending balance, June 30, 2021	<u>\$ 4,143,584</u>

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 \$910,999 at June 30, 2021.

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. The District’s withholdings are recorded in the Unemployment Compensation Reserve in the general fund.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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, 2021, the accrued liability for unpaid medical and prescription of \$1,179,000 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, 2021, 2020 and 2019 is as follows:

<u>Year</u>	<u>Balance</u>	<u>Claims and Estimates</u>	<u>Payments</u>	<u>Balance</u>
2020-2021	\$ 1,042,000	\$ 15,051,596	\$ 14,914,596	\$ 1,179,000
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 2021 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 228	\$ 537,800
Capital Projects Fund	537,800	228
	<u>\$ 538,028</u>	<u>\$ 538,028</u>

The transfer from General Fund to the Capital Projects Fund, net of interest earnings, represents a transfer from the Capital Reserve to fund the local portion of the SDA projects for additional contracts awarded on in progress projects.

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, 2021

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, 2021 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$768,828 and in the Capital Projects Fund as restricted for capital projects in the amount of \$625,501 which is offset by an unrestricted deficit of \$6,242. During the 2021 fiscal year, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected that the Federal Government, through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2021, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

18. GASB 77 Tax Abatements (continued)

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 \$419,161 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property was \$503,052, resulting in a reduction of taxes collected by the Township of \$83,891. A portion of this would have been allocated to the District.

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, 2021. 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 2021-22 fiscal year, if needed. Management believes that the unassigned fund balance available as of June 30, 2021 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.

20. Change in Accounting Principle / Retroactive Adjustments

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As part of this implementation, the activity in the Unemployment Compensation Insurance Trust fund which had previously been reported in the Fiduciary Funds is now reported in the General fund. In addition, Student Activities and Scholarships are now reported in the Special Revenue Fund. The implementation of the Statement required a retroactive adjustment of prior year net position in the government-wide financial statements and fund balance in the general fund and special revenue fund statement of revenues, expenditures and changes in fund balance.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

20. Change in Accounting Principle / Retroactive Adjustments (continued)

Government-wide financial statements:

Beginning Net Position - July 1, 2020	\$ 22,871,879
Retroactive Adjustments for:	
Reserve for Unemployment Compensation	493,251
Reserve for Scholarships	3,611
Reserve for Student Activities	<u>902,245</u>
	<u>1,399,107</u>
Beginning Net Position - July 1, 2020 (as adjusted)	<u><u>\$ 24,270,986</u></u>

Government Fund financial statements:

Beginning Fund Balance - July 1, 2020	\$ 25,902,143
Retroactive Adjustments for:	
Reserve for Unemployment Compensation	493,251
Reserve for Scholarships	3,611
Reserve for Student Activities	<u>902,245</u>
	<u>1,399,107</u>
Beginning Fund Balance - July 1, 2020 (as adjusted)	<u><u>\$ 27,301,250</u></u>

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - Local Group	0.1137895830%	0.1174963106%	0.1167161900%	0.1186278136%	0.1215446151%	0.1131163225%	0.1095265402%	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 18,556,036	\$ 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
District's covered-employee payroll	\$ 8,133,512	\$ 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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228.14%	261.74%	290.42%	341.18%	446.14%	319.32%	273.56%	293.23%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	52.08%	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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,244,797	\$ 1,142,899	\$ 1,125,708	\$ 1,079,785	\$ 1,091,853	\$ 972,497	\$ 893,254	\$ 812,491	\$ 793,924	\$ 836,157
Contributions in relation to the contractually required contribution	(1,244,797)	(1,142,899)	(1,125,708)	(1,079,785)	(1,091,853)	(972,497)	(893,254)	(812,491)	(793,924)	(836,157)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,238,646	\$ 8,133,512	\$ 8,088,658	\$ 7,912,953	\$ 8,093,970	\$ 8,068,738	\$ 7,952,090	\$ 7,496,079	\$ 7,101,311	\$ 6,892,274
Contributions as a percentage of covered-employee payroll	15.11%	14.05%	13.92%	13.65%	13.49%	12.05%	11.23%	10.84%	11.18%	12.13%

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,						
	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.4016031646%	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	\$ 264,450,852	\$ 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>\$ 264,450,852</u>	<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	24.60%	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*

	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.30%	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	\$ 206,807,580	\$ 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>\$ 206,807,580</u>	<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%	0.00%
	2021	2020	2019	2018	2017 **
Total OPEB Liability					
Service cost	\$ 6,970,219	\$ 6,677,315	\$ 7,508,589	\$ 9,107,318	
Interest cost	4,553,819	5,274,853	5,601,203	4,820,081	
Difference between expected and actual	36,128,623	-	-	-	
Changes of assumptions	37,776,638	(14,829,069)	(28,881,628)	(21,622,096)	
Member contributions	109,126	113,624	121,496	128,472	
Gross benefit payments	(3,600,350)	(3,833,122)	(3,515,351)	(3,488,947)	
Net change in total OPEB liability	<u>81,938,075</u>	<u>(6,596,399)</u>	<u>(19,165,691)</u>	<u>(11,055,172)</u>	
Total OPEB liability - beginning	<u>124,869,505</u>	<u>131,465,904</u>	<u>150,631,595</u>	<u>161,686,767</u>	
Total OPEB liability - ending	<u>\$ 206,807,580</u>	<u>\$ 124,869,505</u>	<u>\$ 131,465,904</u>	<u>\$ 150,631,595</u>	
Covered-employee payroll	<u>\$ 54,487,890</u>	<u>\$ 53,527,972</u>	<u>\$ 50,777,433</u>	<u>\$ 49,398,644</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>379.55%</u>	<u>233.28%</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, 2021

PUBLIC EMPLOYEES' RETIREMENT SYSTEM-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

TEACHERS' PENSION AND ANNUITY FUND-PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues					
Local sources:					
Local tax levy	\$ 88,877,761		\$ 88,877,761	\$ 88,877,761	
Tuition from other LEA's	371,997		371,997	697,674	\$ 325,677
Tuition from individuals	29,000		29,000	107,062	78,062
Transportation fees from individuals	208,000		208,000	59,344	(148,656)
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				31,212	31,212
Miscellaneous	495,951		495,951	464,870	(31,081)
Total - local sources	<u>89,983,709</u>		<u>89,983,709</u>	<u>90,238,923</u>	<u>255,214</u>
State sources:					
Special education aid	3,900,214	\$ (430,992)	3,469,222	3,469,222	
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	5,615,592	3,915,592
Additional nonpublic transportation aid				75,110	75,110
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				11,802,617	11,802,617
TPAF Pension Contributions - Post-Retirement Medical (On-Behalf - Non-Budgeted)				3,698,756	3,698,756
TPAF Pension Contributions - Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				6,473	6,473
TPAF Social Security (Reimbursed - Non-Budgeted)				3,284,533	3,284,533
Total - state sources	<u>6,998,378</u>	<u>(430,992)</u>	<u>6,567,386</u>	<u>29,350,467</u>	<u>22,783,081</u>
Federal sources:					
Medicaid reimbursement	6,883		6,883	4,267	(2,616)
Total - federal sources	<u>6,883</u>		<u>6,883</u>	<u>4,267</u>	<u>(2,616)</u>
Total revenues	<u>96,988,970</u>	<u>(430,992)</u>	<u>96,557,978</u>	<u>119,593,657</u>	<u>23,035,679</u>
Expenditures					
Current expense:					
Instruction:					
Regular programs:					
Salaries of teachers:					
Kindergarten	1,093,626	98,739	1,192,365	1,192,365	
Grades 1-5	9,386,584	(507,352)	8,879,232	8,879,230	2
Grades 6-8	7,460,973	128,438	7,589,411	7,430,728	158,683
Grades 9-12	9,639,735	(205,868)	9,433,867	9,411,061	22,806
Instruction- home instruction:					
Salaries of teachers	56,408		56,408	35,313	21,095
Purchased professional-educational services	20,000		20,000	8,832	11,168
Other salaries for instruction		479	479	478	1
Purchased professional-educational services	23,500	(13,479)	10,021	625	9,396
Other purchased services	202,140	(17,500)	184,640	128,110	56,530
General supplies	1,643,676	247,699	1,891,375	1,387,220	504,155
Textbooks	481,178	(97,455)	383,723	354,157	29,566
Total regular programs	<u>30,007,820</u>	<u>(366,299)</u>	<u>29,641,521</u>	<u>28,828,119</u>	<u>813,402</u>
Special education:					
Cognitive moderate:					
Salaries of teachers	415,660	24,000	439,660	434,697	4,963
Other salaries for instruction	538,962	(24,000)	514,962	498,612	16,350
General Supplies	15,400		15,400	3,714	11,686
Textbooks	13,800		13,800	11,185	2,615
Total cognitive moderate	<u>983,822</u>	<u>-</u>	<u>983,822</u>	<u>948,208</u>	<u>35,614</u>
Learning and/or language disabilities:					
Salaries of teachers	381,928	1,093	383,021	383,021	
Other salaries for instruction	398,508	22,907	421,415	418,545	2,870
General supplies	21,000	(5,900)	15,100	13,288	1,812
Textbooks	3,000	(3,000)			
Total learning and/or language disabilities	<u>804,436</u>	<u>15,100</u>	<u>819,536</u>	<u>814,854</u>	<u>4,682</u>
Auditory impairments:					
Salaries of teachers	86,327		86,327	86,327	
General supplies	10,000		10,000	3,902	6,098
Total auditory impairments	<u>96,327</u>		<u>96,327</u>	<u>90,229</u>	<u>6,098</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Current expense (continued):					
Instruction (continued):					
Behavioral disabilities:					
Salaries of teachers	\$ 460,937	\$ 75,392	\$ 536,329	\$ 519,173	\$ 17,156
Other salaries for instruction	499,238	(72,392)	426,846	388,357	38,489
General supplies	14,950		14,950	5,517	9,433
Total behavioral disabilities	<u>975,125</u>	<u>3,000</u>	<u>978,125</u>	<u>913,047</u>	<u>65,078</u>
Resource room/center:					
Salaries of teachers	5,445,771	(112,810)	5,332,961	5,254,185	78,776
Other salaries for instruction	503,986	55,000	558,986	505,975	53,011
General supplies	49,069	8,900	57,969	43,739	14,230
Total resource room/center	<u>5,998,826</u>	<u>(48,910)</u>	<u>5,949,916</u>	<u>5,803,899</u>	<u>146,017</u>
Autism:					
Salaries of teachers	1,302,231	26,306	1,328,537	1,328,324	213
Other salaries for instruction	2,760,841	(125,700)	2,635,141	2,621,794	13,347
General supplies	43,100	(542)	42,558	39,026	3,532
Total autism	<u>4,106,172</u>	<u>(99,936)</u>	<u>4,006,236</u>	<u>3,989,144</u>	<u>17,092</u>
Preschool disabilities-part-time:					
Salaries of teachers	237,006		237,006	237,006	
Other salaries for instruction	74,484	8,000	82,484	81,888	596
General supplies	8,400		8,400	7,229	1,171
Total preschool disabilities - part-time	<u>319,890</u>	<u>8,000</u>	<u>327,890</u>	<u>326,123</u>	<u>1,767</u>
Preschool disabilities-full time:					
General supplies	4,300	542	4,842	3,935	907
Total preschool disabilities - full time	<u>4,300</u>	<u>542</u>	<u>4,842</u>	<u>3,935</u>	<u>907</u>
Total special education	<u>13,288,898</u>	<u>(122,204)</u>	<u>13,166,694</u>	<u>12,889,439</u>	<u>277,255</u>
Basic skills/remedial - Instruction:					
Salaries of teachers	785,347	66	785,413	785,413	
General supplies	7,200	(66)	7,134	5,192	1,942
Total basic skills/redmedial - instruction	<u>792,547</u>	<u>-</u>	<u>792,547</u>	<u>790,605</u>	<u>1,942</u>
Bilingual education:					
Salaries of teachers	387,354	11,000	398,354	395,374	2,980
Other salaries for instruction	31,307	2,025	33,332	32,265	1,067
Other purchased services	800		800	800	
General supplies	2,700	(25)	2,675	122	2,553
Total bilingual education	<u>422,161</u>	<u>28,000</u>	<u>450,161</u>	<u>427,956</u>	<u>22,205</u>
School sponsored co-curricular activities - instruction:					
Salaries	399,840		399,840	368,312	31,528
Supplies and materials	59,850		59,850	11,487	48,363
Other objects	1,000		1,000	1,000	
Total school sponsored co-curricular activities - instruction	<u>460,690</u>	<u>-</u>	<u>460,690</u>	<u>379,799</u>	<u>80,891</u>
School sponsored athletic activities:					
Salaries	1,104,279		1,104,279	1,094,115	10,164
Purchased services	68,400		68,400	24,755	43,645
Supplies and materials	149,100	(3,320)	145,780	109,364	36,416
Other objects	59,975		59,975	25,803	34,172
Transfers to cover deficit (agency funds)	92,890		92,890	55,000	37,890
Total school sponsored athletic activities	<u>1,474,644</u>	<u>(3,320)</u>	<u>1,471,324</u>	<u>1,309,037</u>	<u>162,287</u>
Other supplemental / at-risk programs - instruction:					
Salaries of reading specialists	683,400	(18,000)	665,400	664,684	716
Total other supplemental / at-risk programs - instruction	<u>683,400</u>	<u>(18,000)</u>	<u>665,400</u>	<u>664,684</u>	<u>716</u>
Total instruction	<u>47,130,160</u>	<u>(481,823)</u>	<u>46,648,337</u>	<u>45,289,639</u>	<u>1,358,698</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2021

