



**SCHOOL DISTRICT
OF
BETHLEHEM TOWNSHIP**

BOARD OF EDUCATION

**COUNTY OF HUNTERDON
ASBURY, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2021**

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

JUNE 30, 2021

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COUNTY OF HUNTERDON, NEW JERSEY**

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COUNTY OF HUNTERDON, NEW JERSEY**

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INTRODUCTORY SECTION

Bethlehem Township School District

Thomas B. Conley School
940 Iron Bridge Road
Asbury, New Jersey 08802
Phone: (908) 537-4044
Fax: (908) 537-4309

Ethel Hoppock Middle School
280 Asbury/West Portal Road
Asbury, New Jersey 08802
Phone: (908) 479-6336
Fax: (908) 479-1021

Rainie Roncoroni
Interim Chief School Administrator/
Principal Ethel Hoppock Middle School

Jane Smith, Principal
Thomas B. Conley Elementary School

Brian Latzke
Business Administrator/Board Secretary

Sally Klemm
Director of Special Services

March 15, 2022

Honorable President and
Members of the Board of Education
Bethlehem Township School District
280 Asbury-West Portal Road
Asbury, NJ 08802

Dear Members of the Board of Education:

The Annual Comprehensive Financial Report (ACFR) of the Township of Bethlehem Public School District for the fiscal 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. To the best of our knowledge and belief, the data presented in the auditors' report are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds and the government-wide financial statements of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The ACFR is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the basic financial statements, management's discussion and analysis, and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the 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 auditors' report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Township of Bethlehem Public School District is an independent reporting entity within the criteria adopted by Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Township of Bethlehem 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 K through 8.

These services include general as well as special education (grades K through 8) programs. The District completed the 2020-2021 fiscal year with an in-district enrollment of 346 students, which is 1 (0.29%) student more than the previous year's enrollment. The following details the changes in the student enrollment of the District over a five-year period. These figures do not include those students sent out of district for special education placements.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	346	0.29%
2019-2020	345	(1.71%)
2018-2019	351	(5.14%)
2017-2018	370	2.21%
2016-2017	362	(6.70%)

2. ECONOMIC CONDITION AND OUTLOOK:

As noted above, the District has historically had a declining enrollment, although enrollment has increased by 1 for the year ended 2020-2021. The historical enrollment decline in our district is consistent with the overall decline in Hunterdon County. As a result, we have tried to attract more students through School Choice, as well as implementation of a full day kindergarten program.

3. MAJOR INITIATIVES:

Some initiatives this year align with our district goals including Safety and Security as we continue to update our buildings physically and implement procedures for visitors and student drills. We also are continuing with our Social and Emotional Learning initiative with Conscious Discipline which features training for teachers and administration.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). An internal control structure 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 an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal 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 accounting 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 voters of the municipality. 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 a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

6. ACCOUNTING SYSTEM AND REPORTS:

A District's accounting records must reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and the government-wide financial statements. These funds and government-wide financial statements are explained in "Notes to the Financial Statements," Note 1.

An effective and efficient system of internal controls is essential to accurate, timely reporting of all relevant transactions on an accounting system and the resultant administrative and external reports generated from that system.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2021, and the amount and percentage of increase/(decrease) in relation to the prior year.

Revenues	FY 2020-2021 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2019- 2020	Percentage Increase (Decrease)
Local Sources	\$ 7,825,819.00	72.1%	\$ 283,220.00	3.8%
Other Local Sources	79,215.30	0.7%	(49,709.40)	(38.6%)
State Sources	2,806,278.77	25.8%	119,504.17	4.4%
Federal Sources	147,691.32	1.4%	93,405.20	172.1%
Totals	<u>\$ 10,859,004.39</u>	<u>100.0%</u>	<u>\$ 446,419.97</u>	<u>4.3%</u>

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2021, and the amount and percentage of increase/ (decrease) in relation to the prior year.

Expenditures	FY 2020-2021 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2019-2020	Percentage Increase (Decrease)
Current Expense	\$ 9,376,217.62	94.6%	\$ 309,982.17	3.4%
Capital Outlays	20,596.50	0.2%	(130,011.17)	(86.3%)
Special Revenues	154,237.70	1.6%	90,591.58	142.3%
Debt Service	361,875.00	3.7%	(2,125.00)	(0.6%)
Totals	<u>\$ 9,912,926.82</u>	<u>100.0%</u>	<u>\$ 268,437.58</u>	<u>2.8%</u>

8. DEBT ADMINISTRATION:

During the 2020-2021 school year, the District retired \$240,000.00 of the principal balance on its 2015 Refunding Bonds. These bonds were issued in response to favorable market conditions, and management initiated an effort to refund these bonds, culminating in a successful refunding which closed on September 23, 2015. This refunding will provide over \$525,000.00 of debt service savings over the life of the bonds, which equals 9.8% of the net present value (NPV) of the refunded debt service requirement. The State of New Jersey requires a minimum of 3% NPV savings, so our transaction produced more than three times the minimum savings benchmark established by the state. Savings will be realized in every school year through 2030.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. 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 initially enacted in 1970 to protect Governmental 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. 2009 amendments to the Act established a sliding collateralization scale for public depositories accepting governmental deposits that is based upon the capitalization level of the depository.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to, general liability and comprehensive collision, hazard and theft insurance on property and contents, and fidelity bonds. Exhibit J-20 provides a summary of the coverage amounts and deductibles.

11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

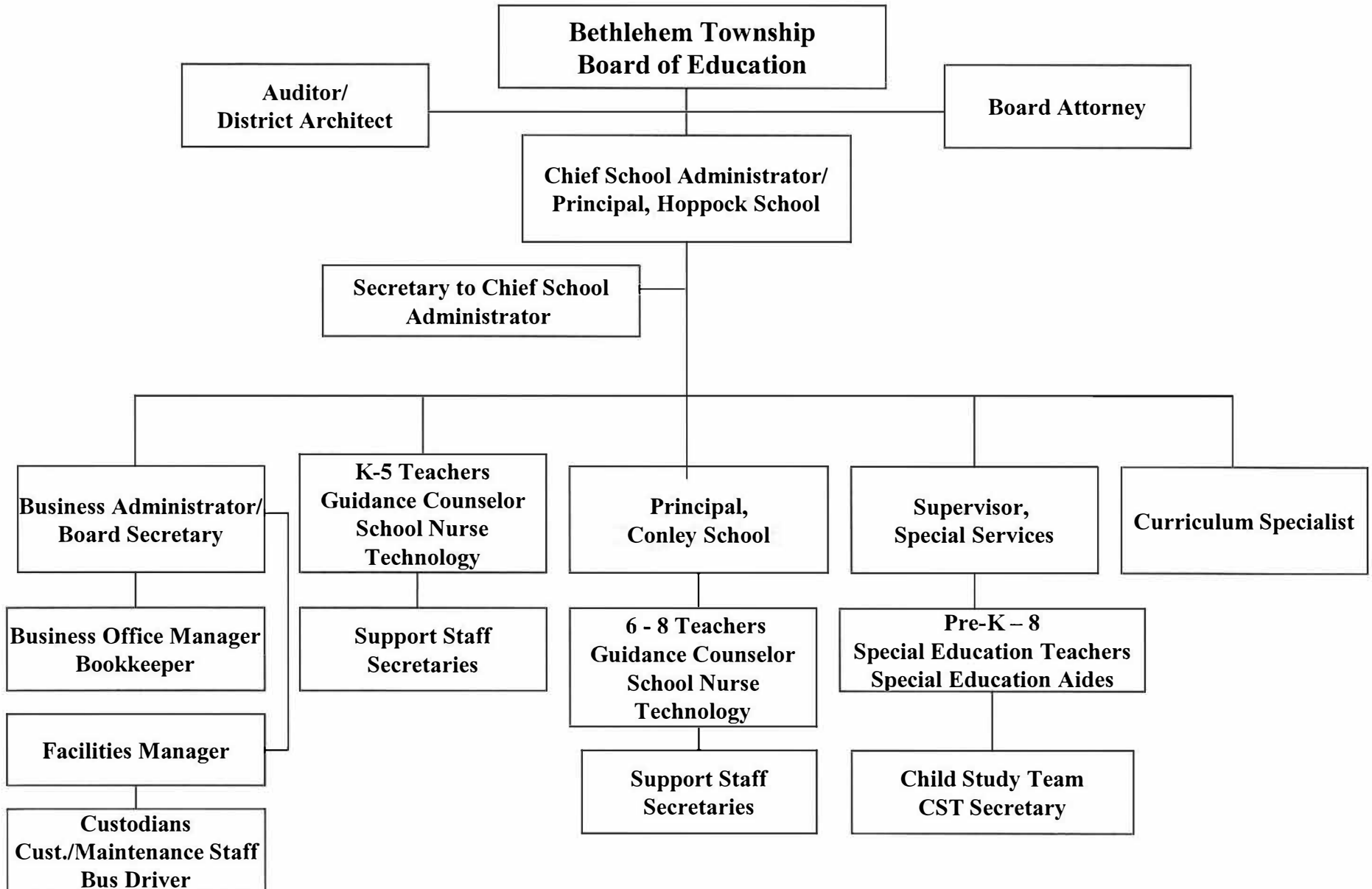
I would like to express our appreciation to the members of the Township of Bethlehem Board of Education for taking initiative to provide fiscal accountability to the taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. Further, the preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff members.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Rainie Roncoroni".

Rainie Roncoroni.
Interim Chief School Business Administrator/Principal Ethel Hoppock Middle School

Bethlehem Township School District



TOWNSHIP OF BETHLEHEM BOARD OF EDUCATION
HUNTERDON COUNTY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2021

Members of the Board of Education

Term Expires

Debra Roosen, President	2021
Kyle Harris, Vice President	2023
Ryan Caughey	2021
Greg Glazer	2022
Dr. Alyce Hunter	2021
John Logar	2021
Travis Roop	2023

Other Officials

Dr. Gregory C. Farley, Chief School Administrator (July 1, 2020 through March 31, 2021)
Ms. Rainie Roncoroni, Interim Chief School Administrator (Effective April 1, 2021 - Present)
Beverly Vlietstra, Interim Board Secretary/School Business Administrator
Theresa Moore, Esq., Board Attorney

TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
Consultants and Advisors

Attorney

Theresa Moore, Esq.
Riker Danzig Scherer Highland Perretti, LLC
One Speedwell Avenue
Headquarters Plaza
Morristown, NJ 07962

Audit Firm

PKF O'Connor Davies LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Bond Counsel

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Woodbridge, NJ 07095

Architect/Engineer of Record

Design Resources Group Architects AIA, Inc.
200 Franklin Square Drive, Suite 402
Somerset, NJ 08873

Official Depository

Investors Bank
101 JFK Parkway
Short Hills, NJ 07078

FINANCIAL SECTION



Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Township of Bethlehem School District
County of Hunterdon
Asbury, 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 Board of Education of the Township of Bethlehem School District, in the County of Hunterdon, State of New Jersey ("District"), as of and for the fiscal 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 error or fraud.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

20 Commerce Drive, Suite 301, Cranford, NJ 07016
Tel: 908.272.6200 | Fax: 908.272.2416

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**The Honorable President and Members
of the Board of Education
Township of Bethlehem School District**

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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 Township of Bethlehem School District, in the County of Hunterdon, State of New Jersey, as of June 30, 2021 and the respective changes in financial position and, where applicable, its cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1S and Note 16 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. 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 the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of State's proportionate share of the OPEB liability associated with the District, and budgetary comparison information as presented 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 introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**The Honorable President and Members
of the Board of Education
Township of Bethlehem School District**

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The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, 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*, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and schedule of 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 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, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022 on our consideration of the District's internal control over financial reporting and 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 our audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

March 15, 2022
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

REQUIRED SUPPLEMENTARY INFORMATION

PART I

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Asbury, New Jersey
Hunterdon County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
June 30, 2021

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. It should be read in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*. Certain comparative information between the current year and the prior year is presented in the MD&A.

FINANCIAL HIGHLIGHTS

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

The District's Governmental Activities net position increased by \$1,038,351 as reflected in Table 4, Changes in Net Position. The increase was driven by the District's conservative spending during the fiscal year ended June 30, 2021. Specifically, the District was able to curtail overtime and reduce overall salary charges during the year, as well as postpone certain capital improvements. The District also received federal awards from the Coronavirus Relief Fund, CARES Emergency Relief (ESSER), and the Rural Education Achievement Program (REAP) that were not received during fiscal year 2020. With the additional tax levy increase from the prior year of \$284,907, the District generated governmental net position of \$946,052

The District's business-type activity increased by \$18,997. As a result of the COVID-19 Pandemic, the District entered into the National School Lunch Program's Seamless Summer Option to feed all students. The Department of Agriculture extended this program until June 30, 2021 and the District opted into the extension. The District was able to get reimbursed from the federal government for all meals served to the students during 2020-21, as well as decrease expenditures related to salaries as food service staffing had decreased compared to the prior year, causing the business-type activity net position to increase. The breakdown of these amounts is reflected in Schedule A-2 of the Government-wide Financial Statements.

The GASB issued Statement No. 84, *Fiduciary Activities*, which requires compliance by June 30, 2021. GASB 84 establishes specific criteria for identifying fiduciary activities based primarily on whether the school district is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If the activity is not a "fiduciary activity," then it is a "governmental activity." Since the District's payroll agency funds do not meet the new criteria defined by the new Government Accounting Standards Board Statement No. 84, the payroll agency fund which is used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities effective June 30, 2021. Since the District's student activity

funds do not meet the new criteria defined by the Government Accounting Standards Board Statement No. 84, the student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities effective with the year ending June 30, 2021. With the implementation of GASB No. 84 as stated above, the District's beginning Governmental Fund Balances were restated to include \$34,111 in governmental net position from the fiduciary activities. The restated Governmental Fund Balance at July 1, 2020 is \$3,050,115. The revenues, expenditures, and changes in fund balances for the Governmental Funds are reflected in Exhibit B-2 of the Financial Statements.

The General or operating Fund Balance was reported for GAAP purposes at \$3,962,056 which represents an increase of \$946,052 over the prior year's Restated Fund Balance of \$3,016,004. Of the total fund balance, \$1,091,531 of excess surplus was appropriated toward the 2021-2022 budget, and an additional \$8,419 has been designated for the 2021-2022 budget. \$6,940 of General Fund Balance was assigned to cover open purchase orders at year end. Based upon the reduction imposed by S1701 in the calculation of maximum restricted fund balance that the District is allowed to retain, the amount of General Fund Balance required to be reserved for tax relief in the 2022-2023 budget is \$815,624. The Unassigned General Fund Balance is reported at \$197,578. State of New Jersey Senate Bill 2691 changed the percentage of unassigned surplus allowable under N.J.S.A. 18A:7F-7 from 2% to 4% for the 2020-2021 and 2021-2022 fiscal years. The District's General Fund Balance is at the maximum permitted under the Department of Education regulations based upon 4% of General Fund expenditures, with specified modifications. Total spending for all governmental funds was \$9,912,927. Total revenues were \$10,859,004 resulting in an excess of revenues over expenditures of \$946,078 for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operated like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table - 1 shows how the various parts of this annual report are arranged and related to one another.

Table - 1
Organization of the School District Annual Financial Report

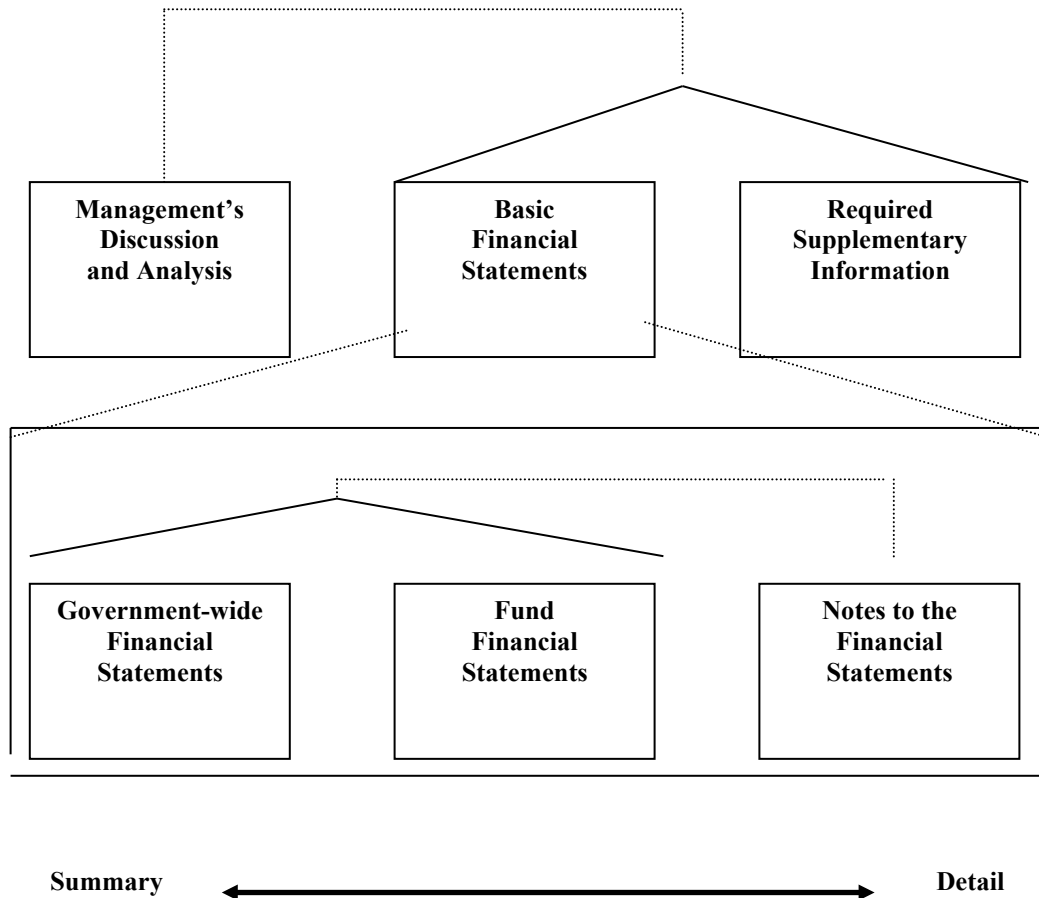


Table - 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Table - 2 Major Features of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of changes in net position • Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider that the School District's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the of the schools to assess the overall health of the District.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities: The District charges fees to help it cover the costs of certain services it provides. The District's food services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two types of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending.

Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District may use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not utilize internal service funds for financial reporting.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The School District's Governmental Activities net position was \$1,475,122 at June 30, 2021. Of this amount, a deficit amount of \$1,930,275 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS defined benefit pension systems. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net position for day-to-day operations. The School District's Business-Type Activities net position was \$28,263 at June 30, 2021. This entire amount was reported unrestricted as the District's investment in enterprise capital assets is fully depreciated. Our analysis below focuses on the net position (Table - 3) and change in net position (Table - 4) of the School District's government-wide activities.

Table - 3
Net Position
At June 30, 2021

A. Governmental Activities	June 30		Total Dollar Increase (Decrease) From 2019-20	% Increase (Decrease)
	2020 (Restated)	2021		
Assets				
Current and other assets	\$ 3,107,232	\$ 4,540,860	\$ 1,433,628	46.14%
Capital assets	<u>2,925,068</u>	<u>2,734,572</u>	<u>(190,497)</u>	(6.51%)
Total assets	<u>\$ 6,032,301</u>	<u>\$ 7,275,432</u>	<u>\$ 1,243,131</u>	20.61%
Deferred outflows of resources	<u>\$ 656,919</u>	<u>\$ 518,995</u>	<u>\$ (137,923)</u>	(21.00%)
Total deferred outflows of resources	<u>\$ 656,919</u>	<u>\$ 518,995</u>	<u>\$ (137,923)</u>	(21.00%)
Liabilities				
Current and other liabilities	\$ 538,982	\$ 974,897	\$ 435,915	80.88%
Long-term liabilities	<u>4,938,087</u>	<u>4,537,205</u>	<u>(400,882)</u>	(8.12%)
Total liabilities	<u>\$ 5,477,069</u>	<u>\$ 5,512,102</u>	<u>\$ 35,034</u>	0.64%
Deferred inflows of resources	<u>\$ 809,491</u>	<u>\$ 807,203</u>	<u>\$ (2,288)</u>	(0.28%)
Total deferred inflows of resources	<u>\$ 809,491</u>	<u>\$ 807,203</u>	<u>\$ (2,288)</u>	(0.28%)
Net position				
Invested in capital assets, net	\$ (306,579)	\$ (377,859)	\$ (71,280)	(23.25%)
Restricted	2,830,487	3,783,256	952,769	33.66%
Unrestricted	<u>(2,087,137)</u>	<u>(1,930,275)</u>	<u>156,862</u>	7.52%
Total Net Position	<u>\$ 436,771</u>	<u>\$ 1,475,122</u>	<u>\$ 1,038,351</u>	(237.73%)
B. Business-Type Activities				
	June 30		Total Dollar Increase From 2019-20	%
	2020	2021		
Current and other assets	\$ <u>13,749</u>	\$ <u>37,610</u>	\$ <u>23,862</u>	173.56%
Total assets	<u>\$ 13,749</u>	<u>\$ 37,610</u>	<u>\$ 23,862</u>	173.56%
Liabilities				
Current and other liabilities	\$ <u>4,483</u>	\$ <u>9,347</u>	\$ <u>4,864</u>	108.52%
Total liabilities	<u>\$ 4,483</u>	<u>\$ 9,347</u>	<u>\$ 4,864</u>	108.52%
Net position				
Unrestricted	<u>\$ 9,266</u>	<u>\$ 28,263</u>	<u>\$ 18,997</u>	205.02%
Total Net Position	<u>\$ 9,266</u>	<u>\$ 28,263</u>	<u>\$ 18,997</u>	205.02%

The results of this year's operations for the school district Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Table - 4, below, takes the information from that financial statement, rounds off the numbers, and rearranges them so slightly so you can see the District's total revenues and expenses for the year.

Table - 4
Change in Net Position
For the Year Ended June 30, 2021

	<u>Governmental Activities</u>		Total Dollar (Decrease) Increase From 2019-20	Percentage (Decrease) Increase
	<u>2020</u>	<u>2021</u>		
Revenues:				
Program revenue				
Operating grants and contributions	\$ 1,835,011	\$ 154,263	\$ (1,680,749)	(91.59%)
General revenue				
Local tax levy	7,542,599	7,825,819	283,220	3.75%
Federal and state aid	1,369,481	3,999,888	2,630,406	192.07%
Miscellaneous revenues	119,565	72,644	(46,921)	(39.24%)
Total revenues	\$ 10,866,656	\$ 12,052,613	\$ 1,185,957	10.91%
Function/program expense:				
Instruction				
Regular programs	\$ 2,149,969	\$ 4,066,162	\$ 1,916,194	89.13%
Special programs	1,052,072	1,775,231	723,159	68.74%
Other instructional programs	47,664	165,139	117,476	246.47%
Support services				
Student services	1,231,166	1,406,660	175,494	14.25%
Tuition	73,463	34,219	(39,244)	(53.42%)
Other support services	-	1,048,994	(1,048,994)	(100.00%)
General administration and business services	377,970	448,979	71,009	18.79%
School administration	207,763	409,687	201,924	97.19%
Plant operations and maintenance	769,233	1,109,931	340,698	44.29%
Pupil transportation	392,734	460,856	68,122	17.35%
Unallocated benefits	3,482,374		(3,482,374)	(100.00%)
Unallocated depreciation and amortization	96,239		(96,239)	(100.00%)
Interest on long-term debt	115,581	88,403	(27,179)	(23.51%)
Total expenses	\$ 9,996,228	\$ 11,014,262	\$ 1,018,034	10.18%
Change in net position	\$ 870,428	\$ 1,038,351	\$ 167,923	19.29%

Table - 4
Change in Net Position
For the Year Ended June 30, 2021

	<u>Business-Type Activities</u>		<u>Total Dollar (Decrease) Increase From 2019-20</u>	<u>Percentage (Decrease) Increase</u>
	<u>2020</u>	<u>2021</u>		
Revenues:				
Program revenue				
Charges for services	\$ 57,758		\$ (57,758)	(100.00%)
Operating grants and contributions	21,077	\$ 99,293	78,215	371.09%
Miscellaneous revenues	135		(135)	(100.00%)
Total revenues	<u>\$ 78,970</u>	<u>\$ 99,293</u>	<u>\$ 20,322</u>	<u>20.47%</u>
Expenses:				
Food service	93,817	80,295	(13,522)	(14.41%)
Total expenses	<u>\$ 93,817</u>	<u>\$ 80,295</u>	<u>\$ (13,522)</u>	<u>(14.41%)</u>
Change in net position	<u>\$ (14,847)</u>	<u>\$ 18,997</u>	<u>\$ 33,844</u>	<u>(227.96%)</u>

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the District is being accountable for the resources provided to it, and also, gives more insight into the School District's overall financial health.

As the District completed this year, our governmental funds reported a combined fund balance of \$3,996,193 which is an increase of \$946,078 from last year, as discussed previously. This amount includes the General Fund (increase of \$946,053), Special Revenue Fund (increase of \$25), Capital Projects Fund (unchanged), and debt service fund (unchanged).

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Although the District's projected budget for the General Fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus. Actual revenues reflect a positive variance of \$1.54 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$1.57 million for TPAF pension, post retirement and social security contributions. This is always a non-budgeted item that the State (and GAAP) requires to be included in the final audited financial statements.

Actual total budgetary expenditures reflect a positive variance of \$59,619 even with the State requirement to include TPAF pension and post retirement and social security contributions in the audit. The TPAF pension and post retirement and social security contributions totaled \$1.57 million for 2020-2021, all of which was a negative variance.

Exhibit C-1 provides a breakdown of the budget line items included in the District's approved 2020-21 budget and the variances in actual revenues and expenditures. Revenue realization for the 2020-21 school year was positive for governmental activities when compared to the 2019-20 school year. A conversion schedule from the budgetary basis to the GAAP basis follows. As shown in Table 4 (GAAP Basis), the Tax needed to support the District's budget increased by a mere 3.75% for the 2020-21 school year. The largest non-tax revenue of the District during the year was from State and Federal Sources, which amounted to \$2.95 million or 7.76% more than the preceding year. Table-5 compares governmental type revenues and expenditures for the current and prior year.

Table - 5
Governmental Fund Type Revenues and Expenditures

	<u>Year Ended June 30</u>		Total Dollar	%
	<u>2020</u>	<u>2021</u>	Increase (Decrease)	Increase (Decrease)
			From 2019-20	
Revenue by Source:				
Local tax levy	\$ 7,542,599	\$ 7,825,819	\$ 283,220	3.75%
Other local sources	128,925	79,215	(49,709)	(38.56%)
Total local sources	7,671,524	7,905,034	233,511	3.04%
State sources	2,686,775	2,806,279	119,504	4.45%
Federal sources	54,286	147,691	93,405	172.06%
Total Revenues	\$ 10,412,584	\$ 10,859,004	\$ 446,420	4.29%
Function/Program Expenditures:				
Instruction				
Regular programs	\$ 2,061,235	\$ 2,013,701	\$ (47,535)	(2.31%)
Special programs	1,052,072	1,043,297	(8,775)	(0.83%)
Other instructional programs	47,664	39,843	(7,820)	(16.41%)
Support services				
Student services	1,231,166	1,322,150	90,984	7.39%
Tuition	73,463	4,419	(69,044)	(93.98%)
General administration and business services				
School administration	358,722	379,620	20,897	5.83%
Plant services	207,763	209,558	1,795	0.86%
Student transportation	769,233	804,826	35,593	4.63%
Unallocated benefits	392,734	447,256	54,522	13.88%
Unallocated benefits	2,935,829	3,265,784	329,956	11.24%
Debt Service				
Principal	235,000	240,000	5,000	2.13%
Interest and other charges	129,000	121,875	(7,125)	(5.52%)
Capital outlay	150,608	20,597	(130,011)	(86.32%)
Total	\$ 9,644,489	\$ 9,912,927	\$ 268,438	2.78%

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$9.91 million or a 2.8% increase from the preceding year. The primary driver for this increase was unallocated employee benefits, which increased by \$329,956, or 11.2%. The reported increase in unallocated employee benefits is entirely attributable to an increase in the contributions made by the State of New Jersey into the Teachers' Pension and Annuity Fund and the State Health Benefits Fund on-behalf of the District as required by the state constitution.

Increased costs were funded by increases in the property tax, state aid revenues, and federal awards. As shown on the Statement of Activities (financial statement A-2) our taxpayers ultimately financed \$7.83 million of those activities through property taxes. As shown above, \$2.80 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$1.57 million represents on-behalf contributions for the District's (employer) share of TPAF (Teachers' Pension & Annuity Fund) pension, retiree health benefits and employer social security and Medicare contributions as prescribed by state statute.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District reported \$9,848,377 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents no change from the prior year, as there were no assets capitalized during the 2020-2021 fiscal year. Table-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Table - 6
Governmental Activity Capital Assets at Year-End

	FY 2020	FY 2021
Land	\$ 139,200	\$ 139,200
Improvements Other than Buildings	481,994	481,994
Buildings and Improvements	8,455,488	8,455,488
Furniture, Equipment and Vehicles	771,695	771,695
Total	\$ 9,848,377	\$ 9,848,377

Long-Term Debt

At the end of this year, the School District had \$3,035,000 in bonds (Type II debt) outstanding versus \$3,275,000 last year – a decrease of 7.33%. The summary of year-end long-term debt and changes for the 2020-2021 school year is as follows:

Table - 7
Outstanding Long-Term Liabilities at Year-End

	<u>Governmental Activities</u>		<u>(Decrease)</u>
	<u>2020</u>	<u>2021</u>	
School Serial Bonds Payable	\$ 3,275,000	\$ 3,035,000	\$ (240,000)
Other Long Term Liabilities:			
Net Pension Liability	1,768,810	1,656,737	(112,073)
Compensated Absences Payable	17,829	7,434	(10,395)
Unamortized Premium on Bonds	150,673	116,448	(34,225)
Total	<u>\$ 5,212,312</u>	<u>\$ 4,815,619</u>	<u>\$ (396,693)</u>

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact the Office of the School Business Administrator/Board Secretary, at the Township of Bethlehem Board of Education, 280 Asbury-West Portal Road, Asbury, New Jersey 08802.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SECTION - A

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 4,481,563.84	\$ 10,034.46	\$ 4,491,598.30
Internal Balances	(19,735.92)	19,735.92	-
Receivables, Net	79,032.47	5,978.05	85,010.52
Inventory		1,861.60	1,861.60
Capital Assets, Net:	<u>2,734,571.66</u>		<u>2,734,571.66</u>
Total Assets	<u>7,275,432.05</u>	<u>37,610.03</u>	<u>7,313,042.08</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	39,017.42		39,017.42
Pension Deferrals	<u>479,978.00</u>		<u>479,978.00</u>
Total Deferred Outflows of Resources	<u>518,995.42</u>	<u>-</u>	<u>518,995.42</u>
 <u>LIABILITIES</u>			
Accounts Payable	350,318.95	5,129.20	355,448.15
Accrued Interest Payable	58,808.96		58,808.96
Payable to Federal Governmental	11,348.75		11,348.75
Unearned Revenue	38,001.65	4,217.65	42,219.30
Other Liabilities	238,005.00		238,005.00
Noncurrent Liabilities:			
Due Within One Year	278,413.53		278,413.53
Due Beyond One Year	2,880,468.39		2,880,468.39
Net Pension Liability	<u>1,656,737.00</u>		<u>1,656,737.00</u>
Total liabilities	<u>5,512,102.23</u>	<u>9,346.85</u>	<u>5,521,449.08</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	<u>807,203.00</u>		<u>807,203.00</u>
Total Deferred Outflows of Resources	<u>807,203.00</u>	<u>-</u>	<u>807,203.00</u>
 <u>NET POSITION</u>			
Net Investment in capital assets	(377,858.60)		(377,858.60)
Restricted for:			
Excess Surplus	1,907,154.16		1,907,154.16
Capital Reserve Account	1,156,448.85		1,156,448.85
Debt Service	0.10		0.10
Maintenance Reserve Account	685,516.06		685,516.06
Student Activities	34,136.52		34,136.52
Unrestricted (Deficit)	<u>(1,930,274.85)</u>	<u>28,263.18</u>	<u>(1,902,011.67)</u>
Total Net Position	<u>\$ 1,475,122.24</u>	<u>\$ 28,263.18</u>	<u>\$ 1,503,385.42</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 4,066,162.41	\$ -	\$ -	\$ (4,066,162.41)	\$ -	\$ (4,066,162.41)
Special Education	1,775,231.10		148,681.13	(1,626,549.97)		(1,626,549.97)
Other Instruction	165,139.36			(165,139.36)		(165,139.36)
Support Services:						
Tuition	34,218.88			(34,218.88)		(34,218.88)
Other Support Services	1,048,994.00			(1,048,994.00)		(1,048,994.00)
Student & Instruction Related Services	1,406,660.47		5,581.61	(1,401,078.86)		(1,401,078.86)
School Administrative Services	409,687.11			(409,687.11)		(409,687.11)
General and Business Administrative Services	448,978.71			(448,978.71)		(448,978.71)
Plant Operations and Maintenance	1,109,930.98			(1,109,930.98)		(1,109,930.98)
Pupil Transportation	460,856.26			(460,856.26)		(460,856.26)
Interest on Long-Term Debt	88,402.89			(88,402.89)		(88,402.89)
Total Governmental Activities	11,014,262.17	-	154,262.74	(10,859,999.43)	-	(10,859,999.43)
Business-Type Activities:						
Food Service	80,295.35		99,292.55		18,997.20	18,997.20
Total Business-Type Activities	80,295.35	-	99,292.55		18,997.20	18,997.20
Total Primary Government	\$ 11,094,557.52	\$ -	\$ 253,555.29	\$ (10,859,999.43)	\$ 18,997.20	\$ (10,841,002.23)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 7,463,944.00	\$	\$ 7,463,944.00
Taxes Levied for Debt Service				361,875.00		361,875.00
Federal and State Aid not Restricted				3,999,887.77		3,999,887.77
Miscellaneous Income				72,643.88		72,643.88
Total General Revenues				11,898,350.65	-	11,898,350.65
Change in Net Position				1,038,351.22	18,997.20	1,057,348.42
Net Position—Beginning (as restated)				436,771.02	9,265.98	446,037.00
Net Position—Ending				\$ 1,475,122.24	\$ 28,263.18	\$ 1,503,385.42

The accompanying Notes to Financial Statements are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