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-special	\$ 1,059,908	\$ (350,000)	\$ 709,908	\$ 487,317	\$ 222,591
Tuition to county vocational - regular	69,911		69,911	5,173	64,738
Tuition to private school - handicap in state	1,178,901	250,000	1,428,901	1,277,810	151,091
Tuition to private school - handicap out state	102,960		102,960	52,463	50,497
Total undistributed expenditures - instruction	<u>2,411,680</u>	<u>(100,000)</u>	<u>2,311,680</u>	<u>1,822,763</u>	<u>488,917</u>
Health services:					
Salaries	712,431	122,528	834,959	834,958	1
Other salaries	121,056	(2,740)	118,316	118,304	12
Purchased prof. and tech. services	30,584	(21,040)	9,544	9,540	4
Other purchased services	3,000	(1,680)	1,320	1,298	22
Supplies and materials	44,279	9,932	54,211	41,618	12,593
Total health services	<u>911,350</u>	<u>107,000</u>	<u>1,018,350</u>	<u>1,005,718</u>	<u>12,632</u>
Other support services - student-speech, OT, PT, and related services:					
Salaries	1,429,114	(72,627)	1,356,487	1,356,478	9
Purchased professional educational services	90,000	10,391	100,391	94,890	5,501
Supplies and materials	13,922	(2,764)	11,158	10,436	722
Total other support services - student-speech, OT, PT, and related services	<u>1,533,036</u>	<u>(65,000)</u>	<u>1,468,036</u>	<u>1,461,804</u>	<u>6,232</u>
Other support services - students - extra services:					
Salaries	847,785	20	847,805	847,805	
Purchased professional educational services	263,141	75,000	338,141	141,109	197,032
Supplies and materials	6,100	(20)	6,080	4,434	1,646
Total other support services - students - extra services	<u>1,117,026</u>	<u>75,000</u>	<u>1,192,026</u>	<u>993,348</u>	<u>198,678</u>
Other support services - guidance - regular:					
Salaries of other prof. staff	1,855,922	(704)	1,855,218	1,855,216	2
Salaries secretary/clerical assts.	525,648	1	525,649	525,648	1
Purchased professional - educational services	66,998	(16,665)	50,333	49,254	1,079
Other purchased prof. and tech. services	225,203	(25,799)	199,404	179,996	19,408
Other purchased services	302,670	(8,660)	294,010	294,010	
Supplies and materials	16,142	(12,257)	3,885	3,876	9
Other objects	794	5	799	799	
Total other support services - guidance - regular	<u>2,993,377</u>	<u>(64,079)</u>	<u>2,929,298</u>	<u>2,908,799</u>	<u>20,499</u>
Child study teams:					
Salaries of other prof. staff	2,179,929	12,215	2,192,144	2,118,822	73,322
Salaries secretary/clerical assistants	298,725	7,000	305,725	305,375	350
Other purchased prof. and tech. services	125,198		125,198	19,427	105,771
Other purchased services	28,500		28,500	5,340	23,160
Supplies and materials	90,150	(2,777)	87,373	52,163	35,210
Other objects	3,000		3,000	313	2,687
Total child study teams	<u>2,725,502</u>	<u>16,438</u>	<u>2,741,940</u>	<u>2,501,440</u>	<u>240,500</u>
Improvement of instruction services/instructional staff:					
Salaries of supervisors of instruction	862,094	(14,795)	847,299	847,296	3
Salaries of secretarial and clerical assistants	186,252	(5,305)	180,947	170,421	10,526
Other salaries	361,158	20,000	381,158	374,123	7,035
Supplies and materials	14,740	2,300	17,040	14,245	2,795
Other objects	14,585		14,585	12,315	2,270
Total improvement of instruction services/instructional staff	<u>1,438,829</u>	<u>2,200</u>	<u>1,441,029</u>	<u>1,418,400</u>	<u>22,629</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2021

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Educational media services/school library:					
Salaries	\$ 628,364	\$ (340)	\$ 628,024	\$ 622,346	\$ 5,678
Salaries of technology coordinators	104,830	11,523	116,353	106,625	9,728
Purchased prof. and tech. services	145,855	(11,796)	134,059	123,928	10,131
Supplies and materials	67,140	(8,488)	58,652	54,712	3,940
Total educational media services/school library	<u>946,189</u>	<u>(9,101)</u>	<u>937,088</u>	<u>907,611</u>	<u>29,477</u>
Instructional staff training services:					
Salaries of supervisors of instruction	906,172	36,573	942,745	942,745	
Salaries of secretarial and clerical assistants	288,435	12,900	301,335	301,334	1
Other salaries	50,000	7,688	57,688	57,688	
Purchased professional - educational services	23,000	(3,911)	19,089	9,488	9,601
Other purchased prof. and tech. services	85,960	5,083	91,043	85,278	5,765
Other purchased services	58,429	(30,434)	27,995	6,727	21,268
Supplies and materials	36,200	16,301	52,501	47,036	5,465
Other objects	5,830	300	6,130	4,195	1,935
Total instructional staff training services	<u>1,454,026</u>	<u>44,500</u>	<u>1,498,526</u>	<u>1,454,491</u>	<u>44,035</u>
Support services - general administration:					
Salaries	389,217		389,217	386,723	2,494
Legal services	160,000	(21,247)	138,753	137,622	1,131
Audit fees	50,000	110	50,110	50,110	
Architect / engineering services	28,750	62,280	91,030	86,291	4,739
Other purchased prof. services	70,400	368,890	439,290	362,703	76,587
Communications/telephone	75,930	6,647	82,577	82,222	355
BOE other purchased services	7,500	(1,500)	6,000	2,978	3,022
Miscellaneous purchased services	302,569	(20,911)	281,658	279,458	2,200
General supplies	13,481	(3,849)	9,632	9,476	156
Miscellaneous expenditures	47,413	(12,100)	35,313	33,330	1,983
Total support services - general administration	<u>1,145,260</u>	<u>378,320</u>	<u>1,523,580</u>	<u>1,430,913</u>	<u>92,667</u>
Support services - school administration:					
Salaries of principals/asst. principals	2,556,395	183,740	2,740,135	2,523,085	217,050
Salaries of other professional staff	168,346	25,000	193,346	168,346	25,000
Salaries secretary/clerical assts.	1,187,597	18,260	1,205,857	1,205,690	167
Purchased professional and technical services	100,000	147,149	247,149	58,750	188,399
Other purchased services	3,750		3,750	414	3,336
Supplies and materials	12,300	500	12,800	5,687	7,113
Other objects	20,774	950	21,724	15,422	6,302
Total support services - school administration	<u>4,049,162</u>	<u>375,599</u>	<u>4,424,761</u>	<u>3,977,394</u>	<u>447,367</u>
Central Services:					
Salaries	708,171	22,459	730,630	654,874	75,756
Purchased professional services	79,300	7,000	86,300	75,528	10,772
Misc purchased services	24,200	1,800	26,000	4,347	21,653
Supplies and materials	13,600	840	14,440	12,762	1,678
Miscellaneous expenditures		12,850	12,850	2,381	10,469
Total central services	<u>825,271</u>	<u>44,949</u>	<u>870,220</u>	<u>749,892</u>	<u>120,328</u>
Admin Info Technology:					
Salaries	705,254	43,000	748,254	643,781	104,473
Purchased technical services	181,086	41,900	222,986	185,158	37,828
Supplies and materials	48,956	4,510	53,466	48,509	4,957
Total Admin Info Technology	<u>935,296</u>	<u>89,410</u>	<u>1,024,706</u>	<u>877,448</u>	<u>147,258</u>
Required maintenance for school facilities:					
Salaries	260,671	(21,033)	239,638	239,586	52
Cleaning, repair and maintenance services	2,381,150	45,198	2,426,348	2,041,379	384,969
Travel	1,500		1,500	125	1,375
General supplies	160,290	79,700	239,990	150,444	89,546
Total required maintenance for school facilities	<u>2,803,611</u>	<u>103,865</u>	<u>2,907,476</u>	<u>2,431,534</u>	<u>475,942</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2021