SECTION - B

GOVERNMENTAL FUNDS

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 4,447,427.22	\$ 34,136.52	\$	\$ 0.10	\$ 4,481,563.84
Receivables from Other Governments	29,682.07	49,350.40			79,032.47
Total Assets	<u>\$ 4,477,109.29</u>	<u>\$ 83,486.92</u>	<u>\$ -</u>	<u>\$ 0.10</u>	<u>\$ 4,560,596.31</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 257,311.95	\$	\$	\$	\$ 257,311.95
Due to Grantors		11,348.75			11,348.75
Other Liabilities	238,005.00				238,005.00
Interfund Payable	19,735.92				19,735.92
Unearned Revenue		38,001.65			38,001.65
Total Liabilities	<u>515,052.87</u>	<u>49,350.40</u>	<u>-</u>	<u>-</u>	<u>564,403.27</u>
Fund Balances:					
Restricted:					
Reserved Excess Surplus- Current Year	815,623.60				815,623.60
Reserved Excess Surplus-Designated for Subsequent Year Expenditures	1,091,530.56				1,091,530.56
Capital Reserve Account	1,156,448.85				1,156,448.85
Maintenance Reserve Account	650,516.06				650,516.06
Maintenance Reserve Account-Designated for Subsequent Year Expenditures	35,000.00				35,000.00
Student Activities		34,136.52			34,136.52
Debt Service				0.10	0.10
Assigned:					
Designated for Subsequent Year's Expenditures	8,419.44				8,419.44
Reserve for Encumbrances	6,940.14				6,940.14
Unassigned:					
General Fund	197,577.77				197,577.77
Total Fund Balances	<u>3,962,056.42</u>	<u>34,136.52</u>	<u>-</u>	<u>0.10</u>	<u>3,996,193.04</u>
Total Liabilities and Fund Balances	<u>\$ 4,477,109.29</u>	<u>\$ 83,486.92</u>	<u>\$ -</u>	<u>\$ 0.10</u>	<u>\$ 4,560,596.31</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	\$ 3,996,193.04
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The carrying value of the assets is \$9,848,376.89 , and the accumulated depreciation is \$7,113,805.23.	2,734,571.66
Long-term liabilities, including bonds, compensated absences payable and bond premiums and discounts are not payable in the current period and therefore are not reported as liabilities in the funds.	(3,158,881.92)
Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(58,808.96)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$64,075.28 and accumulated amortization is \$25,057.86	39,017.42
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds	(327,225.00)
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 the accounts payable in the government-wide statement of net position.	(93,007.00)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(1,656,737.00)</u>
Net position of governmental activities	<u>\$ 1,475,122.24</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>REVENUES</u>					
Local Tax Levy	\$ 7,463,944.00			\$ 361,875.00	\$ 7,825,819.00
Other Local Sources	72,643.88	6,571.42			79,215.30
State Sources	2,806,278.77				2,806,278.77
Federal Sources		147,691.32			147,691.32
Total Revenues	<u>10,342,866.65</u>	<u>154,262.74</u>	<u>-</u>	<u>361,875.00</u>	<u>10,859,004.39</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	1,997,904.37	15,796.32			2,013,700.69
Special Education Instruction	950,775.10	92,522.00			1,043,297.10
Other Instruction	39,843.36				39,843.36
Support Services and Undistributed Costs:					
Tuition	4,418.88				4,418.88
Student & Instruction Related Services	1,276,230.90	45,919.38			1,322,150.28
School Administrative Services	209,558.11				209,558.11
Other Administrative Services	379,619.71				379,619.71
Plant Operations and Maintenance	804,826.48				804,826.48
Pupil Transportation	447,256.26				447,256.26
Unallocated Benefits	3,265,784.45				3,265,784.45
Debt Service:					
Principal				240,000.00	240,000.00
Interest Charges				121,875.00	121,875.00
Capital Outlay	20,596.50				20,596.50
Total Expenditures	<u>9,396,814.12</u>	<u>154,237.70</u>	<u>-</u>	<u>361,875.00</u>	<u>9,912,926.82</u>
Net Change in Fund Balances	946,052.53	25.04	-	-	946,077.57
Fund Balance—Beginning (As Restated)	<u>3,016,003.89</u>	<u>34,111.48</u>	<u>-</u>	<u>0.10</u>	<u>3,050,115.47</u>
Fund Balance—Ending	<u>\$ 3,962,056.42</u>	<u>\$ 34,136.52</u>	<u>\$ -</u>	<u>\$ 0.10</u>	<u>\$ 3,996,193.04</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds (from B-2) \$ 946,077.57

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

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

Depreciation expense (190,498.46)

Repayment of bond and lease obligation (long-term debt) principal is an expenditure 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.

240,000.00

In the statement of activities, the value of earned but unused compensated absences are accrued when it becomes, likely that these costs will be includable in employee termination payments, regardless of when due. In the governmental funds, compensated absence costs are reported in the accounting period in which they become due and payable. The net decrease in accrued compensated absences is an addition in the reconciliation. (+)

10,395.00

Interest on long-term debt in the statement of activities is accrued, In the governmental funds, interest is reported when due. The difference between interest accrued and interest paid is as follows:

	Interest Paid	\$ 121,875.00	
	Interest Accrued	<u>(118,295.00)</u>	3,580.00

The difference between the face amount of the Refunded Bonds and the escrow deposit required to legally defease the bonds is recorded as decrease to fund balance in the governmental funds in the year of issuance, but is carried on the statement of net position and amortized over the life of the Bonds

Amortization of Deferred Amount from Refunding (4,335.27)

The premium received on the sale of bonds is recorded in the governmental funds as an addition to fund balance in the year of issuance, but is carried on the statement of net position and amortized in the statement of activities over the life of the bonds

Amortization of Bond Premiums 34,225.46

Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The net amount by which actuarially calculated pension expense is more than the expenditure reported in the funds is a subtraction.

(1,093.08)

Change in net position of governmental activities \$ 1,038,351.22

The accompanying Notes to Financial Statements are an integral part of this financial statement.

PROPRIETARY FUNDS

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

		BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND
		<u>FOOD SERVICE</u>
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$	10,034.46
Accounts Receivable (Net)		5,978.05
Interfund Receivable		19,735.92
Inventory		1,861.60
Total Current Assets		<u>37,610.03</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment		208,303.38
Less Accumulated Depreciation		<u>(208,303.38)</u>
Total Noncurrent Assets		<u>-</u>
Total Assets		<u>37,610.03</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable		5,129.20
Unearned Revenue		4,217.65
Total Liabilities		<u>9,346.85</u>
<u>NET POSITION</u>		
Unrestricted		<u>28,263.18</u>
Total Net Position	\$	<u><u>28,263.18</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

		BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND
		<u>FOOD SERVICE</u>
Operating Expenses:		
Cost of Sales:		
Program Sales	\$	38,778.81
Salaries		22,241.85
Miscellaneous Expenses		9,074.69
Management Fee		10,200.00
		<u>80,295.35</u>
Total Operating Expenses		<u>80,295.35</u>
Operating (Loss)		<u>(80,295.35)</u>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program		2,740.90
Federal Sources:		
USDA Commodities		4,579.71
National School Lunch Program		91,970.94
Interest and Investment Revenue		1.00
		<u>99,292.55</u>
Total Nonoperating Revenues		<u>99,292.55</u>
Change in Net Position		18,997.20
Total Net Position—Beginning		<u>9,265.98</u>
Total Net Position—Ending	\$	<u><u>28,263.18</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND FOOD SERVICE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers	\$ 2,810.80
Payments to Suppliers	<u>(75,697.30)</u>
Net Cash (Used for) Operating Activities	<u>(72,886.50)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Federal and State Sources	93,684.40
Transfers (to) Other Funds	<u>(11,833.07)</u>
Net Cash Provided by Non-capital Financing Activities	<u>81,851.33</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and Dividends	<u>1.00</u>
Net Cash Provided by Investing Activities	<u>1.00</u>
Net Increase in Cash and Cash Equivalents	8,965.83
Balances—Beginning of Year	<u>1,068.63</u>
Balances—End of Year	<u>\$ 10,034.46</u>
Reconciliation of Operating (Loss) to Net Cash	
(Used for) Operating Activities:	
Operating (Loss)	\$ (80,295.35)
Adjustments to Reconcile Operating (Loss) to Net Cash	
(Used for) Operating Activities:	
(Increase) in Accounts Receivable	(66.50)
Decrease in Inventory	2,611.05
Increase in Deferred Revenue	2,877.30
Increase in Accounts Payable	<u>1,987.00</u>
Total Adjustments	<u>7,408.85</u>
Net Cash (Used for) Operating Activities	<u>\$ (72,886.50)</u>

Noncash noncapital financing activities:

The District received \$4,579.71 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Township of Bethlehem School District (District) report information on the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

B. Reporting Entity:

The Township of Bethlehem School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-8. High school students (grades 9-12) are enrolled in the North Hunterdon-Voorhees Regional High School District. The Township of Bethlehem School District had an enrollment of 346 students in grades K through 8 at the close of the 2020-2021 school year.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each category – governmental and proprietary– are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements (Cont'd)

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It 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 sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Since the District's payroll agency funds do not meet the criteria defined by the new Government Accounting Standards Board Statement No. 84, the payroll agency fund which is used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities effective for the year ended June 30, 2021.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey, and some local organizations. Since the District's student activity funds do not meet the new criteria defined by the new of Government Accounting Standards Board Statement No. 84, the student activities fund which is used to account for funds derived from activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities effective for the year ended June 30, 2021.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major enterprise fund:

Food Service Fund – The Food Service Fund is used to account for the activities of the cafeteria operations of the District

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements (Cont'd.)

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred from or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied.

The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Measurement Focus and Basis of Accounting (Cont'd.)

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. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgets/Budgetary Control:

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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 referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Budgets/Budgetary Control (Cont'd):

While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

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 statements.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules – General and Special Revenue Funds to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

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) "revenues" from the budgetary comparison schedules C-1/C-2	\$ 10,324,518.65	\$ 154,262.74
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized (Net)		
Certain State Aid payments are recognized as Revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(117,419.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	135,767.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds. B-2	\$ 10,342,866.65	\$ 154,262.74

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Budgets/Budgetary Control (Cont'd):

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule C-1	\$ 9,396,814.12	\$ 154,237.70
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for grant budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. B-2	\$ 9,396,814.12	\$ 154,237.70

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, which are generally based on quoted market prices. 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. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. 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.

H. Tuition Receivable/Payable

Tuition charges for the fiscal years 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures in the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items in both the government-wide and fund financial statements.

J. Short-Term Interfund Receivables/Payables:

Short-term 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.

K. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded as capital assets at their acquisition value at the date of acquisition. The District maintains a threshold level of \$2,000.00 or more of initial, individual cost for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated costs.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 40 years for land improvements and buildings, and 2 to 20 years for equipment.

Capital assets not being depreciated include land and may include construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's lived are not capitalized.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Machinery and Equipment	2-20
Buildings	40
Building improvements	20
Vehicles	5-10

TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued in the government-wide financial statements as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences".

In the governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as a fund liability and expenditure in the fund that will pay for the compensated absence. The noncurrent portion for governmental funds is maintained separately and is a reconciling item between the fund and government-wide presentations.

Based upon existing personnel policies and collective bargaining agreements, employees are granted varying amounts of annual sick, personal and vacation leave. Sick leave may be accumulated for use in subsequent years and the right to a termination payment begins to vest with the employee after 10 years of service. Generally, terminal pay credit for unused sick leave is capped at 50% of the number of unused days earned, and with a maximum termination payment of 85% of the average annual base pay for the last three years of service. Terminal pay is paid in three equal installments in July of the three years following separation from service.

Changes in the value of compensated absences earned and unused is more fully detailed in Note 4.

M. Pensions

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 the New Jersey Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting five items in the deferred outflow category; the Deferred Amount on Refunding, and Pension related items including the Change in Pension Assumptions, Difference in Pension Experience, Change in Pension Proportion/Proportionate Share and the amounts of pension payments made by the District subsequent to the pension measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. Deferred Outflows for pension related items result from changes in actuarial assumptions which increase the net pension liability, unfavorable economic differences between actual mortality rates and the actuarial tables used to measure the net pension liability, and increases in the District's proportion of the entire pension system and its proportionate share of the net pension liability. Deferred outflows for Subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent measurement date, which was June 30, 2020.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Deferred Outflows/Inflows of Resources (Cont'd)

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting four items in the deferred inflow category. Including Pension related items including the Change in Pension Assumptions, Difference in Pension Experience, Change in Pension Proportion/Proportionate Share and the Difference in Pension Earnings.

O. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

P. Other Post-Employment Benefits:

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees Plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions). Accordingly, no net OPEB liability is reported on the District's Statement of Net Position. In the Statement of Activities, the District reports an annual OPEB expense and a corresponding revenue, equal to the allocated expense of the District as reported by the State.

Q. Net Position Flow Assumption (Government-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

R. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*, which requires compliance by June 30, 2021. GASB 84 establishes specific criteria for identifying fiduciary activities based primarily on whether the school district is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If the activity is not a "fiduciary activity," then it is a "governmental activity." The School District examined its current fiduciary funds and determined they do not meet the new terms and conditions of a fiduciary activity, as set forth by GASB 84. Therefore, the District's payroll and agency activity will now be reported in the general fund and the District's student activity funds will be reported in the special revenue funds as governmental activities accordingly. Management has appropriately implemented this standard for the year ended June 30, 2021.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

T. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not the criteria to be classified as committed. The Board of Education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance

U. Government-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

U. Government-Wide Financial Statement Classifications (Cont'd)

4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net investment in Capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported Investment in Capital Assets,net as a component of net position for the governmental activities and business-type activities.

V. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

W. Reconciliation of Government-Wide and Fund Financial Statements

I. Differences between governmental fund balance sheet and Government-wide statement of net position:

Total Governmental Fund Balance (B-1)	\$ 3,996,193.04
Adjustment to Government-Wide Net Position:	
Capital Assets (see Note 3)	2,734,571.66
Long-Term Liabilities, Excluding Pension related items (see Note 4)	(3,158,881.92)
Other Items not recognized in Fund Financial Statements:	
Accrued Interest on Long-Term Debt	(58,808.96)
Deferred Amount in Refunding	39,017.42
Pension Related Items (see Note 5):	
Net Pension Liability	(1,656,737.00)
Pension Accounts Payable	(93,007.00)
Deferred Inflows of Financial Resources:	
Change in Pension Assumptions	(693,691.00)
Change in Pension Proportions	(107,653.00)
Difference in Pension Experience	(5,859.00)
Deferred Outflows of Financial Resources:	
Change in Pension Assumptions	53,746.00
Difference in Pension Experience	30,166.00
Change in Proportion/Proportionate Share	246,430.00
Difference in Project and Actual Earnings	56,629.00
Payment Subsequent to Measurement Date	93,007.00
Net Position of Governmental Activities	<u>\$ 1,475,122.24</u>

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. Reconciliation of Government-Wide and Fund Financial Statements (Cont'd)

II. Differences between governmental fund statement of revenues, expenditures and changes in fund balances and Government-wide statement of activities:

Total net Change - Governmental Fund Balance (B-2)	\$ 946,077.57
Adjustments to District-Wide Net Position	
Depreciation on Capital Assets (see Note 3)	(190,498.46)
Repayment of Long-Term Bonds (see Note 4)	240,000.00
Net Decrease in Accrued Liability for	
Compensated Absences (see Note 4)	10,395.00
Pension Expense (Accrual Basis for District-Wide)	(1,095.00)
Amortization of Deferred Amount from Refunding	(4,333.35)
Amortization of Bond Premium	34,225.46
Interest on Long-Term Debt (Accrual Basis for District-Wide)	<u>3,580.00</u>
Total Net Change - Governmental Activities	<u>\$ 1,038,351.22</u>

X. Management Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey's Governmental Unit Deposit Protection Act, by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings and bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

The Township of Bethlehem Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured - FDIC	\$250,000.00
Insured - NJGUDPA (N.J.S.A.17:94.1)	<u>\$4,400,580.31</u>
Total Deposits	<u>\$4,650,580.31</u>

Custodial Credit Risk – Deposits- Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk. At June 30, 2021, the District's carrying amount of deposits was \$4,491,598.30. As of June 30, 2021, none of the Board's bank balance of \$4,650,580.31 was exposed to custodial risk. (See Note 1-G. relating to statutory mitigation of custodial risk in the event of a bank failure).

Concentration of Credit Risk – This is the risk associated with the amount of investments that the Board has with any one issuer that exceeds five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

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 obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Board does not have an investment policy regarding Credit Risk except to the extent outlined under the Board's investment policy.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2021, the District had no funds on deposits with the New Jersey Cash Management Fund.

NOTE 3. CAPITAL ASSETS - 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 item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. In addition to the fund balance – total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the Government-wide financial statements, which consisted of:

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3. CAPITAL ASSETS (CONT'D)

Total capital assets at cost	\$ 9,848,376.89
Less: accumulated depreciation	<u>(7,113,805.23)</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,734,571.66</u>

Capital assets by classification and activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 139,200.00	\$ -	\$ -	\$ 139,200.00
Total Capital Assets Not Being Depreciated	<u>139,200.00</u>	<u>-</u>	<u>-</u>	<u>139,200.00</u>
Building and Building Improvements	8,455,488.21			8,455,488.21
Improvements Other Than Buildings	481,993.86			481,993.86
Machinery, Equipment, Furniture & Vehicles	<u>771,694.82</u>			<u>771,694.82</u>
Totals at Historical Cost	<u>9,709,176.89</u>	<u>-</u>	<u>-</u>	<u>9,709,176.89</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(5,776,412.81)	(161,635.31)		(5,938,048.12)
Improvements other than Buildings	(428,287.00)	(6,862.25)		(435,149.25)
Equipment, Furniture, and Vehicles	<u>(718,606.96)</u>	<u>(22,000.90)</u>		<u>(740,607.86)</u>
Total Accumulated Depreciation	<u>(6,923,306.77)</u>	<u>(190,498.46)</u>	<u>-</u>	<u>(7,113,805.23)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>2,785,870.12</u>	<u>(190,498.46)</u>	<u>-</u>	<u>2,595,371.66</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,925,070.12</u>	<u>\$ (190,498.46)</u>	<u>\$ -</u>	<u>\$ 2,734,571.66</u>
Business-type Activities				
Equipment	\$ 208,303.38	\$ -	\$ -	\$ 208,303.38
Less Accumulated Depreciation for:				
Equipment	<u>(208,303.38)</u>			<u>(208,303.38)</u>
Business-type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 65,274.46
Special Education	28,912.00
Other Instruction	1,212.00
Tuition	134.00
Student & Instruction Related Services	38,977.00
General Administration	11,544.00
School Administration	6,372.00
Required Maintenance of Plant Services	24,473.00
Student Transportation	<u>13,600.00</u>
Total depreciation expense	<u>\$ 190,498.46</u>

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4. GENERAL LONG-TERM DEBT

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains the long-term liabilities, including bonds and judgments payable, are not due and payable in the current period and therefore are not reported liabilities in the governmental funds. A deduction to fund balance- total governmental funds is made to reflect the carrying value of the District's long-term liabilities at year-end in the governmental activities of the District-wide financial statements.

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 3,275,000.00	\$ -	\$ 240,000.00	\$ 3,035,000.00	\$ 250,000.00
Total Bonds Payable	<u>3,275,000.00</u>	<u>-</u>	<u>240,000.00</u>	<u>3,035,000.00</u>	<u>250,000.00</u>
Other Liabilities:					
Compensated Absences	<u>17,829.24</u>	<u>-</u>	<u>10,395.00</u>	<u>7,434.24</u>	<u>-</u>
Total Other Liabilities	<u>17,829.24</u>	<u>-</u>	<u>10,395.00</u>	<u>7,434.24</u>	<u>-</u>
Bond Premiums/(Discounts)	150,673.14		34,225.46	116,447.68	28,413.53
Net Pension Liability (PERS)	<u>1,768,810.00</u>		<u>112,073.00</u>	<u>1,656,737.00</u>	
Total Liabilities	<u>\$ 5,212,312.38</u>	<u>\$ -</u>	<u>\$ 396,693.46</u>	<u>\$ 4,815,618.92</u>	<u>\$ 278,413.53</u>

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):

A. Bonds Payable -- Bonds are authorized in accordance with State law by the voters of the District 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 bonds outstanding as at June 30, 2021 is as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 250,000	\$ 113,275	\$ 363,275
2023	265,000	102,975	367,975
2024	275,000	92,175	367,175
2025	285,000	80,975	365,975
2026	295,000	69,375	364,375
2027-2031	<u>1,665,000</u>	<u>168,738</u>	<u>1,833,738</u>
	<u>\$ 3,035,000</u>	<u>\$ 627,513</u>	<u>\$ 3,662,513</u>

B. Bonds Authorized But Not Issued -- As of June 30, 2021, the District had no authorized but not issued bonds.

NOTE 5. PENSION PLANS

Description of Systems

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

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

TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. PENSION PLANS (CONT'D.)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS 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 cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2021, the State of New Jersey contributed \$1,014,440 to the TPAF for normal costs of pension on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$239,777.77 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 as both revenues and expenditures in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020, and 2019 was \$111,139, \$96,219, and \$85,444, 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.

School Board Contributions are due and payable in the fiscal period subsequent to the plan year for which the contributions requirements were calculated.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 with 25 or more years of service credit and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with his/her respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the School Board reported a liability of \$1,656,737 for its proportionate share of the net pension liability. The net pension liability was determined by actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Boards proportion was 0.0101594263%, which was an increase of 0.0003427854% from its proportionate measure as of June 30, 2019.

For the year ended June 30, 2021, the Board recognized PERS pension expenses of \$112,233 in its governmental activities. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in Assumptions	\$ 53,746	\$ 693,691
Changes in Pension Proportion	246,430	107,653
Difference Projected vs. Actual Earnings	56,629	
Difference Projected vs. Actual Experience	30,166	5,859
District contributions subsequent to the measurement date	93,007	
 Total	 \$ 479,978	 \$ 807,203

The \$93,007 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense by PERS as follows:

Year ending <u>June 30,</u>	
2022	\$ (181,423)
2023	(153,539)
2024	(56,553)
2025	(21,194)
2026	(7,523)
Total	\$ (420,232)

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

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:

Inflation	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%

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. Mortality improvement is based on Scale MP-2020. 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.

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.

In accordance with State statute, the long-term expected rate of return on pension 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 actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 are summarized in the following table:

	2020	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market 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 pension liabilities of PERS 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 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.

Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate – the following presents the collective net pension liability of PERS participating employers, as well as the District's attributed share of that liability, as of June 30, 2020, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (<u>6.00%</u>)	At current discount rate (<u>7.00%</u>)	At 1% increase (<u>8.00%</u>)
State	\$25,353,758,472	\$22,223,967,525	\$19,576,310,991
Local	<u>20,689,699,233</u>	<u>16,435,616,426</u>	<u>12,825,910,903</u>
PERS Plan Total	<u>\$46,043,457,705</u>	<u>\$38,659,583,951</u>	<u>\$32,402,221,894</u>
Bethlehem	<u>\$2,085,555</u>	<u>\$1,656,737</u>	<u>\$1,292,873</u>

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2020 is as follows:

	State	Local	Total
Total Pension Liability	\$28,272,160,382	\$39,432,792,871	\$67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net Pension Liability	<u>\$22,223,967,525</u>	<u>\$16,435,616,426</u>	<u>\$38,659,583,951</u>

Collective balances of the 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	 0.0101594263%

Collective pension expense for the plan 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 June 30, 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.

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION

The Teachers' Pension and Annuity Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation as defined in GASB Statement No. 68, by which the State of New Jersey (State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the TPAF Plan are as follows:

Plan Membership and Contributing Employers- Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF.

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability.

Vesting Provisions - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D.)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Special Funding Situation – 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, the 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The State of New Jersey is solely responsible for funding the normal pension obligations of the TPAF, including 100% of the obligations of LEAs within the State. Accordingly, the District does not report TPAF pension liabilities or deferred inflows and outflows of financial resources in its financial statements. Payments made by the State to the TPAF “on-behalf” of the LEAs are reported to the LEAs and reported as TPAF pension expenditures/expenses as made.

At June 30, 2020, the TPAF reported a collective net pension liability of \$65,993,498,688. The proportionate share of the State of New Jersey’s the net pension liability for the Non Employer Member Group that is attributable to the District was \$22,393,537, or 0.0340075120%, which was a decrease of 0.0016413243% from its proportionate measure as of June 30, 2020.

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.

TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Actuarial Assumptions- The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality Rates

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

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 expected 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 the contribution rate in the most recent fiscal year. The State contributed 78% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Return on Investments - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market 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%	

Sensitivity of Net Pension Liability to Changes in the Discount Rate - the following presents the net pension liability of TPAF as of June 30, 2020 calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease <u>(4.40%)</u>	At current Discount rate <u>(5.40%)</u>	At 1% Increase <u>(6.40%)</u>
State's proportionate share of the net pension liability associated with the District	\$26,303,832	\$22,393,537	\$19,146,694

Components of Net Pension Liability – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2020 is as follows:

Total pension liability	\$ 87,522,678,686
Plan fiduciary net position	<u>21,529,179,998</u>
Net pension liability	<u>\$ 65,993,498,688</u>
Plan fiduciary net position as a percentage of the total pension liability	24.60%

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Additional Information – Collective balances at June 30, 2020 were as follows:

Collective Deferred Outflows of Resources	\$	9,626,548,228
Collective Deferred Inflows of Resources		14,591,988,841
State's Total Non-employer Net Pension Liability		65,993,498,688
District's Proportion		0.0340075120%

Collective pension expense for the plan for the measurement period ended June 30, 2020 is \$4,099,006,933.

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 June 30, 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.

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2021 and 2020 the Board's total payroll for all employees was \$4,124,344 and \$4,119,849, respectively. Total DCRP covered payroll was \$61,361 and \$105,478, respectively. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the years ended June 30, 2021 and 2020 were \$1,841 and \$3,375, respectively and \$3,164 and \$5,801, respectively.

TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 6: POST-RETIREMENT BENEFITS

Plan Description

The District participates in the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey

Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2021, 2020, and 2019 were \$317,910, \$281,681, and 324,688, respectively, which equaled the regional contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

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

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: POST-RETIREMENT BENEFITS (CONT'D)

The following members were covered by the benefit terms:

Local Education	June 30, 2020
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	-
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 net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2020 was \$26,963,329 or 0.04%. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Total Nonemployer OPEB Liability

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. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions and Other Inputs

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on years of service	based on age
Thereafter	1.55 - 4.45%	3.00 - 7.00%
	based on years of service	based on age

Preretirement mortality rates were based on the Pub-2010 Health "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.

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

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: POST-RETIREMENT BENEFITS (CONT'D)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 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 decreases to a 4.5% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.0%.

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 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.

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2019		\$ 16,701,808
Increased by:		
Service Cost	\$ 636,806	
Interest Cost	598,954	
Diff. Between Expected and Actual Exp.	4,555,668	
Changes of Assumption	4,925,274	
Member Contributions	14,228	
		10,730,930
		27,432,738
Decreased by:		
Gross Benefit Payments	469,409	
Balance at June 30, 2020		(469,409)
		\$ 26,963,329

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2020 was \$8,680,109 and \$7,579,515, respectively.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: POST-RETIREMENT BENEFITS (CONT'D)

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

	<u>1% Decrease (1.21%)</u>	<u>At Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$32,505,685	\$26,963,329	\$22,629,741

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$21,765,708	\$26,963,329	\$33,152,540

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 \$1,133,433 for OPEB expenses incurred by the State.

Collective balances of the 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

NOTE 7. 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, along with other school districts, is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG, or the "Fund"), a governmental joint insurance fund. NJSBAIG has adopted a formal risk management plan that involves a combination of District risk retention (through the use of per claim and aggregate per line deductibles), Fund retention of risk and the procurement of excess insurance and reinsurance through commercial reinsurers and the School Excess Liability Fund. A complete listing of the coverages provided by the Fund can be found in

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7. RISK MANAGEMENT (CONT'D.)

Property and Liability Insurance (Cont'd)

the statistical section of the Annual Comprehensive Financial Report. Surety bond coverage for the School Business Administrator is provided through the Fund. Audited financial information for the Fund Year ended June 30, 2021 included: Operating Revenue \$135,322,802; Operating Expenses \$104,006,539; Unrestricted Net Position \$171,581,898, and Loss Reserves of \$192,342,000. Additional information relating to the fund can be found at <https://www.njsig.org/>.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit the entire employee withholding to the Commissioner of Labor together with an experience-based assessment on employee wages subject to withholding. During the 2020-21 school year, the District recorded expenditures of \$14,990 for its assessment from the Department of Labor.

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 19,735.92
Food Service Fund	\$ 19,735.92	
	<u>\$ 19,735.92</u>	<u>\$ 19,735.92</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfunds are expected to be liquidated in the next year.

NOTE 9: FUND BALANCE APPROPRIATED

General Fund - Of the \$4,079,475.42 General Fund balance at June 30, 2021 (Budgetary Basis), Legally restricted balances include \$1,156,448.85 of Capital Reserves; \$685,516.06 of Maintenance Reserves, of which \$35,000 has been designated for 2021-22 expenditures; and \$1,907,154.16 of excess surplus (Note 10), of which \$1,091,530.56 has been designated for 2021-22 expenditures and \$815,623.60 which is legally restricted for use in the 2022-23 budget cycle. Of the unrestricted fund balance, \$8,419.44 has been assigned to fund expenditures in the 2021-22 budget, \$6,940.14 is assigned for encumbrances and \$314,996.77 is unassigned.

The total General Fund balance must be reduced by \$117,419.00 of state aid that was realized as revenue on the budgetary basis but is not permitted under GAAP to arrive at the amounts reported as components of fund balance in the governmental fund financial statements.

NOTE 10: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701). The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 for future tax relief to the extent that unrestricted/unassigned fund balance exceeds 2% of the prior year net adjusted

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: CALCULATION OF EXCESS SURPLUS (CONT'D)

expenditures. However, on March 15, 2021, Governor Phil Murphy signed into law State of New Jersey Senate Bill 2691 and changed the percentage of unassigned surplus allowable under *N.J.S.A 18A:7F-7* to 4% for the 2020-2021 and 2021-2022 fiscal years. The excess fund balance pledged to future tax relief at June 30, 2021, calculated on a budgetary basis pursuant to statute, is \$1,907,154.16, and is comprised of \$1,091,530.56 that was appropriated as part of the 2021-22 school budget, and \$815,623.60, which represents the minimum amount of fund balance that must be appropriated as part of the 2022-23 school budget.

NOTE 11. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District of Township of Bethlehem Board of Education by inclusion of \$1.00 during fiscal year 2003 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) and updated annually in the Quality Assurance Annual Report (QAAR), including the payment of debt service on such projects. Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP. During the 2020-2021 School Year, \$131.00 of interest income was earned on the reserve balance, \$500,000.00 was transferred to the Reserve with the express approval of the Board of Education. The capital reserve balance at June 30, 2021 was \$1,156,448.85.

NOTE 12. OTHER RESERVE ACCOUNTS

Pursuant to enabling legislation and rulemaking, the District established a legally restricted Reserve Fund for Maintenance and Emergencies during the month of June, 2009. During the 2020-21 school year, the Maintenance Reserve had the following activity:

Balance - June 30, 2020	\$ 672,373.68
Board Resoluton	212,767.38
Interest Income	<u>375.00</u>
Total Deposits	213,142.38
Withdrawal	
Appropriated 19/20 Budget	<u>200,000.00</u>
Balance - June 30, 2021	<u><u>\$ 685,516.06</u></u>

NOTE 13. 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. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. 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

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13. TAX ABATEMENTS (CONT'D.)

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 provisions 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 Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, requires each municipality to submit annually a "User Friendly Budget", which, among other disclosures, includes a listing of all properties which have been granted tax abatements, including assessed values and any In-Lieu-Of-Tax-Payments made to the municipality. The 2021 User Friendly Budget for the Township of Bethlehem reported no tax abatements granted for calendar years 2020 or 2021.

NOTE 14. PENDING LITIGATION AND CONTINGENT LIABILITIES

At June 30, 2021, there was no litigation pending for which an unfavorable outcome with a material adverse impact on the net position of the District was anticipated.

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 the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

NOTE 15. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 15, 2022, the date the financial statements were available for issuance. No such events or transactions were noted requiring disclosure.

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16. GASB Statement No. 84 Restatement

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* as described in the recently issued accounting pronouncements footnote above. The implementation of this Statement required a restatement of prior year net position and fund balance in the governmental – wide and governmental fund financial statements.

Beginning Special Revenue Budgetary and Modified Accrual Fund Balances Per Schedules B-2, C-2 and E-1 at June 30, 2020	\$ -
Special Revenue Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Due to Student Groups	34,111.48
Total	34,111.48
Beginning Special Revenue Fund Budgetary and Modified Accrual Fund Balances Per Schedules B-2, C-2 and E-1 at June 30, 2020 (as restated)	\$ 34,111.48
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020	\$ 402,659.54
Adjustments to Government-Wide Net Position	
Recognition of the Following June 30, 2020 Balances:	
Due to Student Groups	34,111.48
Total	34,111.48
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020 (as restated)	\$ 436,771.02

REQUIRED SUPPLEMENTARY INFORMATION

PART II

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)**

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
District's Proportionate Share of the Net Pension Liability	0.007325%	0.006948%	0.009665%	0.009827%	0.009182%	0.008520%	0.009817%	0.010159%
District's Proportionate Share of the Net Pension Liability	\$1,399,918	\$1,300,803	\$2,169,545	\$2,910,353	\$2,137,312	\$1,677,596	\$1,768,810	\$1,656,737
District's Covered-Employee Payroll	\$465,430	\$651,632	\$848,259	\$619,919	\$668,514	\$667,589	\$548,749	\$587,518
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	300.78%	199.62%	255.76%	469.47%	319.71%	251.29%	322.33%	281.99%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	48.62%	47.93%	40.14%	48.10%	53.60%	56.27%	56.27%

* The 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 to those years for which information is available.

See Accompanying Notes to Required Supplementary Information

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 55,191	\$ 57,276	\$ 66,894	\$ 87,298	\$ 85,057	\$ 80,895	\$ 96,219	\$ 111,139
Contribution in Relation to Contractually Required Contribution	<u>\$ (55,191)</u>	<u>\$ (57,276)</u>	<u>\$ (66,894)</u>	<u>\$ (87,298)</u>	<u>\$ (85,057)</u>	<u>\$ (80,895)</u>	<u>\$ (96,219)</u>	<u>\$ (111,139)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 651,632	\$ 848,259	\$ 619,919	\$ 668,514	\$ 667,589	\$ 548,749	\$ 587,518	\$ 599,268
Contributions as a percentage of Covered Employee Payroll	8.47%	6.75%	10.79%	13.06%	12.74%	14.74%	16.38%	18.55%

* The 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 to those years for which information is available.

See Accompanying Notes to Required Supplementary Information

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
 TEACHERS PENSION AND ANNUITY FUND
REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.040453%	0.038042%	0.037563%	0.038316%	0.037064%	0.037194%	0.035649%	0.034008%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$20,444,648	\$20,332,072	\$23,741,616	\$30,142,183	\$24,990,083	\$23,661,714	\$21,878,027	\$22,393,537
District's Covered-Employee Payroll	\$3,640,258	\$3,662,906	\$3,882,933	\$3,726,028	\$3,518,154	\$3,700,476	\$3,424,523	\$3,403,285
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	561.63%	555.08%	611.44%	808.96%	710.32%	639.42%	638.86%	658.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

* The 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 to those years for which information is available.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

See Accompanying Notes to Required Supplementary Information

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2021**

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2020, dated March 31, 2021. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms: None

Changes in assumptions:

For 2020, the discount rate changed to 7.00% and the long-term expected rate of return remained at the prior-year rate of 7.00%. Demographic assumptions were unchanged.

For 2019, the discount rate changed to 6.28% and the long-term expected rate of return remained at the prior-year rate of 7.00%. Demographic assumptions were unchanged.

TPAF

Changes in benefit terms: None

Changes in assumptions:

For 2020, the discount rate was changed to 5.40%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2019, the discount rate was changed to 5.60%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75)**

Bethlehem Township School District
 Required Supplementary Information
 Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
 And Changes in the Total OPEB Liability and Related Ratios
 State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021
State's proportion of the OPEB Liability associated with the District -	0.041426%	0.041285%	0.040024%	0.039763%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	22,220,743	19,036,892	16,701,808	26,963,329
Total proportionate share of the OPEB liability associated with the District	<u>\$ 22,220,743</u>	<u>\$ 19,036,892</u>	<u>\$ 16,701,808</u>	<u>\$ 26,963,329</u>
Balance at June 30 (beginning)	\$ 24,063,167	\$ 22,220,743	\$ 19,036,892	\$ 16,701,808
Increased by:				
Service cost	829,769	692,610	580,263	636,806
Interest cost	702,434	811,578	749,649	598,954
Diff. between expected and actual exp.				4,555,668
Changes of assumptions			249,025	4,925,274
Member contributions	18,952	17,593	15,198	14,228
	<u>1,551,155</u>	<u>1,521,781</u>	<u>1,594,135</u>	<u>10,730,930</u>
Decreased by:				
Diff. between expected and actual exp.		(2,012,013)	(3,416,523)	
Changes of assumptions	(2,878,899)	(2,184,579)		
Gross benefit payments	(514,680)	(509,040)	(512,696)	(469,409)
	<u>(3,393,579)</u>	<u>(4,705,632)</u>	<u>(3,929,219)</u>	<u>(469,409)</u>
Balance	<u>\$ 22,220,743</u>	<u>\$ 19,036,892</u>	<u>\$ 16,701,808</u>	<u>\$ 26,963,329</u>
Covered by employee payroll	\$ 4,381,448	\$ 4,368,065	\$ 3,973,272	\$ 3,990,803
Total OPEB liability as a percentage of covered employee payroll.	507.16%	435.82%	420.35%	675.64%

* 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.