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Custodial services:					
Salaries	\$ 101,637	\$ 306,314	\$ 407,951	\$ 398,258	\$ 9,693
Purchased professional and technical services	95,000		95,000	65,493	29,507
Cleaning, repair and maintenance services	2,510,728	(215,000)	2,295,728	1,958,216	337,512
Other purchased property services	290,000		290,000	264,439	25,561
Insurance	327,000	32,781	359,781	359,197	584
General supplies	211,778	25,000	236,778	125,740	111,038
Energy (electricity)	892,885	(100,000)	792,885	594,767	198,118
Energy (natural gas)	598,000	(225,000)	373,000	283,239	89,761
Total custodial services	<u>5,027,028</u>	<u>(175,905)</u>	<u>4,851,123</u>	<u>4,049,349</u>	<u>801,774</u>
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	535,807	(15,000)	520,807	360,067	160,740
General supplies	22,500	15,000	37,500	16,113	21,387
Total care and upkeep of grounds	<u>558,307</u>	<u>-</u>	<u>558,307</u>	<u>376,180</u>	<u>182,127</u>
Security:					
Salaries	146,740		146,740	99,796	46,944
Total security	<u>146,740</u>	<u>-</u>	<u>146,740</u>	<u>99,796</u>	<u>46,944</u>
Student transportation services:					
Management fee- ESC & CTSA trans. program	170,150	(10,000)	160,150	79,710	80,440
Cleaning, repair and maintenance services	5,000	9,300	14,300	9,771	4,529
Contracted services (between home and sch.) - vendor	3,051,853	100,000	3,151,853	2,907,219	244,634
Contracted services (other than home to sch.) - vendor	353,100	(300)	352,800	176,901	175,899
Contracted services (special ed.) - esc	1,928,913	(181,500)	1,747,413	1,659,775	87,638
Contracted services - aid in lieu of payments - nonpublic	305,000		305,000	300,000	5,000
Contracted services - parental contracts	23,099		23,099	11,386	11,713
Other objects		1,000	1,000	400	600
Total student transportation services	<u>5,837,115</u>	<u>-</u>	<u>5,837,115</u>	<u>5,206,287</u>	<u>610,453</u>
Unallocated benefits - employee benefits:					
Social security contributions	1,096,100	(27,700)	1,068,400	1,068,377	23
Other retirement contributions - PERS	1,240,400	53,641	1,294,041	1,294,040	1
Worker's compensation	388,161	(63,740)	324,421	324,420	1
Health benefits	12,425,583	516,310	12,941,893	12,941,891	2
Tuition reimbursement	320,000	(85,599)	234,401	234,401	
Other employee benefits	265,958	(57,830)	208,128	208,118	10
Total unallocated benefits	<u>15,736,202</u>	<u>335,082</u>	<u>16,071,284</u>	<u>16,071,247</u>	<u>37</u>
On-behalf payments:					
On-behalf TPAF pension and annuity fund (non-budgeted)				11,802,617	(11,802,617)
On-behalf TPAF post retirement medical (non-budgeted)				3,698,756	(3,698,756)
On-behalf TPAF long-term disability insurance (non-budgeted)				6,473	(6,473)
Reimbursed TPAF social security contributions (non-budgeted)				3,284,533	(3,284,533)
Total on-behalf payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,792,379</u>	<u>(18,792,379)</u>
Total undistributed expenditures	<u>52,595,007</u>	<u>1,158,278</u>	<u>53,753,285</u>	<u>68,536,793</u>	<u>(14,803,883)</u>
Total expenditures - current expense	<u>99,725,167</u>	<u>676,455</u>	<u>100,401,622</u>	<u>113,826,432</u>	<u>(13,445,185)</u>
Capital outlay					
Equipment:					
Regular programs - instruction:					
Grades 1-5		16,198	16,198	15,448	750
Grades 9-12	215,992	9,877	225,869	222,283	3,586
Instructional Alternative Education Programs		3,320	3,320	3,320	
Child Study Teams		2,777	2,777		2,777
Required maintenance for school facilities	65,000		65,000	2,178	62,822
Total equipment	<u>280,992</u>	<u>32,172</u>	<u>313,164</u>	<u>243,229</u>	<u>69,935</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Capital outlay (continued)					
Facilities acquisition and construction services:					
Lease purchase agreements - principal	\$ 238,851		\$ 238,851	\$ 238,851	
Total facilities acquisition and construction svcs.	<u>238,851</u>		<u>238,851</u>	<u>238,851</u>	
Interest deposit to capital reserve	<u>1,000</u>		<u>1,000</u>		\$ 1,000
Assets acquired under capital leases (non-budgeted)				26,651	(26,651)
Total capital outlay	<u>520,843</u>	<u>\$ 32,172</u>	<u>553,015</u>	<u>508,731</u>	<u>44,284</u>
Total expenditures	<u>100,246,010</u>	<u>708,627</u>	<u>100,954,637</u>	<u>114,335,163</u>	<u>(13,400,901)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(3,257,040)</u>	<u>(1,139,619)</u>	<u>(4,396,659)</u>	<u>5,258,494</u>	<u>9,655,153</u>
Other Financing Sources (Uses):					
Capital Lease Proceeds (non-budgeted)				26,651	26,651
Transfers In - Capital Projects Fund - Interest Earnings				228	228
Transfers Out - Capital Reserve Transfer to Capital Projects Fund		(537,800)	(537,800)	(537,800)	
Total other financing sources (uses)	<u>-</u>	<u>(537,800)</u>	<u>(537,800)</u>	<u>(510,921)</u>	<u>26,879</u>
(Deficiency) excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(3,257,040)	(1,677,419)	(4,934,459)	4,747,573	9,682,032
Fund Balances, July 1, (retroactively adjusted - see Note 20)	26,654,810		26,654,810	26,654,810	
Fund Balances, June 30	<u>\$ 23,397,770</u>	<u>\$ (1,677,419)</u>	<u>\$ 21,720,351</u>	<u>\$ 31,402,383</u>	<u>\$ 9,682,032</u>
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)					
Budgeted Fund Balance	\$ (3,028,692)	(1,164,646)	\$ (4,193,338)	\$ 5,488,694	\$ 9,682,032
Budgeted Fund Balance - Maintenance Reserve	(24,027)	24,027			
Withdrawal From Capital Reserve		(537,800)	(537,800)	(537,800)	
Deposit to Capital Reserve		334	334	334	
Deposit to Maintenance Reserve		333	333	333	
Deposit to Emergency Reserve		333	333	333	
Adjustment for Prior Year Encumbrances	(204,321)		(204,321)	(204,321)	
Total	<u>\$ (3,257,040)</u>	<u>\$ (1,677,419)</u>	<u>\$ (4,934,459)</u>	<u>\$ 4,747,573</u>	<u>\$ 9,682,032</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 4,758,938	
Excess Surplus - Current Year				4,015,828	
Capital Reserve				8,387,953	
Maintenance Reserve				4,143,584	
Emergency Reserve				910,999	
Unemployment Compensation				583,394	
Assigned Fund Balance:					
Year End Encumbrances				768,828	
Unassigned Fund Balance				<u>7,832,859</u>	
				31,402,383	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(476,639)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 30,925,744</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 202,356	\$ 202,356	\$ 969,920	\$ 767,564
State Sources		303,167	303,167	248,011	(55,156)
Federal Sources	\$ 1,632,643	1,883,589	3,516,232	2,316,155	(1,200,077)
Total Revenues	<u>1,632,643</u>	<u>2,389,112</u>	<u>4,021,755</u>	<u>3,534,086</u>	<u>(487,669)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	28,902	70,139	99,041	66,763	32,278
Purchased Professional - Educational Services	1,000	276,675	277,675	177,674	100,001
Other Purchased Services	1,113,423	(89,623)	1,023,800	978,043	45,757
General Supplies	161,399	582,956	744,355	617,057	127,298
Textbooks		19,793	19,793	19,234	559
Total Instruction	<u>1,304,724</u>	<u>859,940</u>	<u>2,164,664</u>	<u>1,858,771</u>	<u>305,893</u>
Support Services:					
Salaries	88,485	15,382	103,867	88,065	15,802
Personal Services - Employee Benefits		23,436	23,436	25,129	(1,693)
Purchased Professional and Technical Services	156,114	171,342	327,456	65,877	261,579
Purchased Property Services		582,742	582,742	47,417	535,325
Other Purchased Services	29,364	7,310	36,674	15,070	21,604
Supplies and Materials	53,956	631,312	685,268	493,992	191,276
Other Objects		7,000	7,000	273	6,727
Student Activities				1,086,997	(1,086,997)
Total Support Services	<u>327,919</u>	<u>1,438,524</u>	<u>1,766,443</u>	<u>1,822,820</u>	<u>(56,377)</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		44,913	44,913	44,913	
Construction Services		45,735	45,735	15,925	29,810
Total Facilities Acquisition and Construction Services		<u>90,648</u>	<u>90,648</u>	<u>60,838</u>	<u>29,810</u>
Total Expenditures	<u>1,632,643</u>	<u>2,389,112</u>	<u>4,021,755</u>	<u>3,742,429</u>	<u>279,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(208,343)	<u>\$ (208,343)</u>
Fund Balance, July 1 (retroactively adjusted - see note 20)				905,856	
Fund Balance, June 30				<u>\$ 697,513</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 3,338	
Student Activities				694,175	
Total Fund Balance				<u>\$ 697,513</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2021