See Notes to Required Supplementary Information

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
COUNTY OF HUNTERDON, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
JUNE 30, 2021

NOTE 1. SPECIAL FUNDING SITUATION

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. Accordingly, proportionate share information of the Net OPEB Liability is not reflected in the District's financial statements.

NOTE 2. CHANGES IN ASSUMPTIONS

For 2020, the discount rate changed to 2.21% from 3.50% in 2019. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.6% from 5.7%. For prescription drug benefits, the initial trend rate changed to 7.0% from 7.5%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

For 2019, the discount rate changed to 3.50% from 3.87% in 2018. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.7% from 5.8%. For prescription drug benefits, the initial trend rate changed to 7.5% from 8.0%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

REQUIRED SUPPLEMENTARY INFORMATION

PART III

BUDGETARY COMPARISON SCHEDULES

SECTION - C

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit - C-1
 Page 1 of 11

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 7,463,944.00	\$	\$ 7,463,944.00	\$ 7,463,944.00	\$
Tuition-Individuals	40,000.00		40,000.00	62,075.00	22,075.00
Interest on Capital Reserve	100.00		100.00	130.87	30.87
Interest on Maintenance Reserve	100.00		100.00	375.14	275.14
Unrestricted Miscellaneous Revenue	18,000.00		18,000.00	10,062.87	(7,937.13)
Total - Local Sources	7,522,144.00	-	7,522,144.00	7,536,587.88	14,443.88
State Sources:					
School Choice Aid	66,888.00		66,888.00	66,888.00	
Transportation Aid	113,737.00		113,737.00	113,737.00	
Special Ed. Aid	303,137.00		303,137.00	303,137.00	
Security Aid	37,641.00		37,641.00	37,641.00	
Equalization Aid	675,678.00		675,678.00	675,678.00	
Extraordinary Aid	69,665.00		69,665.00	16,175.00	(53,490.00)
Non-Public Transportation Aid				2,030.00	2,030.00
On-behalf TPAF Payments by State of New Jersey (non-budgeted):					
Post Retirement Medical Contributions				317,910.00	317,910.00
Pension Payments				995,499.00	995,499.00
Non-Contributory Insurance Premiums				19,458.00	19,458.00
TPAF Social Security Reimbursed				239,777.77	239,777.77
Total - State Sources	1,266,746.00	-	1,266,746.00	2,787,930.77	1,521,184.77
Total Revenues	8,788,890.00	-	8,788,890.00	10,324,518.65	1,535,628.65

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit - C-1
 Page 2 of 11

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 83,977.00	\$	\$ 83,977.00	\$ 78,991.96	\$ 4,985.04
Kindergarten	170,654.00	17,400.00	188,054.00	169,505.44	18,548.56
Grades 1- 5	1,004,777.00	10,421.90	1,015,198.90	999,202.60	15,996.30
Grades 6- 8	694,180.00	(70,979.60)	623,200.40	520,950.80	102,249.60
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000.00		15,000.00		15,000.00
Regular Programs- Undistributed Instruction:					
Purchased Technical Services	102,820.00		102,820.00	90,663.41	12,156.59
Other Purchased Services	10,500.00		10,500.00	4,840.99	5,659.01
General Supplies	168,328.00	(7,444.14)	160,883.86	121,939.60	38,944.26
Textbooks	4,500.00	7,444.14	11,944.14	11,794.17	149.97
Other Objects	2,000.00		2,000.00	15.40	1,984.60
Total Regular Programs	2,256,736.00	(43,157.70)	2,213,578.30	1,997,904.37	215,673.93
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	704,506.00	56,350.91	760,856.91	755,606.91	5,250.00
Other Salaries for Instruction	76,438.00	(2,187.01)	74,250.99	57,610.00	16,640.99
Other Purchased Services	70,000.00		70,000.00	40,719.96	29,280.04
General Supplies	8,000.00		8,000.00	6,450.27	1,549.73
Total Resource Room/Resource Center	858,944.00	54,163.90	913,107.90	860,387.14	52,720.76

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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EXPENDITURES (CONT'D):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd):					
Instruction-Special Education (Cont'd):					
Preschool, Disabilities - Full-Time:					
Salaries of Teachers	\$ 61,450.00	\$	\$ 61,450.00	\$ 25,708.33	\$ 35,741.67
Supplies	1,000.00		1,000.00	497.94	502.06
Total Preschool Disabilities - Full-time	<u>62,450.00</u>	-	<u>62,450.00</u>	<u>26,206.27</u>	<u>36,243.73</u>
Total Special Education-Instruction	<u>921,394.00</u>	<u>54,163.90</u>	<u>975,557.90</u>	<u>886,593.41</u>	<u>88,964.49</u>
Basic Skills/Remedial Instruction					
Salaries of Teachers	104,542.00	(17,339.70)	87,202.30	63,377.47	23,824.83
Supplies	1,000.00		1,000.00	804.22	195.78
Total Basic Skills/Remedial Instruction	<u>105,542.00</u>	<u>(17,339.70)</u>	<u>88,202.30</u>	<u>64,181.69</u>	<u>24,020.61</u>
Total Special Education	<u>1,026,936.00</u>	<u>36,824.20</u>	<u>1,063,760.20</u>	<u>950,775.10</u>	<u>112,985.10</u>
School Sponsored					
Co-Curricular Activities:					
Salaries	41,461.00	6,498.00	47,959.00	33,528.00	14,431.00
Other Purchased Services	1,000.00		1,000.00	475.00	525.00
Supplies	8,000.00	(6,386.64)	1,613.36	1,613.36	
Other Objects	700.00	(111.36)	588.64		588.64
Total Co-Curricular Activities:	<u>51,161.00</u>	<u>(0.00)</u>	<u>51,161.00</u>	<u>35,616.36</u>	<u>15,544.64</u>
School Sponsored					
Athletic Activities:					
Salaries	20,389.00		20,389.00	4,227.00	16,162.00
Other Purchased Services	5,000.00		5,000.00		5,000.00
Supplies	3,000.00		3,000.00		3,000.00
Other Objects	300.00		300.00		300.00
Total Athletic Activities	<u>28,689.00</u>	-	<u>28,689.00</u>	<u>4,227.00</u>	<u>24,462.00</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Total Instruction	\$ 3,363,522.00	\$ (6,333.50)	\$ 3,357,188.50	\$ 2,988,522.83	\$ 368,665.67
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State- Special	138,720.00		138,720.00	4,418.88	134,301.12
Tuition to Private Schools for the Disabled- Within State	120,000.00		120,000.00		120,000.00
Total Undistrib. Expend. - Instruction:	258,720.00	-	258,720.00	4,418.88	254,301.12
Attendance & Social Services:					
Salaries	65,484.00		65,484.00	65,484.00	
Total Attendance & Social Services:	65,484.00	-	65,484.00	65,484.00	-
Health Services:					
Salaries	125,720.00	2,234.00	127,954.00	127,262.04	691.96
Purchased Profess. and Tech. Serv.	4,000.00		4,000.00	3,013.00	987.00
Other Purchased Services	500.00		500.00	285.00	215.00
Supplies and Materials	5,000.00	(228.00)	4,772.00	3,401.02	1,370.98
Other Objects	515.00		515.00	183.90	331.10
Total Health Services:	135,735.00	2,006.00	137,741.00	134,144.96	3,596.04
Speech, OT, PT & Related Services:					
Salaries	87,822.00	2,300.00	90,122.00	87,804.09	2,317.91
Purchased Professional/Educational Services	70,000.00	(13,300.00)	56,700.00	55,770.99	929.01
Supplies and Materials	1,300.00		1,300.00	1,279.80	20.20
Total Speech, OT, PT & Related Services:	159,122.00	(11,000.00)	148,122.00	144,854.88	3,267.12

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Other Support Services-Student Extra:					
Salaries	\$ 49,000.00	\$ 11,000.00	\$ 60,000.00	\$ 54,409.00	\$ 5,591.00
Total Other Support Services- Student Extra:	49,000.00	11,000.00	60,000.00	54,409.00	5,591.00
Other Support Services-Guidance:					
Salaries of Other Professional Staff	116,410.00	4,419.50	120,829.50	120,825.50	4.00
Purchased Professional/Educational Services	3,500.00	363.92	3,863.92	3,863.92	
Other Purchased Services	1,275.00	(203.76)	1,071.24		1,071.24
Supplies and Materials	2,677.00	(363.92)	2,313.08	535.86	1,777.22
Other Objects	300.00	203.76	503.76	353.76	150.00
Total Guidance:	124,162.00	4,419.50	128,581.50	125,579.04	3,002.46
Other Support Services-Child Study Teams:					
Salaries of Other Professional Staff	317,860.00	(0.32)	317,859.68	298,028.68	19,831.00
Salaries of Secret. & Clerical Assts.	43,600.00	0.32	43,600.32	43,600.32	
Purchased Professional/Educational Services	30,600.00	9,276.64	39,876.64	25,894.44	13,982.20
Other Purchased Prof./Tech. Services	4,200.00		4,200.00	2,042.50	2,157.50
Other Purchased Services	3,150.00		3,150.00	1,923.09	1,226.91
Supplies and Materials	4,400.00		4,400.00	2,510.08	1,889.92
Other Objects	2,000.00		2,000.00	1,032.94	967.06
Total Child Study Teams:	405,810.00	9,276.64	415,086.64	375,032.05	40,054.59
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	68,781.00	(92.00)	68,689.00	68,036.34	652.66
Other Salaries	7,500.00		7,500.00	600.00	6,900.00
Total Improvement of Instructional Services:	76,281.00	(92.00)	76,189.00	68,636.34	7,552.66

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Educational Media Services/School Library:					
Salaries	\$ 123,907.00	\$ 199.00	\$ 124,106.00	\$ 124,105.80	\$ 0.20
Salaries of Tech Coordinators	111,950.00	(199.00)	111,751.00	84,059.20	27,691.80
Purchased Professional and Technical Services	43,500.00		43,500.00	33,864.91	9,635.09
Other Purchased Services	42,612.00		42,612.00	38,201.20	4,410.80
Supplies and Materials	24,000.00	6,962.69	30,962.69	16,685.19	14,277.50
Other Objects	15,400.00	(6,962.69)	8,437.31	65.00	8,372.31
Total Educational Media Services/School Library:	361,369.00	-	361,369.00	296,981.30	64,387.70
Instructional Staff Training Services:					
Purchased Professional/Educational Services	10,000.00		10,000.00	399.09	9,600.91
Other Purchased Services	22,000.00		22,000.00	10,670.24	11,329.76
Supplies and Materials	1,600.00		1,600.00		1,600.00
Other Objects	3,000.00		3,000.00	40.00	2,960.00
Total Instructional Staff Training Services:	36,600.00	-	36,600.00	11,109.33	25,490.67
Support Services- General Administration:					
Salaries	58,550.00	549.76	59,099.76	59,099.76	
Legal Services	15,000.00		15,000.00	15,000.00	
Audit Fees	18,000.00	4,440.03	22,440.03	22,440.03	
Other Purchased Professional Services	4,750.00		4,750.00	4,735.00	15.00
Communications/Telephone	26,000.00	7,674.97	33,674.97	33,661.70	13.27
BOE Other Purchased Services	3,200.00	(1,980.86)	1,219.14	1,219.14	
Misc. Purchased Services	18,000.00	(5,499.11)	12,500.89	12,500.89	
General Supplies	1,443.00	(1,229.58)	213.42	142.00	71.42
BOE In-House Training/Meeting Supplies	100.00		100.00		100.00
Judgments Against District		44,006.60	44,006.60	43,883.35	123.25
Misc. Expenditures	3,000.00	(2,662.00)	338.00	338.00	
BOE Membership Dues & Fees	7,000.00	(904.05)	6,095.95	6,095.95	
Total Support Services - General Administration:	155,043.00	44,395.76	199,438.76	199,115.82	322.94

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd):					
Support Services- School Administration:					
Salaries of Principals/Asst. Principals	\$ 113,693.00	\$ 450.00	\$ 114,143.00	\$ 113,162.70	\$ 980.30
Salaries of Secretarial and Clerical Assistants	87,409.00		87,409.00	84,899.18	2,509.82
Other Purchased Services	7,000.00	182.79	7,182.79	6,476.40	706.39
Supplies and Materials	4,000.00	125.00	4,125.00	3,230.53	894.47
Other Objects	2,000.00		2,000.00	1,789.30	210.70
Total Support Serv. - School Administration:	<u>214,102.00</u>	<u>757.79</u>	<u>214,859.79</u>	<u>209,558.11</u>	<u>5,301.68</u>
Central Services:					
Salaries	166,592.00	4,031.52	170,623.52	170,623.52	
Purchased Professional Services	2,028.00	(2,028.00)			
Purchased Technical Services	4,000.00		4,000.00	3,800.00	200.00
Misc. Purchased Services	6,600.00	(2,450.00)	4,150.00	4,150.00	
Supplies and Materials	2,400.00	(795.57)	1,604.43	1,401.77	202.66
Misc. Expenditures	1,500.00	(306.95)	1,193.05	528.60	664.45
Total Central Services:	<u>183,120.00</u>	<u>(1,549.00)</u>	<u>181,571.00</u>	<u>180,503.89</u>	<u>1,067.11</u>
Required Maint. For School Facilities:					
Salaries	45,000.00		45,000.00	38,124.67	6,875.33
Cleaning, Repair, and Maintenance Services	143,500.00	(3,421.76)	140,078.24	129,415.40	10,662.84
Lead Testing of Drinking Water	50,000.00		50,000.00	45,332.52	4,667.48
General Supplies	70,000.00	10,875.68	80,875.68	47,133.60	33,742.08
Total Required Maint. For School Facilities:	<u>308,500.00</u>	<u>7,453.92</u>	<u>315,953.92</u>	<u>260,006.19</u>	<u>55,947.73</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Custodial Services:					
Salaries	\$ 256,942.00	\$ 9,324.32	\$ 266,266.32	\$ 202,508.61	\$ 63,757.71
Salaries of Non-Instructional Aides	20,200.00	(20,200.00)			
Purchased Profess. And Tech. Svcs.	148,000.00	(36,000.00)	112,000.00	79,547.68	32,452.32
Cleaning, Repair, and Maintenance Services	50,350.00		50,350.00	11,792.69	38,557.31
Purchased Property Svcs.	7,000.00		7,000.00	2,543.00	4,457.00
Insurance	48,500.00		48,500.00	48,451.78	48.22
General Supplies	35,000.00		35,000.00	16,759.47	18,240.53
Energy (Electricity)	175,000.00		175,000.00	91,903.23	83,096.77
Energy (Oil)	149,000.00		149,000.00	61,068.06	87,931.94
Energy (Gasoline)	4,000.00		4,000.00	929.89	3,070.11
Other Objects	5,750.00		5,750.00	1,520.71	4,229.29
Total Custodial Services:	<u>899,742.00</u>	<u>(46,875.68)</u>	<u>852,866.32</u>	<u>517,025.12</u>	<u>335,841.20</u>
Care & Upkeep of Grounds					
Salaries	32,000.00		32,000.00	25,180.01	6,819.99
Cleaning, Repair, and Maintenance Services	55,500.00		55,500.00	950.00	54,550.00
General Supplies	35,000.00	317.00	35,317.00	1,556.91	33,760.09
Total Care & Upkeep of Grounds	<u>122,500.00</u>	<u>317.00</u>	<u>122,817.00</u>	<u>27,686.92</u>	<u>95,130.08</u>
Security:					
Purchased Professional/Technical Services	7,000.00		7,000.00		7,000.00
General Supplies	2,000.00		2,000.00	108.25	1,891.75
Total Security	<u>9,000.00</u>	<u>-</u>	<u>9,000.00</u>	<u>108.25</u>	<u>8,891.75</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services:					
Management Fee-ESC & CTSA Trans. Program	\$ 16,000.00	\$	\$ 16,000.00	\$	\$ 16,000.00
Contracted Services - Aid in Lieu of Pay.-NP Sch.	12,000.00		12,000.00	4,753.30	7,246.70
Contracted Services - Aid in Lieu of Pay.-Sch. Choice	12,000.00		12,000.00	999.50	11,000.50
Contracted Services (Between Home & School) - Vendors	41,000.00		41,000.00	1,280.00	39,720.00
Contracted Services (Special Ed.)- Vendors	3,000.00	45,448.98	48,448.98	48,448.98	
Contract Serv. (Reg.)-ESCs & CTSA	380,500.00	(45,448.98)	335,051.02	247,265.00	87,786.02
Contract Serv. (Sp. Ed.)-ESCs & CTSA	175,075.00	4,278.76	179,353.76	144,509.48	34,844.28
Total Student Transportation Services:	639,575.00	4,278.76	643,853.76	447,256.26	196,597.50
Unallocated Employee Benefits:					
Social Security Contributions	99,754.00		99,754.00	75,734.69	24,019.31
Other Retirement Contribs. - PERS	153,908.00		153,908.00	111,139.00	42,769.00
Other Retirement Benefits - ERIP	7,500.00		7,500.00	2,216.61	5,283.39
Unemployment Compensation	36,000.00		36,000.00	14,989.93	21,010.07
Workmen's Compensation	79,000.00		79,000.00	66,939.14	12,060.86
Health Benefits	1,406,844.00	100.00	1,406,944.00	1,374,598.19	32,345.81
Tuition Reimbursements	40,000.00		40,000.00	29,901.41	10,098.59
Other Employee Benefits	25,000.00		25,000.00	17,620.71	7,379.29
Total Unallocated Employee Benefits:	1,848,006.00	100.00	1,848,106.00	1,693,139.68	154,966.32
On-behalf TPAF Payments by State of New Jersey (non-budgeted):					
Post Retirement Medical Contributions				317,910.00	(317,910.00)
Pension Payments				995,499.00	(995,499.00)
Non-Contributory Insurance Premiums				19,458.00	(19,458.00)
TPAF Social Security Reimbursed				239,777.77	(239,777.77)
Total Undistributed Expenditures	6,051,871.00	24,488.69	6,076,359.69	6,387,694.79	(311,335.10)
Interest Earned on Maintenance Reserve	100.00	(100.00)			-
Total Expenditures - Current Expense	9,415,493.00	18,055.19	9,433,548.19	9,376,217.62	57,330.57

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 100.00	\$ (100.00)	\$	\$	\$ -
Facilities Acquisition and Construction:					
Debt Service Assessment-SDA Funding	22,885.00		22,885.00	20,596.50	2,288.50
Total Facil. Acquis./Const. Svcs.:	22,885.00	-	22,885.00	20,596.50	2,288.50
Total Capital Outlay:	22,985.00	(100.00)	22,885.00	20,596.50	2,288.50
Total Expenditures	9,438,478.00	17,955.19	9,456,433.19	9,396,814.12	59,619.07
Net Change in Fund Balance	(649,588.00)	(17,955.19)	(667,543.19)	927,704.53	1,595,247.72
Fund Balances, July 1	3,151,770.89		3,151,770.89	3,151,770.89	
Fund Balances, June 30	\$ 2,502,182.89	\$ (17,955.19)	\$ 2,484,227.70	\$ 4,079,475.42	\$ 1,595,247.72

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Balances Brought Forward:					
Fund Balances, June 30	\$ 2,502,182.89	\$ (17,955.19)	\$ 2,484,227.70	\$ 4,079,475.42	\$ 1,595,247.72
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources					
Budget fund balance	\$ (449,588.00)		\$ (449,588.00)	\$ 1,145,659.72	\$ 1,595,247.72
Budgeted withdrawal from maintenance reserve	(200,000.00)		(200,000.00)	(200,000.00)	
Adjustment for prior year encumbrances, net of cancellations		(17,955.19)	(17,955.19)	(17,955.19)	
Total	\$ (649,588.00)	\$ (17,955.19)	\$ (667,543.19)	\$ 927,704.53	\$ 1,595,247.72
Recapitulation of Fund Balance:					
Restricted:					
Reserved Excess Surplus-Designated for Subsequent Year Expenditures				\$ 1,091,530.56	
Reserved Excess Surplus- Current Year				815,623.60	
Capital Reserve				1,156,448.85	
Maintenance Reserve				650,516.06	
Maintenance Reserve-Designated for Subsequent Year Expenditures				35,000.00	
Assigned:					
Reserve for Encumbrances				6,940.14	
Designated for Subsequent Year Expenditures				8,419.44	
Unrestricted/Unassigned				<u>314,996.77</u>	
Budgetary Fund Balance				4,079,475.42	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not recognized on GAAP basis				<u>(117,419.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,962,056.42</u>	

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local Sources					
Revenues from Local Sources	\$ 28,500.00	\$ 34,180.79	\$ 62,680.79	\$ 6,571.42	\$ (56,109.37)
Total Local Revenues	<u>28,500.00</u>	<u>34,180.79</u>	<u>62,680.79</u>	<u>6,571.42</u>	<u>(56,109.37)</u>
State Sources					
Wellness Grant	10,145.00	(10,145.00)			
Total State Revenues	<u>10,145.00</u>	<u>(10,145.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Federal Sources					
Title I		6,312.00	6,312.00	6,119.95	(192.05)
Title II	4,886.00	1,883.00	6,769.00		(6,769.00)
Title IV		8,363.00	8,363.00		(8,363.00)
IDEA Part B	54,998.41	37,523.59	92,522.00	92,522.00	
IDEA Preschool	1,049.00		1,049.00	856.37	(192.63)
Coronavirus Relief Fund		10,145.00	10,145.00	10,145.00	
REAP	29,228.00		29,228.00	29,228.00	
ESSER Grant	8,820.00		8,820.00	8,820.00	
Total Federal Revenues	<u>98,981.41</u>	<u>64,226.59</u>	<u>163,208.00</u>	<u>147,691.32</u>	<u>(15,516.68)</u>
Total Revenues	<u>137,626.41</u>	<u>88,262.38</u>	<u>225,888.79</u>	<u>154,262.74</u>	<u>(71,626.05)</u>
EXPENDITURES:					
Instruction					
Other Purchased Services (400-500 series)	53,905.16	36,094.84	90,000.00	90,000.00	
General Supplies	41,107.25	446.75	41,554.00	18,318.32	23,235.68
Total Instruction	<u>95,012.41</u>	<u>36,541.59</u>	<u>131,554.00</u>	<u>108,318.32</u>	<u>23,235.68</u>
Support Services					
Other Purchased Professional Services	8,500.00		8,500.00	989.81	7,510.19
Purchased Professional and Technical Services		29,228.00	29,228.00	29,228.00	
Supplies & Materials	32,914.00	(19,083.00)	13,831.00	10,145.00	3,686.00
Other Objects	1,200.00	1,883.00	3,083.00		3,083.00
Student Activities		39,692.79	39,692.79	5,556.57	34,136.22
Total Support Services	<u>42,614.00</u>	<u>51,720.79</u>	<u>94,334.79</u>	<u>45,919.38</u>	<u>48,415.41</u>
Total Expenditures	<u>137,626.41</u>	<u>88,262.38</u>	<u>225,888.79</u>	<u>154,237.70</u>	<u>71,651.09</u>
Excess of Revenues Over Expenditures and Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25.04</u>	<u>\$ 25.04</u>
Fund Balance, July 1- Restated				<u>34,111.48</u>	
Fund Balance, June 30				<u>\$ 34,136.52</u>	
Recapitulation:					
Restricted					
Student Activities				<u>\$ 34,136.52</u>	

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION –
PART III**

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 10,324,518.65	(C-2) \$	154,262.74
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized (Net)			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)	<u>18,348.00</u>		<u> </u>
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds			
	(B-2) \$ <u>10,342,866.65</u>	(B-2) \$	<u>154,262.74</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 9,396,814.12	(C-2) \$	154,237.70
Difference - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for grant budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
	<u> </u>		<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds			
	(B-2) \$ <u>9,396,814.12</u>	(B-2) \$	<u>154,237.70</u>

SPECIAL REVENUE FUND

SECTION - E

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	TITLE I 2020-2021	I.D.E.A. PART B BASIC 2020-2021	I.D.E.A. PART B PRESCHOOL 2020-2021	CORONAVIRUS RELIEF FUND 2020-2021	REAP GRANT 2020-2021	CARES EMERGENCY RELIEF (ESSER) 2020-2021	WELLNESS GRANT 2020-2021	STUDENT ACTIVITIES 2020-2021	TOTALS 2020-2021
REVENUES									
Local Sources	\$	\$	\$	\$	\$	\$	989.81	\$ 5,581.61	\$ 6,571.42
Federal Sources	6,119.95	92,522.00	856.37	10,145.00	29,228.00	8,820.00			147,691.32
Total Revenues	6,119.95	92,522.00	856.37	10,145.00	29,228.00	8,820.00	989.81	5,581.61	154,262.74
EXPENDITURES									
Instruction:									
Other Purchased Services (400-500 Series)		90,000.00							90,000.00
General Supplies	6,119.95	2,522.00	856.37			8,820.00			18,318.32
Total Instruction	6,119.95	92,522.00	856.37	-	-	8,820.00	-	-	108,318.32
Support Services:									
Other Purchased Professional Services							989.81		989.81
Purchased Professional and Technical Services					29,228.00				29,228.00
Supplies and Materials				10,145.00					10,145.00
Student Activities								5,556.57	5,556.57
Total Support Services	-	-	-	10,145.00	29,228.00	-	989.81	5,556.57	45,919.38
Total Expenditures	\$ 6,119.95	\$ 92,522.00	\$ 856.37	\$ 10,145.00	\$ 29,228.00	\$ 8,820.00	\$ 989.81	\$ 5,556.57	\$ 154,237.70
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	25.04	25.04
Fund Balance, July 1 - Restated	-	-	-	-	-	-	-	34,111.48	34,111.48
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,136.52	\$ 34,136.52

LONG-TERM DEBT

SECTION – I

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2021

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	REDEEMED	BALANCE
			DATE	AMOUNT		JUNE 30, 2020		JUNE 30, 2021
Refunding School Bonds	09/23/15	\$ 4,185,000	7/1/21*	\$ 250,000	4.000%	\$ 3,275,000.00	\$ 240,000.00	\$ 3,035,000.00
			7/1/22*	265,000	4.000%			
			7/1/23*	275,000	4.000%			
			7/1/24*	285,000	4.000%			
			7/1/25	295,000	4.000%			
			7/1/26	305,000	3.500%			
			7/1/27	320,000	3.500%			
			7/1/28	335,000	4.000%			
			7/1/29	345,000	4.000%			
			7/1/30	360,000	4.000%			

*-Mandatory Sinking Fund Redemption of \$1,075,000 Term Bond

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 361,875.00	\$ _____	\$ 361,875.00	\$ 361,875.00	\$ _____
Total Local Sources:	<u>361,875.00</u>	<u>-</u>	<u>361,875.00</u>	<u>361,875.00</u>	<u>-</u>
Total Revenues	<u>361,875.00</u>	<u>-</u>	<u>361,875.00</u>	<u>361,875.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	240,000.00		240,000.00	240,000.00	
Bond Interest	121,875.00		121,875.00	121,875.00	
Total Regular Debt Service	<u>361,875.00</u>	<u>-</u>	<u>361,875.00</u>	<u>361,875.00</u>	<u>-</u>
Total Expenditures	<u>361,875.00</u>	<u>-</u>	<u>361,875.00</u>	<u>361,875.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance - Beginning	_____	_____	_____	_____	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

SECTION – J

Financial Trends

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Net Position/Net Assets by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities		(Restated)								
Net investment in capital assets	\$ (377,859)	\$ (306,579)	\$ (431,608)	\$ (952,366)	\$ (975,308)	\$ (1,110,056)	\$ (640,224)	\$ (683,958)	\$ (740,397)	\$ (1,730,883)
Restricted	3,783,256	2,830,486	2,046,195	2,457,545	2,260,175	1,608,402	1,521,231	1,535,641	1,296,245	985,822
Unrestricted	(1,930,275)	(2,087,136)	(2,082,356)	(2,066,543)	(1,950,014)	(1,424,424)	(1,202,858)	(1,566,855)	(227,809)	(154,712)
Total governmental activities net position	<u>\$ 1,475,122</u>	<u>\$ 436,771</u>	<u>\$ (467,769)</u>	<u>\$ (561,363)</u>	<u>\$ (665,147)</u>	<u>\$ (926,079)</u>	<u>\$ (321,851)</u>	<u>\$ (715,172)</u>	<u>\$ 328,039</u>	<u>\$ (899,773)</u>
Business-type activities										
Invested in capital assets, net of related debt				\$ 954	\$ 9,902	\$ 18,850	\$ 27,798	\$ 36,746	\$ 36,714	\$ 43,866
Unrestricted	\$ 28,263	\$ 9,266	\$ 24,113	11,300	13,902	5,732	4,119	5,740	17,316	19,059
Total business-type activities net position	<u>\$ 28,263</u>	<u>\$ 9,266</u>	<u>\$ 24,113</u>	<u>\$ 12,254</u>	<u>\$ 23,804</u>	<u>\$ 24,583</u>	<u>\$ 31,917</u>	<u>\$ 42,486</u>	<u>\$ 54,030</u>	<u>\$ 62,925</u>
District-wide										
Invested in capital assets, net of related debt	\$ (377,859)	\$ (306,579)	\$ (431,608)	\$ (951,412)	\$ (965,406)	\$ (1,091,206)	\$ (612,426)	\$ (647,212)	\$ (703,683)	\$ (1,687,017)
Restricted	3,783,256	2,830,486	2,046,195	2,457,545	2,260,175	1,608,402	1,521,231	1,535,641	1,296,245	985,822
Unrestricted	(1,902,012)	(2,077,870)	(2,058,243)	(2,055,242)	(1,936,112)	(1,418,692)	(1,198,739)	(1,561,115)	(210,494)	(135,653)
Total district net position	<u>\$ 1,503,385</u>	<u>\$ 446,037</u>	<u>\$ (443,656)</u>	<u>\$ (549,109)</u>	<u>\$ (641,344)</u>	<u>\$ (901,496)</u>	<u>\$ (289,934)</u>	<u>\$ (672,686)</u>	<u>\$ 382,069</u>	<u>\$ (836,848)</u>

Note: Reflects Implementation of GASB 68 for 2014 and subsequent years

Source: ACFR Schedule A-1 and District records

Note: GASB 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$34,111.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year Ending June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,066,162	\$ 2,149,969	\$ 2,456,745	\$ 2,318,242	\$ 2,260,986	\$ 2,987,788	\$ 2,095,271	\$ 2,233,645	\$ 2,692,768	\$ 3,320,009
Special Education	1,775,231	1,052,072	1,088,811	1,109,866	1,063,857	904,462	1,056,010	1,083,448	1,047,824	1,107,571
Other Instruction	165,139	47,664	59,300	53,738	60,770	65,713	103,156	82,785	88,197	330,733
Support Services:										
Tuition	34,219	73,463	216,469	128,441	116,256	246,456	275,132	259,797	356,895	122,604
Student & Instruction Related Services	1,406,660	1,231,166	1,336,029	1,366,766	1,324,260	1,313,893	1,305,143	1,292,832	1,032,608	1,104,872
School Administrative Services	409,687	207,763	209,436	196,022	242,766	324,371	317,282	320,198	216,477	286,042
General Administration	448,979	377,970	447,528	413,745	359,429	523,004	440,920	501,287	571,839	862,483
Plant Operations and Maintenance	1,109,931	769,233	988,659	1,031,927	923,373	684,671	820,342	846,671	792,657	1,225,246
Pupil Transportation	460,856	392,734	514,597	493,277	474,508	445,733	398,963	438,127	511,592	545,653
Unallocated Benefits		3,482,374	4,177,272	5,076,082	4,828,108	2,580,456	2,242,219	2,017,592	1,971,803	
Other Support Services	1,048,994									
Interest on long-term debt	88,403	115,581	119,215	121,993	124,074	101,794	217,332	233,499	210,333	231,143
Bond Issue Costs						91,294				
Unallocated Depreciation and Amortization		96,239	116,046	110,190	89,936	575,754	193,241	193,241	181,305	343,653
Total governmental activities expenses	<u>11,014,262</u>	<u>9,996,228</u>	<u>11,730,110</u>	<u>12,420,289</u>	<u>11,868,323</u>	<u>10,845,392</u>	<u>9,465,012</u>	<u>9,503,122</u>	<u>9,674,299</u>	<u>9,480,009</u>
Business-type activities:										
Food service	80,295	93,817	93,731	118,598	104,045	99,266	105,558	112,928	117,527	141,244
Total business-type activities expense	<u>80,295</u>	<u>93,817</u>	<u>93,731</u>	<u>118,598</u>	<u>104,045</u>	<u>99,266</u>	<u>105,558</u>	<u>112,928</u>	<u>117,527</u>	<u>141,244</u>
Total district expenses	<u>\$ 11,094,558</u>	<u>\$ 10,090,045</u>	<u>\$ 11,823,841</u>	<u>\$ 12,538,887</u>	<u>\$ 11,972,368</u>	<u>\$ 10,944,658</u>	<u>\$ 9,570,569</u>	<u>\$ 9,616,050</u>	<u>\$ 9,791,826</u>	<u>\$ 9,621,253</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	154,263	1,835,011	2,567,025	3,473,946	3,471,069	1,594,724	1,370,193	1,405,638	1,527,804	2,358,130
Total governmental activities program revenues	<u>154,263</u>	<u>1,835,011</u>	<u>2,567,025</u>	<u>3,473,946</u>	<u>3,471,069</u>	<u>1,594,724</u>	<u>1,370,193</u>	<u>1,405,638</u>	<u>1,527,804</u>	<u>2,358,130</u>
Business-type activities:										
Charges for services										
Food service		57,758	84,785	86,438	82,004	72,715	76,612	80,627	83,941	101,167
Operating grants and contributions	99,293	21,077	20,624	20,491	21,210	19,181	18,332	20,695	24,647	26,581
Total business type activities program revenues	<u>99,293</u>	<u>78,835</u>	<u>105,409</u>	<u>106,929</u>	<u>103,214</u>	<u>91,895</u>	<u>94,944</u>	<u>101,322</u>	<u>108,588</u>	<u>127,748</u>
Total district program revenues	<u>\$ 253,555</u>	<u>\$ 1,913,847</u>	<u>\$ 2,672,434</u>	<u>\$ 3,580,875</u>	<u>\$ 3,574,283</u>	<u>\$ 1,686,619</u>	<u>\$ 1,465,136</u>	<u>\$ 1,506,959</u>	<u>\$ 1,636,392</u>	<u>\$ 2,485,878</u>
Net (Expense)/Revenue										
Governmental activities	\$ (10,859,999)	\$ (8,161,217)	\$ (9,163,085)	\$ (8,946,343)	\$ (8,397,254)	\$ (9,250,668)	\$ (8,094,819)	\$ (8,097,484)	\$ (8,146,495)	\$ (7,121,879)
Business-type activities	18,997	(14,982)	11,678	(11,669)	(831)	(7,370)	(10,614)	(11,607)	(8,939)	(13,496)
Total district-wide net expense	<u>\$ (10,841,002)</u>	<u>\$ (8,176,199)</u>	<u>\$ (9,151,407)</u>	<u>\$ (8,958,011)</u>	<u>\$ (8,398,085)</u>	<u>\$ (9,258,038)</u>	<u>\$ (8,105,433)</u>	<u>\$ (8,109,091)</u>	<u>\$ (8,155,434)</u>	<u>\$ (7,135,375)</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year Ending June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,463,944	\$ 7,179,037	\$ 7,038,272	\$ 7,038,272	\$ 7,038,822	\$ 7,038,822	\$ 6,899,434	\$ 6,934,529	\$ 6,969,379	\$ 6,969,379
Taxes levied for debt service	361,875	363,562	364,825	363,937	363,825	399,900	398,425	396,226	398,725	443,790
Federal and State Aid not Restricted	3,999,888	1,369,481	1,598,984	1,541,033	1,124,182	1,118,661	1,136,502	1,097,406	1,073,045	
Investment Earnings										6,778
Miscellaneous income	72,644	119,565	254,599	106,885	48,420	89,057	53,780	26,031	102,413	35,678
Cancellations									(65,963)	
Transfers										
Capital Lease Payments										
Total governmental activities	<u>11,898,351</u>	<u>9,031,645</u>	<u>9,256,680</u>	<u>9,050,127</u>	<u>8,575,250</u>	<u>8,646,440</u>	<u>8,488,141</u>	<u>8,454,192</u>	<u>8,477,599</u>	<u>7,455,625</u>
Business-type activities:										
Investment Earnings		135	180	119	52	35	45	53	45	3,234
Transfers										
Total business-type activities	<u>-</u>	<u>135</u>	<u>180</u>	<u>119</u>	<u>52</u>	<u>35</u>	<u>45</u>	<u>53</u>	<u>45</u>	<u>3,234</u>
Total district-wide	<u>\$ 11,898,351</u>	<u>\$ 9,031,780</u>	<u>\$ 9,256,860</u>	<u>\$ 9,050,246</u>	<u>\$ 8,575,302</u>	<u>\$ 8,646,476</u>	<u>\$ 8,488,186</u>	<u>\$ 8,454,245</u>	<u>\$ 8,477,644</u>	<u>\$ 7,458,859</u>
Change in Net Position										
Governmental activities	\$ 1,038,351	\$ 870,428	\$ 93,595	\$ 103,784	\$ 177,995	\$ (604,228)	\$ 393,322	\$ 356,707	\$ 331,104	\$ 333,746
Business-type activities	18,997	(14,847)	11,858	(11,549)	(779)	(7,335)	(10,569)	(11,554)	(8,895)	(10,262)
Total district	<u>\$ 1,057,348</u>	<u>\$ 855,582</u>	<u>\$ 105,453</u>	<u>\$ 92,235</u>	<u>\$ 177,217</u>	<u>\$ (611,563)</u>	<u>\$ 382,753</u>	<u>\$ 345,154</u>	<u>\$ 322,210</u>	<u>\$ 323,484</u>