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)	\$ 119,593,657	\$ 3,534,086
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		(5,945)
Prior Year (net of cancellations)		20,872
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	460,103	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(476,639)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u><u>\$ 119,577,121</u></u>	<u><u>\$ 3,549,013</u></u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 114,335,163	\$ 3,742,429
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		(5,945)
Prior Year (net of Cancellations)		<u>20,872</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u><u>\$ 114,335,163</u></u>	<u><u>\$ 3,757,356</u></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	NJ Nonpublic Auxiliary Services, Ch. 192			NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	COVID-19 CARES Emergency Relief Grant	COVID-19 Coronavirus Relief Fund	COVID-19 Elementary and Secondary School Emergency Relief Fund II	COVID-19 CARES Emergency Relief Grant
		Nonpublic Security	Nonpublic Comp. Education	Home Instruction	E.S.L.	Nonpublic Exam and Class.	Nonpublic Corrective Speech					
REVENUES:												
State Sources	\$ 19,234	\$ 51,201	\$ 53,038	2,810	\$ 266	\$ 50,709	\$ 16,587	\$ 24,120	\$ 30,046	\$ 138,365	\$ 439,234	\$ 19,742
Federal Sources												
Other Sources												
Total Revenues	\$ 19,234	\$ 51,201	\$ 53,038	\$ 2,810	\$ 266	\$ 50,709	\$ 16,587	\$ 24,120	\$ 30,046	\$ 138,365	\$ 439,234	\$ 19,742
EXPENDITURES:												
Instruction:												
Salaries of Teachers												
Purchased Professional - Educational Services												
Other Purchased Services												
General Supplies												
Textbooks	\$ 19,234											
Total Instruction	\$ 19,234											
Support Services:												
Salaries												
Personal Svcs. - Employee Benefits												
Purchased Professional and Technical Services												
Purchased Property Services												
Other Purchased Services												
Supplies and Materials		\$ 51,201								\$ 138,365		
Other Objects												
Student Activities												
Total Support Services		\$ 51,201								\$ 138,365		
Facilities Acquisition and Construction Services:												
Construction Services												
Noninstructional Equipment												
Total Facilities Acquisition and Construction Services												
Total Expenditures	\$ 19,234	\$ 51,201	\$ 53,038	\$ 2,810	\$ 266	\$ 50,709	\$ 16,587	\$ 24,120	\$ 30,046	\$ 138,365	\$ 439,234	\$ 19,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1 (retroactively adjusted - see Note 20)	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	-	-	-	-	-	-	-	-	-	-	-	-

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2021

	Title I	Title IIA	Title III	Title III Immigrant	Title IV	I.D.E.A. Part B	I.D.E.A. Part B Preschool	Local Grants	Scholarship Fund	Student Activity / Athletic Fund	Totals
REVENUES:											
State Sources	\$ 351,325	\$ 83,719	\$ 6,659	\$ 22,914	\$ 14,900	\$ 1,046,275	\$ 27,242	\$ 90,993		\$ 878,927	\$ 248,011
Federal Sources											2,316,155
Other Sources											969,920
Total Revenues	\$ 351,325	\$ 83,719	\$ 6,659	\$ 22,914	\$ 14,900	\$ 1,046,275	\$ 27,242	\$ 90,993	\$ -	\$ 878,927	\$ 3,534,086
EXPENDITURES:											
Instruction:											
Salaries of Teachers	\$ 66,763		\$ 98								\$ 66,763
Purchased Prof. - Educ. Services						\$ 978,043					177,674
Other Purchased Services						6,545	\$ 22,813	\$ 30,598			978,043
Instructional Supplies	221,351										617,057
Textbooks											19,234
Total Instruction	288,114		98			984,588	22,813	30,598			1,858,771
Support Services:											
Salaries		\$ 58,590	6,561	\$ 22,914							88,065
Personal Svcs. - Employee Benefits		25,129									25,129
Purchased Professional and Technical Services	1,250					61,687	2,940				65,877
Purchased Prof. - Property Services					\$ 14,900						47,417
Other Purchased Services							1,489				15,070
Supplies and Materials	61,961							1,863	\$ 273		493,992
Other Objects											273
Student Activities										\$ 1,086,997	1,086,997
Total Support Services	63,211	83,719	6,561	22,914	14,900	61,687	4,429	2,033	273	1,086,997	1,822,820
Facilities Acquisition and Construction Services:											
Construction Services											15,925
Instructional Equipment								15,925			42,437
Total Facilities Acquisition and Construction Services								15,925			60,838
Total Expenditures	\$ 351,325	\$ 83,719	\$ 6,659	\$ 22,914	\$ 14,900	\$ 1,046,275	\$ 27,242	\$ 90,993	\$ 273	\$ 1,086,997	\$ 3,742,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	(273)	(208,070)	(208,343)
Fund Balance, July 1 (retroactively adjusted - see Note 20)	-	-	-	-	-	-	-	-	3,611	902,245	905,856
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,338	\$ 694,175	\$ 697,513

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, 2021

REVENUES

Local Sources	
Interest Earned on Investments	\$ 228
Total Revenues	<u>228</u>

EXPENDITURES

Other Purchased Professional and Technical Services	24,471
Construction Services	88,514
Total Expenditures	<u>112,985</u>

(Deficiency) of Revenues (under) Expenditures (112,757)

OTHER FINANCING SOURCES (USES)

Transfers In - Capital Reserve	537,800
Transfers Out - Interest Earned to General Fund	<u>(228)</u>
Total Other Financing Sources (Uses)	<u>537,572</u>

Net Change in Fund Balance 424,815

Fund Balance - July 1 208,074

Fund Balance - June 30 \$ 632,889

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2021 - budgetary- basis	\$ 632,889
GAAP Basis Revenues not recognized	<u>(7,388)</u>
Fund balance, June 30, 2021 - GAAP Basis	<u>\$ 625,501</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, 2021

	<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	\$ 519,919		\$ 519,919	\$ 519,909
Transfer from capital reserve	796,543		796,543	844,597
Total Revenues	<u>1,316,462</u>	<u>-</u>	<u>1,316,462</u>	<u>1,364,506</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	73,636		73,636	73,636
Construction Services	1,242,826		1,242,826	1,290,870
Total Expenditures and Other Financing Uses	<u>1,316,462</u>	<u>-</u>	<u>1,316,462</u>	<u>1,364,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number				
Grant Date		12/12/14		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 1,311,600			
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, 2021

	<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	\$ 386,772		\$ 386,772	\$ 401,720
Transfer from capital reserve	596,824		596,824	602,580
Total Revenues	<u>983,596</u>	<u>-</u>	<u>983,596</u>	<u>1,004,300</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	56,770		56,770	59,587
Construction Services	926,826		926,826	944,713
Total Expenditures and Other Financing Uses	<u>983,596</u>	<u>-</u>	<u>983,596</u>	<u>1,004,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number				
Grant Date		12/12/14		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 1,004,300			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,004,300			
Percentage Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		0.00%		
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, 2021

	<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	<u>669,563</u>	-	<u>669,563</u>	<u>669,563</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	476,408	\$ 18,018	494,426	669,563
Total Expenditures and Other Financing Uses	<u>476,408</u>	<u>18,018</u>	<u>494,426</u>	<u>669,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 193,155</u>	<u>\$ (18,018)</u>	<u>\$ 175,137</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	\$ 669,563			
Additional Authorized Cost				
Revised Authorized Cost	\$ 669,563			
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	2.69%			
Original Target Completion Date	9/1/20			
Revised Target Completion Date	9/1/21			

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, 2021

	<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	\$ 537,800	\$ 592,550	\$ 592,550
Total Revenues	<u>54,750</u>	<u>537,800</u>	<u>592,550</u>	<u>592,550</u>
EXPENDITURES AND OTHER FINANCING USES				
Transfer out				
Other Purchased Professional and Technical Services	39,831	6,453	46,284	54,750
Construction Services		88,514	88,514	537,800
Total Expenditures and Other Financing Uses	<u>39,831</u>	<u>94,967</u>	<u>134,798</u>	<u>592,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 14,919</u>	<u>\$ 442,833</u>	<u>\$ 457,752</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	\$ 54,750			
Additional Authorized Cost	537,800			
Revised Authorized Cost	\$ 592,550			
Percentage Increase (Decrease) over Original Authorized Cost		982.28%		
Percentage Completed		22.75%		
Original Target Completion Date		9/1/20		
Revised Target Completion Date		9/1/21		

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund

Summary Schedule of Project Expenditures
Year Ended June 30, 2021

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
William Annin M.S. - Unit Ventilator Replacement	12/12/2014	\$ 1,316,462	\$ 1,316,462		
William Annin M.S. - HVAC Upgrades	12/12/2014	983,596	983,596		
Ridge High School - Cafeteria Upgrades	11/12/2018	669,563	476,408	\$ 18,018	\$ 175,137
William Annin M.S. - Science Labs	11/12/2018	592,550	39,831	94,967	457,752
	Totals	<u>\$ 3,562,171</u>	<u>\$ 2,816,297</u>	<u>\$ 112,985</u>	<u>\$ 632,889</u>
State Grants (SDA)		\$ 906,691			
Transfers From Capital Reserve		2,655,480			
Total		<u>\$ 3,562,171</u>			

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2021

<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, 2020</u>	<u>Paid</u>	<u>Balance June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	5/22/12	\$ 9,700,000	07/15/21	\$ 75,000	4.000 %	\$ 9,090,000	\$ 70,000	\$ 9,020,000
			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			
07/15/22	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				01/01/22	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>\$ 54,130,000</u>	<u>\$ 3,340,000</u>	<u>\$ 50,790,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2021