Source: ACFR Schedule A-2 and District records

GASB 84 was implemented during the 2021 fiscal year, which required the recognition of student activity revenue reported as charges for services. This amount is not reflected in the June 30th prior revenue balances above.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2021	2020 (Restated)	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Reserved/Restricted/Committed	\$ 3,749,119	\$ 2,814,454	\$ 2,048,501	\$ 2,459,851	\$ 2,336,426	\$ 1,608,402	\$ 1,521,229	\$ 1,535,641	\$ 1,296,243	\$ 996,517
Unreserved/Assigned/Unassigned	212,937	201,550	199,408	198,833	120,939	482,694	402,264	100,057	70,057	110,505
Total general fund	<u>\$ 3,962,056</u>	<u>\$ 3,016,004</u>	<u>\$ 2,247,909</u>	<u>\$ 2,658,684</u>	<u>\$ 2,457,366</u>	<u>\$ 2,091,096</u>	<u>\$ 1,923,493</u>	<u>\$ 1,635,698</u>	<u>\$ 1,366,300</u>	<u>\$ 1,107,022</u>
All Other Governmental Funds										
Restricted, reported in:										
Special revenue fund	\$ 34,137	\$ 34,111								
Unreserved, reported in:										
Capital projects fund										24,925
Debt service fund					438	438	2	3	2	2
Total all other governmental funds	<u>\$ 34,137</u>	<u>\$ 34,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 438</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 24,927</u>
Total governmental fund balances	<u>\$ 3,996,193</u>	<u>\$ 3,050,115</u>	<u>\$ 2,247,909</u>	<u>\$ 2,658,684</u>	<u>\$ 2,457,804</u>	<u>\$ 2,091,534</u>	<u>\$ 1,923,495</u>	<u>\$ 1,635,701</u>	<u>\$ 1,366,302</u>	<u>\$ 1,131,949</u>

Source: ACFR Schedule B-1 and District records

GASB 84 was implemented during the 2021 fiscal year, which required the establishment of new restricted fund balances for Student Activity accounts.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year Ending June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Tax levy	\$ 7,825,819	\$ 7,542,599	\$ 7,403,097	\$ 7,402,209	\$ 7,402,647	\$ 7,438,722	\$ 7,297,859	\$ 7,330,755	\$ 7,368,104	\$ 7,413,169
Other Local Sources	79,215	128,925	255,570	106,885	48,420	89,393	53,780	26,031	111,013	
Interest earnings										6,778
Miscellaneous										35,678
State sources	2,806,279	2,686,775	2,911,971	2,814,728	2,595,247	2,561,051	2,345,679	2,283,875	2,349,836	2,147,247
Federal sources	147,691	54,286	165,679	162,888	137,562	151,998	161,015	219,169	242,413	210,883
Total revenue	10,859,004	10,412,584	10,736,318	10,486,710	10,183,876	10,241,164	9,858,334	9,859,829	10,071,366	9,813,755
Expenditures										
Instruction:										
Regular Instruction	2,013,701	2,061,235	2,308,847	2,174,996	2,314,545	2,257,366	2,151,468	2,268,903	2,692,768	2,533,989
Special Education Instruction	1,043,297	1,052,072	1,088,811	1,109,866	928,420	904,462	1,056,010	1,083,448	1,047,824	848,046
Other Instruction	39,843	47,664	59,300	53,738	60,770	65,713	103,156	82,785	88,197	245,913
Support Services:										
Tuition	4,419	73,463	216,469	128,441	116,256	246,456	275,132	259,797	356,895	122,604
Student & Instruction Related Services	1,322,150	1,231,166	1,336,029	1,353,806	1,324,260	1,313,893	1,305,143	1,292,832	1,032,608	845,979
School Administrative Services	209,558	207,763	209,436	196,022	250,266	324,371	317,282	320,198	216,477	216,704
Other Administrative Services	379,620	358,722	424,319	389,549	348,941	407,853	440,920	501,287	571,839	659,807
Plant Operations and Maintenance	804,826	769,233	988,659	1,031,927	923,373	932,714	818,529	840,851	769,772	936,135
Pupil Transportation	447,256	392,734	514,597	493,277	474,508	445,733	398,963	438,127	511,592	529,785
Other Support Services										
Unallocated Benefits	3,265,784	2,935,829	3,032,041	2,893,530	2,673,351	2,490,703	2,243,837	2,017,592	1,971,384	1,930,077
Capital Outlay	20,597	150,608	603,757	96,301	39,089	284,395	61,673	88,385	112,969	13,426
Debt Service:										
Principal	240,000	235,000	230,000	225,000	220,000	210,000	200,000	206,225	213,725	220,925
Interest	121,875	129,000	134,825	139,375	143,825	228,258	198,425	190,000	185,000	175,000
Total Expenditures	9,912,927	9,644,489	11,147,093	10,285,830	9,817,606	10,111,920	9,570,539	9,590,430	9,771,050	9,278,390
Excess (Deficiency) of revenues over (under) expenditures	946,078	768,095	(410,775)	200,880	366,270	129,244	287,795	269,399	300,315	535,365
Other Financing sources (uses)										
Accounts Receivable Cancelled									(65,963)	
Proceeds from refunding						4,537,870				
Payment to Escrow Agent						(4,499,075)				
Transfers in		438								
Transfers out		(438)								
Total other financing sources (uses)	-	-	-	-	-	38,794	-	-	(65,963)	-
Net change in fund balances	\$ 946,078	\$ 768,095	\$ (410,775)	\$ 200,880	\$ 366,270	\$ 168,039	\$ 287,795	\$ 269,399	\$ 234,353	\$ 535,365
Debt service as a percentage of noncapital expenditures	3.66%	3.83%	3.46%	3.58%	3.72%	4.46%	4.19%	4.17%	4.13%	4.27%

Source: District records

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)
(Unaudited)

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>INTEREST ON INVESTMENTS</u>	<u>REFUND PRIOR YEAR EXPENDITURES</u>	<u>RENTALS</u>	<u>MISCELL- ANEOUS</u>	<u>INDIVIDUAL TUITION</u>	<u>TOTAL</u>
2021	\$ 1,999.37	\$ 7,460.39		\$ 1,109.12	\$62,075.00	\$ 72,643.88
2020	29,435.36	18,298.54		66,930.80	4,900.00	119,564.70
2019	35,693.27	143,055.23		7,252.04	68,598.00	254,598.54
2018	29,934.79	15,487.06		1,451.27	54,856.38	101,729.50
2017	13,336.51	2,083.31	\$ 6,050.00	1,864.35	25,086.10	48,420.27
2016	9,770.19	17,134.47	7,025.00	24,109.03	31,017.87	89,056.56
2015	7,158.51	12,692.65	9,129.71	7,078.56	17,721.00	53,780.43
2014	7,853.24	2,331.37	8,100.00	7,746.22		26,030.83
2013	5,443.05	13,537.09	9,300.00	74,132.68		102,412.82
2012	6,778.00	23,759.00	9,300.00	2,064.00		41,901.00

Source: District records.

Revenue Capacity

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
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	Total Assessed Value	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2021	\$ 5,806,600	\$ 447,171,699	\$43,546,400	\$1,975,800	\$21,384,100	\$7,093,800	\$526,978,399	\$ 94	\$526,978,493	\$ 1.485	\$590,902,924
2020	5,431,300	448,095,799	42,752,400	2,054,400	21,607,500	7,093,800	527,035,199	94	527,035,293	1.485	568,377,301
2019	5,281,300	450,237,599	42,283,600	1,917,128	21,607,500	7,093,800	528,420,927	94	528,421,021	1.428	562,821,678
2018	5,892,300	451,422,100	41,290,500	1,878,528	21,607,500	7,093,800	529,184,728	94	529,184,822	1.399	562,254,223
2017	5,901,100	451,871,100	41,376,000	1,880,228	20,518,000	7,195,700	528,742,128	95	528,742,223	1.400	554,383,796
2016	6,711,400	452,135,100	40,529,300	1,856,328	20,757,500	6,990,400	528,980,028	94	528,980,122	1.400	559,565,542
2015	6,106,000	450,125,100	41,193,900	1,886,428	20,757,500	6,990,400	527,059,328	1,028,776	528,088,104	1.409	559,565,542
2014	6,086,400	449,860,400	40,892,300	1,896,628	21,179,700	6,990,400	526,905,828	913,069	527,818,897	1.382	554,160,996
2013	6,211,400	449,801,500	41,633,600	1,902,528	21,179,700	6,990,400	527,719,128	910,190	528,629,318	1.387	564,269,173
2012	6,963,800	450,591,300	42,459,700	1,919,628	21,179,700	7,290,400	530,404,528	803,099	531,207,627	1.396	597,631,725

Source: District records Tax list summary & 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

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
(Unaudited)

Fiscal Year Ended December 31,	Bethlehem Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	North Hunterdon Regional High School District	Township ^c	County ^c	
2021	\$ 1.416	\$ 0.069	\$ 1.485	\$ 0.710	\$ 0.404	\$ 0.422	\$ 3.021
2020	1.413	0.072	1.485	0.700	0.405	0.405	2.995
2019	1.358	0.070	1.428	0.695	0.403	0.400	2.926
2018	1.330	0.069	1.399	0.683	0.372	0.399	2.853
2017	1.331	0.069	1.400	0.674	0.372	0.388	2.834
2016	1.325	0.075	1.400	0.713	0.392	0.393	2.898
2015	1.332	0.077	1.409	0.711	0.387	0.392	2.899
2014	1.303	0.079	1.382	0.655	0.377	0.390	2.804
2013	1.312	0.075	1.387	0.676	0.372	0.388	2.823
2012	1.312	0.084	1.396	0.649	0.081	0.691	2.817

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to

- 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.
- c** Municipality - Includes Open Space and Library Taxes
County- Includes Open Space Taxes and Library Taxes

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year
(Unaudited)

	2021		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value

Information Unavailable

Total	\$	-	0.00%
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Source: District ACFR & Municipal Tax Assessor

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Total Local District School 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	
		Amount	Percentage of Levy
2021	\$ 7,825,819.00	\$ 7,825,819.00	100.00%
2020	7,542,599.00	7,542,599.00	100.00%
2019	7,403,097.00	7,403,097.00	100.00%
2018	7,038,272.00	7,038,272.00	100.00%
2017	7,038,822.00	7,038,822.00	100.00%
2016	7,038,822.02	7,038,822.02	100.00%
2015	6,899,434.00	6,899,434.00	100.00%
2014	6,934,529.00	6,934,529.00	100.00%
2013	6,969,379.00	6,969,379.00	100.00%
2012	6,969,379.00	6,969,379.00	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 voted upon or certified prior to the end of the school year.

Debt Capacity

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2021	\$ 3,035,000					\$ 3,035,000	0.86%	\$ 791.60
2020	3,275,000					3,275,000	0.95%	849.77
2019	3,510,000					3,510,000	1.07%	906.74
2018	3,740,000					3,740,000	1.08%	966.16
2017	3,965,000					3,965,000	1.20%	1,020.33
2016	4,185,000					4,185,000	1.29%	1,075.28
2015	4,645,000					4,645,000	1.46%	1,184.95
2014	4,845,000					4,845,000	1.57%	1,230.95
2013	5,035,000					5,035,000	1.70%	1,276.62
2012	5,220,000					5,220,000	1.75%	1,318.51

Source: District records

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year, if available.
Per Capita calculations for June 30, 2021 utilize population data from year of 2020.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2021	\$ 3,035,000	\$ -	\$ 3,035,000	0.58%	\$ 791.60
2020	3,275,000		3,275,000	0.62%	849.77
2019	3,510,000		3,510,000	0.66%	906.74
2018	3,740,000		3,740,000	0.71%	966.16
2017	3,965,000		3,965,000	0.75%	1,020.33
2016	4,185,000		4,185,000	0.79%	1,075.28
2015	4,645,000		4,645,000	0.88%	1,184.95
2014	4,845,000		4,845,000	0.92%	1,230.95
2013	5,035,000		5,035,000	0.95%	1,276.62
2012	5,220,000		5,220,000	0.98%	1,318.51

Source: District records

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit J-14.

Per Capita calculations for 2021 utilize Population data from 2020 year.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021
Unaudited

Exhibit J-12

<u>Governmental Unit</u>	<u>Authorized Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property Taxes			
Township of Bethlehem (Net Debt)	\$ 1,103,767	100.000%	\$ 1,103,767
Other Debt			
North Hunterdon Regional School District	8,110,000	6.893%	558,997
Hunterdon County (Net Debt)	90,647,955	2.586%	2,343,752
Subtotal, overlapping debt			<u>4,006,515</u>
Bethlehem Township School District Direct Debt			<u>3,035,000</u>
Total direct and overlapping debt			<u><u>\$ 7,041,515</u></u>

Sources: Township Finance Officer, Hunterdon County Finance Office

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 situated within the District. 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.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation
2021	\$ 612,124,984
2020	589,854,727
2019	<u>568,744,943</u>
	<u>\$ 1,770,724,654</u>
Average Equalized Valuation of Taxable Property	<u>\$ 590,241,551</u>
Debt Limit (3% of average equalization value)	\$ 17,707,247
Total Net School Debt Applicable to Limit:	<u>3,035,000</u>
Legal Debt Margin	<u>\$ 14,672,247</u>

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit-Dec. 31, Prior Year	\$ 17,707,247	\$ 17,210,834	\$ 16,918,714	\$ 16,766,265	\$ 16,733,569	\$ 16,699,327	\$ 16,693,655	\$ 16,717,232	\$ 17,135,611	\$ 17,896,054
Total Net School Debt Applicable to Limit	<u>3,035,000</u>	<u>3,275,000</u>	<u>3,510,000</u>	<u>3,740,000</u>	<u>3,965,000</u>	<u>4,185,000</u>	<u>4,645,000</u>	<u>4,845,000</u>	<u>5,035,000</u>	<u>5,220,000</u>
Legal Debt Margin	<u>\$ 14,672,247</u>	<u>\$ 13,935,834</u>	<u>\$ 13,408,714</u>	<u>\$ 13,026,265</u>	<u>\$ 12,768,569</u>	<u>\$ 12,514,327</u>	<u>\$ 12,048,655</u>	<u>\$ 11,872,232</u>	<u>\$ 12,100,611</u>	<u>\$ 13,639,768</u>
Net Debt as % of Debt Limit	17.14%	19.03%	20.75%	22.31%	23.69%	25.06%	27.82%	28.98%	29.38%	27.68%

Sources: State Equalized Valuations were obtained from the New Jersey Dept. of Treasury, Division of Taxation

Demographic and Economic Information

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2021	3,834	\$ 364,567,392 *	\$ 95,088 *	6.60% *
2020	3,834	364,567,392	95,088	6.60%
2019	3,854	354,359,884	91,946	2.50%
2018	3,871	346,880,310	89,610	2.50%
2017	3,886	330,146,788	84,958	3.80%
2016	3,892	325,546,340	83,645	3.90%
2015	3,920	317,743,440	81,057	3.90%
2014	3,936	309,574,272	78,652	4.60%
2013	3,944	296,064,248	75,067	4.30%
2012	3,959	297,867,242	75,238	4.20%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income is presented for Hunterdon County, was computed using Census Bureau midyear population estimates.

^d Unemployment data provided by the NJ Dept. of Labor and Workforce Development

*Estimated

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 Principal Employers,
 Current Year and Ten Years Ago
 (Unaudited)

Employer	2021			2012		
	Employees	Rank [Optional]	Percentage or Total Municipal Employment	Employees	Rank [Optional]	Percentage or Total Municipal Employment

Information Unavailable

-	0.00%	-	0.00%
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Operating Information

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction										
Regular	30.0	30.0	30.0	37.0	36.2	38.0	37.0	39.0	37.0	42.0
Special Education	13.0	13.0	13.0	15.0	14.0	13.0	16.0	15.0	18.0	11.5
Other Special Education	2.0	2.0	2.0	3.0	6.3	7.0	8.0	8.0	8.5	8.5
Support Services:										
Student & Instruction Related Services	7.8	7.8	5.0	7.0	7.0	7.0	6.0	5.0	5.0	5.0
General Administrative Services	4.0	4.0	4.0	5.5	5.5	6.0	6.0	6.0	6.0	6.0
School Administrative Services	3.0	3.0	4.0	4.5	5.5	4.0	6.0	6.0	5.0	3.0
Business Administrative Services	2.0	2.0	2.0	2.0	3.4	3.0	3.0	3.0	3.0	1.0
Plant operations and maintenance	5.5	5.5	6.5	6.5	6.5	1.0	1.0	1.0	1.0	1.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
Other support services	1.0	1.0	3.0	3.0	2.0	5.5	4.5	4.5	4.0	4.0
Total	<u>68.3</u>	<u>68.3</u>	<u>69.5</u>	<u>83.5</u>	<u>86.3</u>	<u>84.5</u>	<u>87.5</u>	<u>88.5</u>	<u>88.5</u>	<u>83.0</u>

Source: District Personnel Records

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years
(Unaudited)

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2021	346	\$ 9,530,455	\$ 27,545	4.43%	49	7.0:1	336.2	325.7	5.19%	96.9%
2020	345	9,099,791	26,376	(9.04%)	49	7.0:1	319.6	306.5	(3.76%)	95.9%
2019	351	10,178,510	28,999	9.20%	54	6.1:1	332.1	315.7	(9.75%)	95.1%
2018	370	9,825,153	26,554	3.32%	55	6.7:1	368.0	352.7	2.88%	95.9%
2017	362	9,303,829	25,701	3.08%	56	6.5:1	357.7	354.2	(7.38%)	99.0%
2016	388	9,673,662	24,932	9.27%	58	6.7:1	386.2	370.7	(3.88%)	96.0%
2015	402	9,172,114	22,816	13.01%	61	6.6:1	401.8	395.5	(10.73%)	98.4%
2014	451	9,105,820	20,190	(0.79%)	62	7.3:1	450.1	429.0	(1.75%)	95.3%
2013	455	9,259,356	20,350	17.48%	64	7.2:1	458.1	440.4	(8.07%)	96.1%
2012	512	8,869,039	17,322	(1.99%)	62	8.3:1	498.3	479.2	(7.72%)	96.2%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
(Unaudited)

<u>District Building</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Elementary</u>										
Conley School										
Square Feet	59,584	59,584	59,584	59,584	59,584	59,584	59,584	59,584	59,584	59,584
Capacity (students)	393	393	393	393	393	393	393	393	393	393
Enrollment	249	229	228	233	212	224	248	248	272	301
Hoppock School										
Square Feet	48,921	48,921	48,921	48,921	48,921	48,921	48,921	48,921	48,921	48,921
Capacity (students)	352	352	352	352	352	352	352	352	352	352
Enrollment	97	119	117	146	150	164	203	203	188	196

Number of Schools at June 30, 2021
 Elementary = 1
 Middle School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

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

School Facilities*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Conley School	\$ 168,116.00	\$ 108,677.00	\$ 93,620.00	\$ 82,641.19	\$ 201,378.20	\$ 285,743.32	\$ 312,535.00	\$ 181,376.85	\$ 100,397.01	\$ 109,886.00
Hoppock School	91,950.19	108,677.00	69,480.00	103,781.40	156,330.86	204,597.14	85,099.84	103,005.34	62,404.42	89,907.00
Total School Facilities	<u>\$ 260,066.19</u>	<u>\$ 217,354.00</u>	<u>\$ 163,100.00</u>	<u>\$ 186,422.59</u>	<u>\$ 357,709.06</u>	<u>\$ 490,340.46</u>	<u>\$ 397,634.84</u>	<u>\$ 284,382.19</u>	<u>\$ 162,801.43</u>	<u>\$ 199,793.00</u>
Other Facilities	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Grand Total	<u>\$ 260,066.19</u>	<u>\$ 217,354.00</u>	<u>\$ 163,100.00</u>	<u>\$ 186,422.59</u>	<u>\$ 357,709.06</u>	<u>\$ 490,340.46</u>	<u>\$ 397,634.84</u>	<u>\$ 284,382.19</u>	<u>\$ 162,801.43</u>	<u>\$ 199,793.00</u>

*School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District Records

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
COMMERCIAL PACKAGE POLICY- NJSIG		
Property – Blanket Building and Contents, Boiler/Machinery and Stated Equipment/Papers	Per Schedule	
Comprehensive General Liability:		
Bodily Injury & Property Damage	\$ 6,000,000	
Comprehensive Automobile Liability:		
Bodily Injury & Property Damage	6,000,000	
Uninsured Motorists-Private Auto	1,000,000	
Uninsured Motorists-Other Vehicles:		
Bodily Injury per Person	15,000	
Bodily Injury per Accident	30,000	
Property Damage per Accident	5,000	
Personal Injury Protection	250,000	
Medical Payments – Private Pass. Vehicles	10,000	
- All Other Vehicles	5,000	
Physical Damage (Comprehensive, Collision & Hired Car) (Scheduled Vehicles Only)		\$ 1,000
 SCHOOL LEADERS PROFESSIONAL LIABILITY- NJSIG		
Coverage A – Limit of Liability:		
Each Period	1,000,000	5,000
Coverage B – Limit of Liability:		
Each Claim	100,000	5,000
Each Period	300,000	5,000
 WORKER'S COMPENSATION- NJSIG		
Statutory Benefits	Included	
Employers Liability:		
Each Accident	3,000,000	
Disease- Each Employee	3,000,000	
Disease- Each Aggregate Limit	3,000,000	
 PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET		
Position Bond- NJSIG		
Blanket Employee Limit	250,000	1,000
Board Secretary Bond	200,000	1,000

Source: School Business Administrator

SINGLE AUDIT SECTION

SECTION – K

**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

**The Honorable President and Members
of the Board of Education
Township of Bethlehem School District
County of Hunterdon
Asbury, New Jersey**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Education of the Township of Bethlehem School District (the "District"), in the County of Hunterdon, State of New Jersey, 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 March 15, 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 opinion 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.

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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 that we consider to be a material weakness.

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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.

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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the District in a separate *Auditors' Management Report on Administrative Findings* dated March 15, 2022.

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.

PKF O'Connor Davies, LLP

March 15, 2022
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

**Report on Compliance for Each Major State Program and on
Internal Control Over Compliance Required by
New Jersey OMB Circular 15-08**

Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Township of Bethlehem School District
County of Hunterdon
Asbury, New Jersey**

Report on Compliance for Each Major State Program

We have audited the Township of Bethlehem School District's (the "District"), County of Hunterdon, New Jersey for compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The District's major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards and New Jersey OMB's 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 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 state program. However, our audit does not provide a legal determination on the District's compliance.

Unmodified Opinion on Each Major 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 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 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 state program and to test and report on internal control over compliance in accordance with NJ 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a 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 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 the 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 NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

PKF O'Connor Davies, LLP
March 15, 2022
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL A.L. NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2020	ADJUST- MENTS	CASH RECEIVED	BUDGETARY EXPENDITURES	DUE TO GRANTOR/ (ACCTS. REC.) AT JUNE 30, 2021	MEMO CUMULATIVE TOTAL EXPENDITURES
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Enterprise Fund:										
Child Nutrition Program Cluster										
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	\$ 91,970.94	\$	\$	\$ 86,368.03	\$ (91,970.94)	\$ (5,602.91)	\$ (91,970.94)
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	11,468.30	(243.60)		243.60			
Federal Food Distribution Program	10.555	211NJ304N1099	7/1/20-6/30/21	4,579.71			4,579.71	(4,579.71)		(4,579.71)
Total U.S. Department of Agriculture					(243.60)		91,191.34	(96,550.65)	(5,602.91)	(96,550.65)
Total Enterprise Fund					(243.60)		91,191.34	(96,550.65)	(5,602.91)	(96,550.65)
U.S. Department of Education										
Passed-through State Department of Education:										
Special Education Cluster (IDEA)										
I.D.E.A. Part B	84.027	H027A190100	7/1/20-9/30/21	92,522.00			52,020.28	(92,522.00)	(40,501.72)	(92,522.00)
I.D.E.A. Part B	84.027	H027A190100	7/1/19-9/30/20	95,409.00	(48,630.72)		48,630.72			
I.D.E.A. Part B, Preschool	84.173	H173A190114	7/1/20-9/30/21	1,049.00				(856.37)	(856.37)	(856.37)
Total Special Education Cluster (IDEA)					(48,630.72)		100,651.00	(93,378.37)	(41,358.09)	(93,378.37)
Title I, Part A										
N.C.L.B. Title I, Part A	84.010A	S010A190030	7/1/20-6/30/21	6,312.00			6,312.99	(6,119.95)	193.04	(6,119.95)
N.C.L.B. Title I, Part A	84.010A	S010A180030	7/1/18-6/30/19	48,000.00	(0.31)				(0.31)	
N.C.L.B. Title I, Part A	84.010A	S010A170030	7/1/17-6/30/18	47,779.00	(7,992.00)				(7,992.00)	
Total Title I, Part A					(7,992.31)		6,312.99	(6,119.95)	(7,799.27)	(6,119.95)
Title II, Part A										
N.C.L.B. Title II, Part A	84.367A	S367A190029	7/1/19-9/30/20	4,433.00	(2,550.00)		2,550.00		2,793.70	
N.C.L.B. Title II, Part A	84.367A	S367A160029	7/1/16-6/30/17		2,793.70					
Total Title II, Part A					243.70		2,550.00		2,793.70	
Title IV										
N.C.L.B. Title IV	84.424	S424A190031	7/1/19-9/30/20	10,000.00	8,362.01				8,362.01	
Total Title IV					8,362.01				8,362.01	
Small, Rural School Achievement Program										
Rural Education Achievement Program	84.358A	S358A203925	7/1/20-9/30/21	29,228.00			29,228.00	(29,228.00)	-	(29,228.00)
Total Small, Rural School Achievement Program							29,228.00	(29,228.00)		(29,228.00)
CARES Emergency Relief										
CARES Emergency Relief/ESSER	84.425D	S425D200027	7/1/20-6/30/22	8,820.00			8,820.00	(8,820.00)	-	(8,820.00)
Total CARES Emergency Relief							8,820.00	(8,820.00)		(8,820.00)
Total U.S. Department of Education					(48,017.32)	-	147,561.99	(137,546.32)	(38,001.65)	(137,546.32)
U.S. Department of the Treasury										
Passed-through State Department of Education										
COVID-19 Coronavirus Relief Fund (CRF)	21.019	S377A130031	10/1/20-9/30/21	10,145.00			10,145.00	(10,145.00)	-	(10,145.00)
Total U.S. Department of the Treasury							10,145.00	(10,145.00)		(10,145.00)
Total Special Revenue Fund					(48,017.32)		157,706.99	(147,691.32)	(38,001.65)	(147,691.32)
Total Federal Awards					\$ (48,260.92)	\$	\$ 248,898.33	\$ (244,241.97)	\$ (43,604.56)	\$ (244,241.97)

Auditor Note: A Single Audit of Federal Awards was not required for the fiscal year ended June 30, 2021 based upon the reported level of expenditures.
See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2020			CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2021		MEMO CUMULATIVE TOTAL EXPENDITURES
				GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE					GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	
State Department of Education:												
General Fund												
Equalization Aid	21-495-034-5120-078	\$ 675,678.00	7/1/20-6/30/21	\$	\$	\$ 609,402.00	\$ (675,678.00)	\$	\$	\$ (66,276.00)	\$ (675,678.00)	
Equalization Aid	20-495-034-5120-078	863,571.00	7/1/19-6/30/20		(84,925.00)							
Special Education Aid	21-495-034-5120-089	303,137.00	7/1/20-6/30/21			273,403.00	(303,137.00)			(29,734.00)	(303,137.00)	
Special Education Aid	20-495-034-5120-089	303,137.00	7/1/19-6/30/20		(29,811.00)							
Transportation Aid	21-495-034-5120-014	113,737.00	7/1/20-6/30/21			102,581.00	(113,737.00)			(11,156.00)	(113,737.00)	
Transportation Aid	20-495-034-5120-014	113,737.00	7/1/19-6/30/20		(11,185.00)							
Security Aid	21-495-034-5120-084	37,641.00	7/1/20-6/30/21			33,949.00	(37,641.00)			(3,692.00)	(37,641.00)	
Security Aid	20-495-034-5120-084	37,641.00	7/1/19-6/30/20		(3,702.00)							
School Choice Aid	21-495-034-5120-068	66,888.00	7/1/20-6/30/21			60,327.00	(66,888.00)			(6,561.00)	(66,888.00)	
School Choice Aid	20-495-034-5120-068	62,473.00	7/1/19-6/30/20		(6,144.00)							
Extraordinary Aid	21-100-034-5120-044	16,175.00	7/1/20-6/30/21				(16,175.00)		(16,175.00)		(16,175.00)	
Extraordinary Aid	20-100-034-5120-044	13,882.00	7/1/19-6/30/20	(13,882.00)		13,882.00						
Nonpublic School Transportation	21-495-034-5120-014	2,030.00	7/1/20-6/30/21				(2,030.00)		(2,030.00)		(2,030.00)	
T.P.A.F. Social Security Aid	21-495-034-5094-003	239,777.77	7/1/20-6/30/21			228,300.70	(239,777.77)		(11,477.07)		(239,777.77)	
T.P.A.F. Social Security Aid	20-495-034-5094-003	238,165.60	7/1/19-6/30/20	(11,848.32)		11,848.32						
T.P.A.F. Pension Contributions	21-495-034-5094-002	1,014,440.00	7/1/20-6/30/21			1,014,440.00	(1,014,440.00)				(1,014,440.00)	
T.P.A.F. Post Retirement Medical	21-495-034-5094-001	317,910.00	7/1/20-6/30/21			317,910.00	(317,910.00)				(317,910.00)	
T.P.A.F. Non-Contributory Insurance	21-495-034-5094-004	517.00	7/1/20-6/30/21			517.00	(517.00)				(517.00)	
Total General Fund				(25,730.32)	(135,767.00)	2,666,560.02	(2,787,930.77)		(29,682.07)	(117,419.00)	(2,787,930.77)	
Enterprise Funds												
State School Lunch Program	21-100-010-3350-023	2,740.90	7/1/20-6/30/21			2,489.21	(2,740.90)		(251.69)		(2,740.90)	
State School Lunch Program	20-100-010-3350-023	653.89	7/1/19-6/30/20	(3.85)		3.85						
Total Enterprise Funds				(3.85)		2,493.06	(2,740.90)		(251.69)		(2,740.90)	
Total State Financial Assistance				\$ (25,734.17)	\$ (135,767.00)	\$ 2,669,053.08	\$ (2,790,671.67)		\$ (29,933.76)	\$ (117,419.00)	\$ (2,790,671.67)	
State Financial Assistance Not Subject to Audit Determination:												
General Fund												
T.P.A.F. Pension Contributions	21-495-034-5094-002	1,014,440.00	7/1/20-6/30/21			(1,014,440.00)	1,014,440.00				1,014,440.00	
T.P.A.F. Post Retirement Medical	21-495-034-5094-001	317,910.00	7/1/20-6/30/21			(317,910.00)	317,910.00				317,910.00	
T.P.A.F. Non-Contributory Insurance	21-495-034-5094-004	517.00	7/1/20-6/30/21			(517.00)	517.00				517.00	
Total State Financial Assistance Not Subject to Audit Determination				\$ (25,734.17)	\$ (135,767.00)	\$ 1,336,186.08	\$ (1,457,804.67)		\$ (29,933.76)	\$ (117,419.00)	\$ (1,457,804.67)	

See Accompanying Notes to Schedules of Expenditures of State Financial Assistance.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education of the Bethlehem Township School District. The District is defined in Note 1(A) to the Board's general-purpose financial statements (GASB 34 Model – basic financial statements). All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state assistance passed through other government agencies are included on the schedules of expenditures of federal and state financial assistance. Based upon the level of expenditures of federal financial assistance, a Single Audit of federal awards pursuant to the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) was not required.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state financial assistance are presented on the budgetary basis of accounting, with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These basis's of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of NJOMB Circular 15-08, which requires compliance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for state financial assistance programs. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit 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 with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A 18A:22-44.2.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D.):

For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$18,348 for the general fund and \$0 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,806,279	\$ 2,806,279
Special Revenue Fund	\$ 147,691		147,691
Food Service Enterprise Fund	96,551	2,741	99,292
Total financial award revenues	<u>\$ 244,242</u>	<u>\$ 2,809,020</u>	<u>\$ 3,053,262</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

NOTE 5. OTHER

TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2021. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 5. OTHER (CONT'D.)

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021, and are subject to the state single audit mandate.

NOTE 6. INDIRECT COSTS

The District elected not to use the 10% de minimus indirect cost rate as allowed by the Uniform Guidance

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section 1 - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? X Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted?

Yes X No

State Financial Assistance

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

\$750,000.00

Auditee qualified as low-risk auditee?

X Yes No

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

Unmodified

Internal Control over major state programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?

Yes X No

Identification of major state programs:

<u>GMIS Number(s)</u>
<u>21-495-034-5120-078</u>
<u>21-495-034-5120-089</u>
<u>21-495-034-5120-084</u>
<u>21-495-034-5120-068</u>

<u>Name of State Program or Cluster</u>
<u>State Aid Public Cluster:</u>
<u>Equalization Aid</u>
<u>Special Education Aid</u>
<u>Security Aid</u>
<u>School Choice Aid</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Finding 2021-001 General Ledger (Material Weakness)

Criteria:

A complete and accurate general ledger must include adequate internal controls to ensure that financial statements are produced on a timely basis and are materially accurate.

Condition:

The District's business office personnel perform certain general ledger postings on a monthly basis and at year end which include the posting of journal entries and the performance of various reconciliations. We noted that during the period under audit that the general ledger was missing certain journal entries to correctly state the balances at June 30, 2021. Moreover, certain reconciliations of accounts were noted to contain inaccurate information. Specifically, the following was noted:

- We found instances in which encumbrances that should have been closed out at year end were not;
- Instances in which transactions were mis-posted to the general fund and should have been posted against a federal grant;
- The Food Service fund was not maintained formally in the general ledger; and
- The District should consider having a fixed asset inventory performed.

Context:

Turnover of personnel may have prevented certain journal entries from properly being posted and account balances from being properly reconciled to subsidiary ledgers attributing to an inaccurate general ledger.

Cause and Effect:

An appropriately designed financial statement close process reduces the risk of errors in the general ledger

Recommendation:

In order to improve the monthly and year end close process, we suggest the District develop a formal process to be implemented each month and on an annual basis.

Views of Responsible Official:

Management has reviewed the above finding and is in agreement. Management will address the above recommendation in a formal corrective action plan.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

State Financial Assistance Programs:

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2CFR 200 Section.516(a) of New Jersey State OMB Circular 15-08.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

No prior year findings were noted.