Series	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2020	Additions	Retired	Balance June 30, 2021
			Principal	Interest					
2016 Copiers - Oak Street	5/1/2016	5 Years	\$ 40,097	\$ 6,335	5.93 %	\$ 7,532		\$ 7,532	
2016 Copiers - Ridge High School	12/1/2015	5 Years	11,278	1,579	6.62	1,058		1,058	
2017 - Various IT Equipment	7/1/2016	5 Years	1,143,000	45,468	1.47	236,236		236,236	
2018 - Copiers - Various Schools	7/25/2017	5 Years	92,391	9,609	3.90	39,163		19,194	\$ 19,969
2018 - Copiers - Various Schools	10/28/2017	5 Years	44,384	4,936	4.23	21,135		9,146	11,989
2019 - Copiers - Various Schools	10/28/2018	5 Years	6,605	1,172	6.62	4,537		1,294	3,243
2019 - Copiers - Various Schools	1/28/2019	5 Years	49,880	7,840	5.90	36,424		9,653	26,771
2021 - Copiers - Various Schools	3/28/2021	5 Years	26,651	4,189	1.57		\$ 26,651	1,543	25,108
						\$ 346,085	\$ 26,651	\$ 285,656	\$ 87,080

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,107,890		\$ 5,107,890	\$ 5,107,890	
State Sources-Debt Service Aid	<u>264,322</u>		<u>264,322</u>	<u>264,322</u>	
Total Revenues	<u>5,372,212</u>		<u>5,372,212</u>	<u>5,372,212</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	3,340,000		3,340,000	3,340,000	
Interest on Bonds	<u>2,032,213</u>		<u>2,032,213</u>	<u>2,032,212</u>	\$ 1
Total Expenditures	<u>5,372,213</u>		<u>5,372,213</u>	<u>5,372,212</u>	<u>1</u>
Deficiency of Revenues Under Expenditures	(1)		(1)	-	(1)
Fund Balance, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>

Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 4,428,832	\$ 5,971,475	\$ 7,194,143	\$ 9,037,435	\$ 13,736,660	\$ 16,936,066	\$ 19,080,016	\$ 22,390,074	\$ 25,079,014	\$ 26,402,648
Restricted	8,047,536	12,188,654	13,238,125	15,682,406	16,339,829	19,016,860	19,510,590	19,589,095	21,979,836	24,123,710
Unrestricted (deficit)	2,547,097	1,235,960	2,024,611	(19,437,972)	(20,748,365)	(23,954,718)	(24,339,529)	(24,423,925)	(24,186,971)	(19,054,522)
Total Governmental Activities Net Position	\$ 15,023,465	\$ 19,396,089	\$ 22,456,879	\$ 5,281,869	\$ 9,328,124	\$ 11,998,208	\$ 14,251,077	\$ 17,555,244	\$ 22,871,879	\$ 31,471,836
Business-type Activities:										
Investment in Capital Assets	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521	\$ 132,771	\$ 124,511	\$ 103,854	\$ 85,591	\$ 62,688	\$ 46,114
Unrestricted	918,635	874,073	1,041,476	1,114,668	1,319,034	1,718,909	1,939,293	2,027,446	2,140,951	1,933,422
Total Business-type Activities Net Position	\$ 983,194	\$ 946,339	\$ 1,103,998	\$ 1,176,189	\$ 1,451,805	\$ 1,843,420	\$ 2,043,147	\$ 2,113,037	\$ 2,203,639	\$ 1,979,536
Government-wide:										
Net Investment in Capital Assets	\$ 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	\$ 26,448,762
Restricted	8,047,536	12,188,654	13,238,125	15,682,406	16,339,829	19,016,860	19,510,590	19,589,095	21,979,836	24,123,710
Unrestricted (deficit)	3,465,732	2,110,033	3,066,087	(18,323,304)	(19,429,331)	(22,235,809)	(22,400,236)	(22,396,479)	(22,046,020)	(17,121,100)
Total Government-Wide Net Position	\$ 16,006,659	\$ 20,342,428	\$ 23,560,877	\$ 6,458,058	\$ 10,779,929	\$ 13,841,628	\$ 16,294,224	\$ 19,668,281	\$ 25,075,518	\$ 33,451,372

Source: District ACFR 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.

GASB 84 was implemented during the 2021 fiscal year, which required a retroactive adjustment of beginning net position in the amount of \$1,399,107. This amount is not reflected in the June 30, 2020 Net Position, above.

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

	2011	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 35,050,837	\$ 36,921,273	\$ 37,740,692	\$ 45,216,758	\$ 47,134,891	\$ 53,375,707	\$ 53,242,764	\$ 50,846,588	\$ 49,102,191	\$ 54,597,662
Special Education Instruction	12,941,908	15,643,646	16,458,289	19,374,066	20,646,861	22,529,787	23,778,056	22,611,975	22,214,745	24,261,027
Other Special Instruction	1,684,511	2,005,530	1,429,424	1,958,334	2,331,613	2,820,956	3,183,051	2,968,214	3,246,713	3,586,348
Other Instruction	1,813,227	1,945,705	2,560,784	2,536,349	2,110,012	2,307,572	2,602,853	2,572,403	2,700,880	2,721,068
Support Services:										
Tuition	3,477,234	2,400,182	2,792,096	2,697,135	2,176,239	1,848,121	2,288,833	2,280,243	2,549,952	3,028,992
Utilities	12,811,111	13,151,413	13,451,413	14,076,813	14,311,316	15,131,316	15,311,316	14,986,813	15,131,316	15,311,316
Food Services	1,036,011	1,036,011	956,971	914,313	1,234,933	1,316,999	1,437,138	1,382,202	1,446,330	2,086,429
Central Administration Services	4,391,229	4,801,249	4,812,384	5,242,747	5,761,890	6,174,950	6,616,137	6,844,237	6,207,232	5,865,508
School Administration Services	734,577	845,125	966,214	958,597	955,062	978,363	1,067,485	978,299	1,015,805	1,110,752
Administrative Information										
Technology	771,020	800,194	813,294	839,648	888,132	982,707	1,159,516	1,051,967	1,136,543	1,283,697
Plant Operations and Maintenance	8,824,096	6,898,263	6,376,143	6,306,007	6,748,671	6,778,337	6,576,526	6,399,299	6,399,299	7,613,032
Pupil Transportation	5,275,700	5,445,939	5,399,062	5,346,667	5,506,213	5,346,333	5,853,470	5,602,180	5,473,941	5,392,718
Interest and other charges on Long-Term Debt	3,585,293	3,368,504	3,081,438	2,720,595	2,903,168	2,348,746	2,152,262	2,026,264	1,888,520	1,724,102
Total Governmental Activities Expenses	92,397,284	94,930,768	96,889,001	107,930,837	114,041,023	124,439,976	130,003,607	125,510,420	122,366,391	135,939,828
Business-type Activities:										
Food Services	2,184,302	2,069,346	2,413,043	2,309,728	2,178,252	1,898,157	2,094,777	2,145,630	1,522,290	206,532
After School Enrichment	162,681	139,716	116,740	102,696	115,744	110,284	125,212	145,133	130,767	
Project Jump Start	98,082	85,069	90,065	90,088	90,703	82,248	19,029	41,827	4,162	
Before and After School Care	1,233,364	1,277,769	988,525	1,196,661	1,265,941	1,241,025	1,310,375	1,411,641	899,568	49,297
Total Business-type Activities Expense	3,678,429	3,571,900	3,608,373	3,699,173	3,650,640	3,331,714	3,649,393	3,744,231	2,556,787	255,829
Total District Expenses	\$ 96,075,713	\$ 98,502,668	\$ 100,497,374	\$ 111,630,010	\$ 117,691,663	\$ 127,771,690	\$ 133,653,000	\$ 129,254,651	\$ 124,923,178	\$ 136,195,657
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 1,268,721	\$ 1,203,364	\$ 1,328,285	\$ 1,384,605	\$ 1,370,663	\$ 1,350,891	\$ 1,323,962	\$ 978,515	\$ 905,675	\$ 894,736
Student and Instruction Related Services	22,271,6	23,327,0	23,175,2	24,019,3	23,788	23,527	207,025	241,335	165,168	89,727
Operational and Contributions	1,698,237	2,324,645	1,378,907	1,763,391	1,784,900	1,789,911	1,837,957	1,847,771	1,883,936	2,670,359
Capital Grants and Contributions		3,226	455,123	393,512	886,147	696,634	338,092	625,538	194,916	
Total Governmental Activities Program Revenues	3,189,674	3,754,505	3,394,067	3,781,701	4,278,998	4,062,673	3,707,036	3,693,159	3,149,695	4,413,366
Business-type Activities:										
Charges for Services:										
Food Service	2,140,832	2,109,131	2,192,147	2,199,301	2,372,148	2,261,276	2,246,569	2,288,587	1,557,404	
After School Enrichment	171,084	153,863	127,127	126,920	123,000	116,747	122,995	142,352	112,429	
Project Jump Start	106,760	105,189	109,857	105,007	86,250	86,450	139,100	45,500		
Before and After School Care	1,062,510	1,064,215	1,209,519	1,210,883	1,265,121	1,238,836	1,340,456	1,331,662	977,556	31,726
Operational and Contributions	1,244,916	1,061,101	132,132	120,253	79,707					
Total Business-type Activities Program Revenues	3,652,292	3,522,497	3,766,032	3,771,364	3,926,256	3,723,329	3,849,120	3,814,121	2,647,389	31,726
Total District Program Revenues	\$ 6,841,966	\$ 7,277,002	\$ 7,160,099	\$ 7,553,065	\$ 8,205,254	\$ 7,786,002	\$ 7,556,156	\$ 7,507,280	\$ 5,797,084	\$ 4,445,092
Net (Expense) Revenue	\$ (84,991,351)	\$ (89,207,610)	\$ (91,176,263)	\$ (93,494,934)	\$ (104,149,136)	\$ (120,377,303)	\$ (126,296,571)	\$ (121,817,261)	\$ (119,216,696)	\$ (131,526,462)
Governmental Activities	216,684	(25,632)	(49,403)	157,659	72,191	391,615	199,727	69,890	90,602	(224,103)
Business-type Activities	(84,774,667)	(89,233,247)	(91,225,666)	(93,337,275)	(104,076,945)	(119,985,688)	(126,096,844)	(121,747,371)	(119,126,094)	(131,750,565)
Total Government-wide Net Expense	\$ (84,774,667)	\$ (89,233,247)	\$ (91,225,666)	\$ (93,337,275)	\$ (104,076,945)	\$ (119,985,688)	\$ (126,096,844)	\$ (121,747,371)	\$ (119,126,094)	\$ (131,750,565)

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

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 74,368,937	\$ 75,866,316	\$ 77,373,442	\$ 78,920,911	\$ 80,499,329	\$ 82,109,315	\$ 83,751,501	\$ 85,426,531	\$ 87,135,060	\$ 88,877,761
Taxes Levied for Debt Service	5,766,182	5,761,929	5,595,366	5,084,960	5,218,563	5,284,441	5,102,268	5,107,583	5,106,178	5,107,890
Unrestricted Grants and Contributions	11,210,045	13,446,943	13,192,149	23,047,087	27,343,343	35,233,341	39,315,637	33,687,820	31,729,107	44,244,339
Investment Earnings	11,723	1,816	28,442	6,312	8,113	1,518	1,518	1,518	1,518	1,518
Miscellaneous Income	42,1248	474,891	478,608	738,725	736,630	389,580	288,070	643,683	361,428	464,870
Total Governmental Activities	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	138,727,320
Business-type Activities:										
Miscellaneous Income	-	12,548	-	-	-	-	-	-	-	-
Total Business-type Activities	-	12,548	-	-	-	-	-	-	-	-
Total Government-wide	\$ 91,780,785	\$ 95,561,435	\$ 96,555,724	\$ 107,797,016	\$ 113,808,280	\$ 123,047,387	\$ 128,549,440	\$ 125,121,428	\$ 124,533,331	\$ 138,727,320
Change in Net Position										
Governmental Activities	\$ 6,789,434	\$ 6,341,277	\$ 5,379,461	\$ 14,302,082	\$ 9,659,144	\$ 2,670,084	\$ 2,252,869	\$ 3,304,167	\$ 5,316,635	\$ 7,200,858
Business-type Activities	216,684	(13,089)	(49,403)	157,659	72,191	391,615	199,727	69,890	90,602	(224,103)
Total District	\$ 7,006,118	\$ 6,328,188	\$ 5,330,058	\$ 14,459,741	\$ 9,731,335	\$ 3,061,699	\$ 2,452,596	\$ 3,374,057	\$ 5,407,237	\$ 6,976,755

Source: District ACPR A-2

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

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

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Restricted	\$ 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	\$ 22,799,630
Assigned	2,471,993	695,042	1,039,137	953,179	315,469	40,462	620,982	406,843	635,313	768,828
Unassigned	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	7,356,220
Total General Fund	\$ 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	\$ 30,924,678
All Other Governmental Funds:										
Restricted for:										
Special Revenue Fund*	\$ 565,314	\$ 565,314	\$ 568,540	\$ 148,540	\$ 1,664,801	\$ 620,202	\$ 458,273	\$ 539,864	\$ 383,521	\$ 697,513
Capital Projects Fund			45,263	286,069	36,069		1,802		1,381	
Debt Service Fund	1	1,399						3,182		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	\$ 1,323,015

Source: District ACFR B-1

* The increase is due to the implementation of GASB 84, which required the reporting of scholarships and student activities in the Special Revenue Fund.

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

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 801,135,119	\$ 81,618,245	\$ 82,878,808	\$ 84,005,871	\$ 85,717,892	\$ 87,393,756	\$ 88,855,769	\$ 90,534,114	\$ 92,241,238	\$ 93,985,651
Tuition Charges	1,268,721	1,203,364	1,328,285	1,336,604	1,370,663	1,296,717	1,323,962	978,515	905,675	804,736
Interest Earnings	13,873	8,805	8,162	48,001	8,413	8,240	91,958	255,811	201,558	32,440
Miscellaneous	782,344	771,371	757,915	1,248,876	1,123,675	847,989	541,400	978,673	600,891	1,494,134
State Sources	11,206,655	13,657,525	13,398,089	14,832,731	16,887,311	17,895,211	19,962,090	23,205,503	24,353,793	29,846,264
Federal Sources	1,563,747	1,989,628	1,578,532	1,320,815	1,428,770	1,393,854	1,562,588	1,484,300	1,633,811	2,335,349
Total Revenues	94,970,459	99,248,938	99,949,791	102,792,898	106,536,724	108,833,767	112,335,767	117,436,916	119,936,966	128,498,574
Expenditures										
Instruction:										
Regular Instruction	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	29,700,287
Special Education Instruction	9,479,261	11,473,971	11,998,460	12,846,421	13,167,825	13,236,885	13,571,968	13,767,124	13,966,179	13,874,027
Other Special Instruction	1,187,619	1,364,300	1,393,832	1,314,366	1,306,749	1,425,485	1,633,136	1,641,700	1,852,198	1,883,235
School-sponsored/Other Instructional Support Services:	1,405,440	1,493,450	1,924,663	1,517,476	1,514,095	1,575,741	1,667,585	1,730,798	1,854,817	1,688,836
Tuition	3,467,469	2,400,432	2,762,123	2,676,546	2,155,642	1,836,112	2,275,487	2,277,410	2,549,053	1,822,763
Student and Instruction Related Services	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	14,491,373
General Administrative Services	888,616	750,997	821,333	778,801	963,463	1,003,733	1,094,848	1,137,732	1,099,757	1,430,913
School Administrative Services	3,229,189	3,300,578	3,486,554	3,619,073	3,558,390	3,498,321	3,644,988	3,862,168	3,772,625	3,923,164
Central Services	558,173	632,848	728,026	696,289	675,431	652,085	696,564	686,105	688,429	749,892
Admin. Information Technology	578,041	606,420	625,303	648,290	661,173	709,508	768,126	726,750	840,605	877,448
Plant Operations and Maintenance	8,324,895	6,536,556	6,140,155	6,032,621	6,400,037	6,384,898	6,211,074	6,635,205	6,024,687	6,956,859
Pupil Transportation	5,097,286	5,262,726	5,219,548	5,169,310	5,328,761	5,154,251	5,645,226	5,407,828	5,281,001	5,206,287
Employee Benefits	16,918,257	19,639,935	19,577,007	20,521,613	22,763,318	23,638,620	26,067,479	29,119,728	30,081,903	34,863,626
Charter Schools	97,65	19,750	20,373	20,589	20,687	12,009	10,346	2,833		
Capital Outlay	425,472	1,468,161	73,5663	3,123,933	3,310,221	3,468,645	1,429,848	2,491,055	1,704,075	443,703
Cost of Issuance	107,095	176,244	171,194	84,661	112,906					
Debt Service:										
Principal	2,380,000	2,645,000	2,845,000	2,750,000	2,784,600	3,110,000	3,316,784	3,448,791	3,634,477	3,625,656
Interest and Other Charges	3,727,224	3,406,864	2,730,465	2,858,284	2,764,108	2,454,542	2,447,189	2,523,651	2,301,847	2,039,657
Total Expenditures	93,181,767	97,082,228	97,958,439	102,350,925	106,660,444	107,662,515	111,167,091	117,118,876	117,090,890	123,577,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,788,692	2,166,710	1,991,352	442,873	(123,720)	1,173,252	1,168,676	318,040	2,846,076	4,920,858
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)	96,589			1,531,879	51,375	1,143,000	136,775	56,485		26,651
Payments to Escrow Agent	(9,651,344)	(26,930,622)	(26,384,529)	(6,395,704)	(9,037,678)					
Refunding Bonds Issued	9,700,000	23,745,000	23,920,000	5,515,000	8,680,000					
Premiums on Bonds Refunded	58,439	3,361,866	2,635,723	965,365	470,584					
Insurance Proceeds	137	54,454								
Transfers In	(137)	254	420,000	1,717,801	2,468,243	883,897	654,769	946,333	823,972	538,028
Transfers Out		(254)	(420,000)	(1,717,801)	(2,468,243)	(883,897)	(654,769)	(946,333)	(823,972)	(538,028)
Total Other Financing Sources (Uses)	203,684	230,698	171,194	1,616,540	164,281	1,143,000	136,775	56,485	-	26,651
Net Change in Fund Balances	\$ 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	\$ 4,947,509
Debt service as a percentage of noncapital expenditures	6.58%	6.33%	5.73%	5.65%	6.34%	5.34%	5.25%	5.04%	5.06%	4.60%

Source: District ACFR B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</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>
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
2021	59,344		30,512	434,358	524,214

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 Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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	\$ 6,310,798,093	\$ 1.282
2013	21,252,500	5,599,386,300	24,226,100	319,000	727,722,100	5,260,000	7,892,000	6,386,058,000	8,607,710	6,394,665,710	6,745,571,062	1.286
2014	22,851,600	5,817,633,500	24,930,300	322,100	710,308,200	5,260,000	7,946,000	6,589,251,700	7,863,173	6,597,114,873	6,730,668,212	1.265
2015	18,465,900	6,029,535,000	23,132,300	301,600	713,515,600	6,476,500	7,923,800	6,799,350,700	8,113,677	6,807,464,377	6,896,718,944	1.246
2016	19,396,000	6,031,343,100	26,258,500	306,000	717,290,500	6,476,500	8,013,500	6,809,084,100	7,858,035	6,816,942,135	6,976,129,429	1.270
2017	20,557,600	5,988,078,700	31,572,700	300,300	728,288,600	6,476,500	8,131,800	6,783,406,200	7,895,242	6,791,301,442	6,791,301,442	1.297
2018	16,232,700	5,976,650,700	30,782,900	292,000	765,478,300	2,052,200	8,626,800	6,800,115,600	7,863,361	6,807,978,961	6,807,978,961	1.317
2019	14,373,000	5,978,937,900	28,394,100	268,700	785,793,100	2,128,000	8,586,700	6,818,481,500	7,896,944	6,826,378,444	6,826,378,444	1.339
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
2021	14,385,500	5,936,384,357	27,806,900	271,100	764,069,500	2,199,700	9,977,500	6,755,094,557	8,243,422	6,763,337,979	6,763,337,979	1.403

Source: Municipal Tax Assessor

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

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

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

^b Tax rates are per \$100

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

Fiscal Year Ended <u>June 30,</u>	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate</u> ^a	General Obligation Debt <u>Service</u> ^b	(From J-6) Total Direct School <u>Tax Rate</u>	<u>Bernards Township</u>	<u>Somerset County</u>	
2012	\$ 1.190	\$ 0.092	\$ 1.282	\$ 0.318	\$ 0.341	\$ 1.941
2013	1.198	0.088	1.286	0.318	0.349	1.953
2014	1.185	0.080	1.265	0.317	0.352	1.934
2015	1.171	0.075	1.246	0.316	0.354	1.916
2016	1.193	0.077	1.270	0.322	0.359	1.951
2017	1.221	0.076	1.297	0.329	0.363	1.989
2018	1.242	0.075	1.317	0.327	0.361	2.005
2019	1.264	0.075	1.339	0.332	0.363	2.005
2020	1.312	0.077	1.389	0.343	0.362	2.094
2021	1.327	0.076	1.403	0.347	0.360	2.110

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value
295 North Maple LLC	\$ 209,719,304	1	3.10%			
Fellowship Village, Inc.	58,504,400	2	0.87%	\$ 49,978,300	2	0.79%
RW 211 Mount Airy, LLC	48,991,000	3	0.73%			
131 Morristown Road	24,183,800	4	0.36%	23,282,800	6	0.37%
AREP Westgate I, LLC	22,821,300	5	0.34%	29,967,500	4	0.47%
110 Allen Rd LLC	22,195,900	6	0.33%	22,195,900	7	0.35%
150 Allen Road LLC	20,166,100	7	0.30%			
Verizon Corporate Services Group Inc.	19,285,600	8	0.29%	220,224,192	1	3.17%
120 Mountainview LLC	19,283,900	9	0.29%			
110 Allen Rd LLC	19,176,000	10	0.28%			
Ashford Basking Ridge				24,087,500	5	0.38%
Avaya Inc. C/O Newmark Knight Frank				36,250,000	3	0.57%
KBSII Mountainview, LLC				21,401,400	8	0.34%
Affinity Fed Credit Union c/o J Rudisi				20,217,600	9	0.32%
BRCP NJ Prop LLC c/o Broadreach Cap				19,999,000	10	0.32%
Total	\$ 464,327,304		6.89%	\$ 467,604,192		7.08%

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	
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%	
2021	93,985,651	93,985,651	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
	General Obligation <u>Bonds</u>	Capital <u>Leases</u>				
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
2021	50,790,000	87,080		50,877,080	Not Available	Not Available

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
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
2021	50,790,000	1	50,789,999	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, 2021
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ^a	<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			\$ 50,789,999
Total Direct and Overlapping Debt			\$ 50,789,999

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
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^d	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^a
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
2021	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
Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 278,379,151	\$ 274,865,133	\$ 273,097,869	\$ 271,639,443	\$ 277,231,659	\$ 277,921,998	\$ 276,738,798	\$ 274,742,118	\$ 274,742,118	\$ 270,625,091
Total Net Debt Applicable to Limit	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	50,789,999
Legal Debt Margin	\$ 196,924,151	\$ 196,695,133	\$ 199,642,869	\$ 201,274,443	\$ 210,801,659	\$ 214,603,800	\$ 216,361,980	\$ 217,428,499	\$ 220,612,119	\$ 219,835,092
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.26%	28.44%	26.90%	25.90%	23.96%	22.78%	21.82%	20.86%	19.70%	18.77%

	Year	Equalized Valuation Basis
	2021	\$ 6,763,337,979
	2020	6,707,165,385
	2019	6,826,378,444
		\$ 20,296,881,808
Average Equalized Valuation of Taxable Property		\$ 6,765,627,269
Debt Limit (4% of Average Equalization Value) ^a		\$ 270,625,091
Total Net Debt Applicable to Limit		50,789,999
Legal Debt Margin		\$ 219,835,092

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
Principal Employers
Current Year and Nine Years Ago
Unaudited**

	2021		2012	
<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>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>2021</u>
Teachers - General Fund	440.6	450.0	467.0	482.7	490.1	489.0	488.2	472.8	490.1	481.0
Classroom Aides - General Fund	109.0	120.0	116.8	122.3	119.5	128.2	129.6	130.8	112.5	137.0
Athletic	-	-	2.0	2.0	2.0	2.0	2.0	4.0	4.0	3.0
Health Services	11.0	10.0	10.0	12.0	12.5	12.6	13.0	13.0	13.0	13.0
Related Services	12.0	13.0	13.5	13.5	13.0	13.0	16.0	16.0	16.0	17.2
Extraordinary Services	11.0	9.0	9.5	7.6	9.0	10.0	8.0	9.0	10.0	14.8
Guidance - Professional	21.2	21.0	20.2	20.0	20.7	21.0	21.0	22.0	22.0	23.0
Guidance - Support	8.0	8.0	9.0	8.0	8.0	8.0	8.0	10.0	8.0	10.0
Child Study Team	17.8	21.0	20.8	21.6	23.0	21.6	22.0	23.3	21.0	22.0
Child Study Team - Support	2.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Supervisors and Other Professionals	9.8	5.0	4.5	4.5	5.5	5.5	6.0	12.0	12.5	6.0
Improvement of Instruction - Support	4.0	3.0	2.0	3.0	2.0	3.0	3.0	3.0	3.0	9.5
Media Services/Technology	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0	9.0	9.0
Professional Development - Professionals	5.5	-	-	-	-	-	-	-	-	-
Professional Development - Support	5.0	5.0	5.0	4.0	4.0	4.0	4.0	5.0	4.5	5.0
General District Administrators	-	3.0	5.0	5.5	9.0	8.5	9.0	3.0	2.5	2.5
General Administration - Professional	2.5	3.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
General Administration - Support	-	6.0	0.5	1.0	-	-	-	-	-	-
Principals/Assistant Professionals	16.0	17.0	17.0	17.0	17.0	17.0	17.0	15.0	16.0	15.0
School Administration - Support	21.0	19.0	19.0	19.0	19.0	19.0	19.5	20.0	19.5	20.0
Central Services - Administrators	7.0	1.0	7.5	9.0	6.0	6.0	6.0	6.5	5.5	5.5
Administration Information Technology Services	9.0	11.0	9.5	9.0	9.0	9.0	10.0	8.0	9.0	8.0
Operation and Maintenance	-	-	2.0	3.0	2.0	2.0	3.0	3.5	2.5	4.5
Total	722.4	741.0	757.9	780.8	788.2	795.4	801.3	792.9	786.6	812.0

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				
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	109,950,491	21,538	4.43%	490	8.8	9.0	10.1	5,146	5,005	-3.05%	97.26%
2021	5,095	117,468,720	23,056	7.05%	481	8.9	9.8	10.2	4,851	4,752	-5.73%	97.96%

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>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>2021</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	604	593	612	610	601	592	594	546	556	556
Liberty Corner Elementary School										
Square Feet	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240
Capacity (students)	682	682	682	682	682	682	682	682	682	682
Enrollment	570	598	581	556	531	545	536	525	515	516
Mount Prospect Elementary School										
Square Feet	97,708	97,708	97,708	103,440	103,440	103,440	103,440	103,440	103,440	103,440
Capacity (students)	839	839	839	839	839	839	839	839	839	839
Enrollment	715	707	680	672	651	611	571	570	520	539
Oak Street Elementary School										
Square Feet	69,272	69,272	69,272	75,927	75,927	75,927	75,927	75,927	75,927	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	636	607	616	579	550	513	488	465	420	420
<u>Middle School:</u>										
William Annin Middle School										
Square Feet	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,406	1,405	1,366	1,382	1,396	1,359	1,341	1,317	1,282	1,282
<u>High School:</u>										
Ridge High School										
Square Feet	297,158	297,158	297,158	312,939	312,939	312,939	312,939	312,939	312,939	312,939
Capacity (students)	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,774	1,815	1,865	1,878	1,897	1,901	1,877	1,855	1,812	1,798
<u>Other:</u>										
Administration Building										
Square Feet	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076

Number of Schools at June 30, 2021:
 Elementary = 4
 Middle School = 1
 Senior High School = 1
 Other = 1

Source: District Facilities Office

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

N/A - Not Available

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

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

*School Facilities	<u>Ridge H.S.</u>	<u>William Annin M.S.</u>	<u>Cedar Hill E.S.</u>	<u>Liberty Corner E.S.</u>	<u>Mount Prospect E.S.</u>	<u>Oak Street E.S.</u>	<u>Total</u>
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
2021	<u>1,350,708</u>	<u>321,205</u>	<u>152,842</u>	<u>173,947</u>	<u>206,272</u>	<u>226,560</u>	<u>2,431,534</u>
Total School Facilities	<u>\$ 8,270,138</u>	<u>\$ 4,186,069</u>	<u>\$ 1,721,295</u>	<u>\$ 2,106,451</u>	<u>\$ 2,500,400</u>	<u>\$ 1,942,314</u>	<u>\$ 20,726,668</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, 2021

School Package Policy - NJSIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$194,781,032	\$5,000
Electronic Data Processing	1,600,000	1,000
Boiler and Machinery	194,781,032	5,000
Comprehensive General Liability	31,000,000	-
Crime	1,000,000	1,000
Automobile	31,000,000	1,000
Environmental Liability	1,000,000	25,000
Commercial Excess	Included	-
Workers' Compensation	3,000,000	-
Educators Legal Liability	31,000,000	10,000
 N.J. Cap Program - Fireman's Fund Insurance Co.	 25,000,000	 -
 Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	-
Treasurer	430,000	-
 Student Accident - McCloskey Insurance	 5,000,000	 -

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 and each major fund of the Bernards Township School District, in the County of Somerset, New Jersey (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 14, 2022.

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.

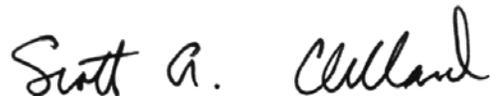
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
February 14, 2022



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, 2021. 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, 2021.

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
February 14, 2022

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2020	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2021	Unearned Revenue June 30, 2021	Due to Grantor at June 30, 2021
				From	To							
U.S. Department of Health and Human Services Passed-Through State Department of Education General Fund: Medicaid Assistance Program - SEMI	93.778	2005NSMAP	\$ 4,267	07/01/20	06/30/21		\$ 4,267	\$ 4,267				
Total General Fund							4,267	4,267				
U.S. Department of Education Passed-Through State Department of Education Special Revenue Fund: Title II - Part A	84.367A 84.367A	S367A190029 S367A200029	125,588 97,348	07/01/19 07/01/20	09/30/20 09/30/21	\$ (80,737)	80,737	83,719	\$ (83,719)			
Language Instruction for English Learners and Immigrant Students:												
Title III	84.365	S365A190030	28,331	07/01/19	09/30/20	(1,192)	1,192		(3,233)			
Title III	84.365	S365A200030	27,123	07/01/20	09/30/21		3,426	6,659				
Title III Immigrant	84.365	S365A190030	24,383	07/01/19	09/30/20	(3,810)	3,810		(5,648)			
Title III Immigrant	84.365	S365A200030	22,914	07/01/20	09/30/21	(5,002)	17,266	22,914	(18,881)			
Subtotal Language Instruction for English Learners and Immigrant Students							25,694	29,573				
Title I, Part A	84.010	S010A190030	453,067	07/01/19	09/30/20	(67,697)	67,697				316	
Title I, Part A	84.010	S010A200030	501,272	07/01/20	09/30/21		199,033	351,325	(152,292)			
Title IV	84.424	S424A190031	10,562	07/01/19	09/30/20	(1)		14,900	(14,900)			
Title IV	84.424	S424A200031	26,795	07/01/20	09/30/21							
Special Education Grant Cluster:												
ID.E.A., Part B, Basic	84.027	H027A190100	1,167,446	07/01/19	09/30/20	(244,572)	244,572				35,132	
ID.E.A., Part B, Basic	84.027	H027A200100	1,233,436	07/01/20	09/30/21		896,849	1,046,275	(149,426)			
ID.E.A., Preschool	84.173	H173A200114	88,407	07/01/20	09/30/21		25,459	27,242	(1,783)			
Subtotal of Special Education Grant Cluster							1,166,880	1,073,517	(151,209)		35,132	
U.S. Department of Education Passed-Through State Department of Education Special Revenue Fund: Elementary and Secondary School Emergency Relief (ESSER) Cluster: COVID-19 CARES Emergency Relief (ESSER I) COVID-19 ESSER II COVID-19 CARES Emergency Relief (ESSER I) - passed through the County Subtotal Elementary and Secondary School Emergency Relief (ESSER) Cluster	84.425D 84.425D 84.425D	S425D200027 S425D200027 S425D200027	265,696 1,000,565 19,742	03/13/20 03/15/21 03/15/21	09/30/22 09/30/22 09/30/22	(99,890)	265,670	165,780 439,234 19,742	(439,234) (439,234) (439,234)			
Total U.S. Department of Education Passed-Through State Department of Education							(99,890)	285,412	624,756			
U.S. Department of Treasury Passed-Through State Department of Education COVID-19 Coronavirus Relief Fund Through State Department of Education	21.019	SLT0228	138,365	03/13/20	12/31/20		138,365	138,365				
Total Special Revenue Fund							1,963,819	2,316,155	(35,448)		35,448	
Total Expenditures of Federal Awards							\$ 1,968,086	\$ 2,320,422	\$ (35,448)	\$ (850,235)	\$ -	\$ 35,448

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, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021 (Accounts Receivable)	Due to Grantor	MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue							Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund														
Special Education Aid	20-495-034-5120-089	\$ 3,268,458	7/1/2019	6/30/2020	\$ (322,252)	\$	\$ 322,252	\$ 3,469,222	\$	\$ (5,615,592)	\$ (339,724)	\$ 3,469,222		
Special Education Aid	21-495-034-5120-089	3,469,222	7/1/2020	6/30/2021	(10,002)		3,129,498			(75,110)				
Security Aid	20-495-034-5120-084	101,447	7/1/2019	6/30/2020	(10,002)		10,002			(161,334)				
Security Aid	21-495-034-5120-084	101,447	7/1/2020	6/30/2021	(127,849)		127,849							
Transportation Aid	20-495-034-5120-014	1,296,717	7/1/2019	6/30/2020	(3,553,567)		1,169,736							
Transportation Aid	21-495-034-5120-014	1,296,717	7/1/2020	6/30/2021	(13,050)		3,553,567							
Extraordinary Aid	20-495-034-5120-044	5,615,592	7/1/2019	6/30/2020										
Extraordinary Aid	21-495-034-5120-044	5,615,592	7/1/2020	6/30/2021										
Nonpublic School Transportation Costs	20-495-034-5120-014	13,050	7/1/2019	6/30/2020	(157,832)		13,050							
Nonpublic School Transportation Costs	21-495-034-5120-014	13,050	7/1/2020	6/30/2021	(157,832)		157,832							
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	3,231,249	7/1/2019	6/30/2020			3,123,199							
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	3,284,533	7/1/2020	6/30/2021			11,802,617							
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002	11,802,617	7/1/2020	6/30/2021										
On-Behalf-Teachers' Pension and Annuity Fund - Post Retirement Medical	21-495-034-5094-001	3,698,756	7/1/2020	6/30/2021										
On-Behalf- Teachers' Pension & Annuity Fund - Non-contributory Insurance	21-495-034-5094-004	6,473	7/1/2020	6/30/2021										
Total General Fund					(4,184,552)		27,206,344	29,350,467	6,473	(5,852,036)	(476,639)	29,350,467	6,473	
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	20-100-034-5120-064	18,395	7/1/2019	6/30/2020										
Textbook Aid	21-100-034-5120-064	19,793	7/1/2020	6/30/2021										
Nursing Services	20-100-034-5120-070	33,853	7/1/2019	6/30/2020										
Nursing Services	21-100-034-5120-070	33,048	7/1/2020	6/30/2021										
Technology	20-100-034-5120-373	12,564	7/1/2019	6/30/2020										
Technology	21-100-034-5120-373	52,350	7/1/2019	6/30/2020										
Security	20-100-034-5120-509	56,700	7/1/2020	6/30/2021										
Security	21-100-034-5120-509	56,700	7/1/2020	6/30/2021										
Auxiliary Services:														
Home Instruction	20-000-034-5120-067	4,495	7/1/2019	6/30/2020										
Home Instruction	21-000-034-5120-067	2,810	7/1/2020	6/30/2021										
English as a Second Language	20-100-034-5120-067	8,272	7/1/2019	6/30/2020										
English as a Second Language	21-100-034-5120-067	8,881	7/1/2020	6/30/2021										
Compensatory Education	20-100-034-5120-067	61,812	7/1/2019	6/30/2020										
Compensatory Education	21-100-034-5120-067	72,286	7/1/2020	6/30/2021										
Handicapped Services:														
Supplemental Instruction	20-100-034-5120-066	25,903	7/1/2019	6/30/2020										
Supplemental Instruction	21-100-034-5120-066	29,951	7/1/2020	6/30/2021										
Examination and Classification	20-100-034-5120-066	39,764	7/1/2019	6/30/2020										
Examination and Classification	21-100-034-5120-066	56,652	7/1/2020	6/30/2021										
Corrective Speech	20-100-034-5120-066	36,456	7/1/2019	6/30/2020										
Corrective Speech	21-100-034-5120-066	22,967	7/1/2020	6/30/2021										
Total Special Revenue Fund					(22,064)		304,773	248,011	6,473	(2,810)	(6,380)	55,077	248,011	
NISDA Grants:														
Capital Projects Fund:														
WAMS - Util Ventilator Replacement	0350-050-14-G2NX	524,640	12/12/2014	Completion										
WAMS - HVAC Upgrades	0350-050-14-G2NW	401,720	12/12/2014	Completion										
Total Capital Projects Fund														
					(45,353)		(45,353)	899,303	(45,353)	(45,353)	(45,353)	899,303	(45,353)	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Debt Service Fund: Debt Service Aid	21-495-034-5120-075	\$ 264,322	7/1/2020	6/30/2021			\$ 264,322	\$ 264,322			\$ 264,322		\$ 264,322	
Total Debt Service Fund							264,322	264,322					264,322	
Total Expenditures of State Financial Assistance							\$ 27,775,439	\$ 29,862,800	\$ 115,360	\$ (5,900,199)	\$ 55,077	\$ (521,992)	\$ 30,762,103	
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002	11,802,617	7/1/2020	6/30/2021			11,802,617	11,802,617					\$ 11,802,617	
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	21-495-034-5094-001	3,698,756	7/1/2020	6/30/2021			3,698,756	3,698,756					3,698,756	
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	21-495-034-5094-004	6,473	7/1/2020	6/30/2021			6,473	6,473					6,473	
Total On-Behalf State Financial Assistance							15,507,846	15,507,846					15,507,846	
Total State Financial Assistance Subject to Single Audit Determination							\$ 12,567,593	\$ 14,354,954	\$ 115,360	\$ (5,900,199)	\$ 55,077	\$ (521,992)	\$ 15,254,257	

Township of Bernards Board of Education
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2021

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, 2021. 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, 2021

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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$16,536 for the general fund and \$14,927 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:

	Federal	State	Total
General Fund	\$ 4,267	\$ 29,333,931	\$ 29,338,198
Special Revenue Fund	2,331,082	248,011	2,579,093
Debt Service Fund		264,322	264,322
Total financial award revenues	<u>\$ 2,335,349</u>	<u>\$ 29,846,264</u>	<u>\$ 32,181,613</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$5,945 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, 2021

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, 2021.

The post retirement pension medical benefits and long-term disability received on-behalf of the District for the year ended June 30, 2021 amounted to \$15,507,846. 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, 2021

Part I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to the basic financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	H027A200100	IDEA Part B, Basic (Special Education Cluster)
84.173	H173A200114	IDEA, Preschool (Special Education Cluster)
84.425D	S425D200027	COVID-19 Educational Stabilization Fund (ESSER I and II)

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2021

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

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

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

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

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

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

Year ended June 30, 2021

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, 2021

**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, 2021

Not applicable as there were no prior year findings noted.