

**BETHLEHEM TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2022

**Responsibility of the Management of
Bethlehem Township School District
Hunterdon County, New Jersey**



Certified Public Accountants, PC

**BETHLEHEM TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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SCHOOL DISTRICT**

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Bethlehem Township Board of Education

Edward Abato
Chief School Administrator

Brian Latzke
Business Administrator/Board Secretary

Sally Klemm
Director of Special Services

March 7, 2023

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 Bethlehem Township School District (District) for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All discourse 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 the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes basic financial statements, Management's discussion and analysis, and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the 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 the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings, and recommendations, are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

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

These services include general as well as special education (grades K through 8) programs. The District completed the 2021-2022 fiscal year with an in-district enrollment of 374 students, which is a 4.13% increase over the previous year's enrollment. The following details the changes in the student enrollment of the District over a five-year period.

Average Daily Enrollment

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021 - 2022	374	4.13%
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 this past year mainly due to turnover in housing. The district continues to try to attract 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 are actively pursuing consolidation of the two school buildings into one site at Thomas B. Conley Elementary School which will house students in preschool through eighth grade. We also are implementing professional learning communities (PLC) across the district that will foster the full implementation of a K-8 response to intervention (RTI) framework.

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining the 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 (GAAP). The 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 is also 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's 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 Board of Education. Annual appropriated budgets are adopted for the general fund, special revenue fund, and debt service fund. Project length budgets are approved for the capital improvements accounted for 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 the end of the fiscal year are recorded as reservations of fund balance and are subsequently added to the following year's budget.

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board. The accounting system of the District is organized on the basis of funds and account groups. These funds and the account groups 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 meeting its responsibilities for sound financial management.

8. DEBT ADMINISTRATION

During the 2021-2022 school year, the District retired \$250,000.00 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 by 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 provision of the Governmental Unit Deposit Protection Act (GUDPA). This was enacted in 1970 to protect governmental units from 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.

10. RISK MANAGEMENT

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

11. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. The accounting firm of BKC, CPAs, PC 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS

I would like to express appreciation to the members of the Bethlehem Township Board of Education for their concern and work in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of the financial operation. I would also like to commend and thank the business office. Their hard work and dedication have greatly contributed to the financial state of the District.

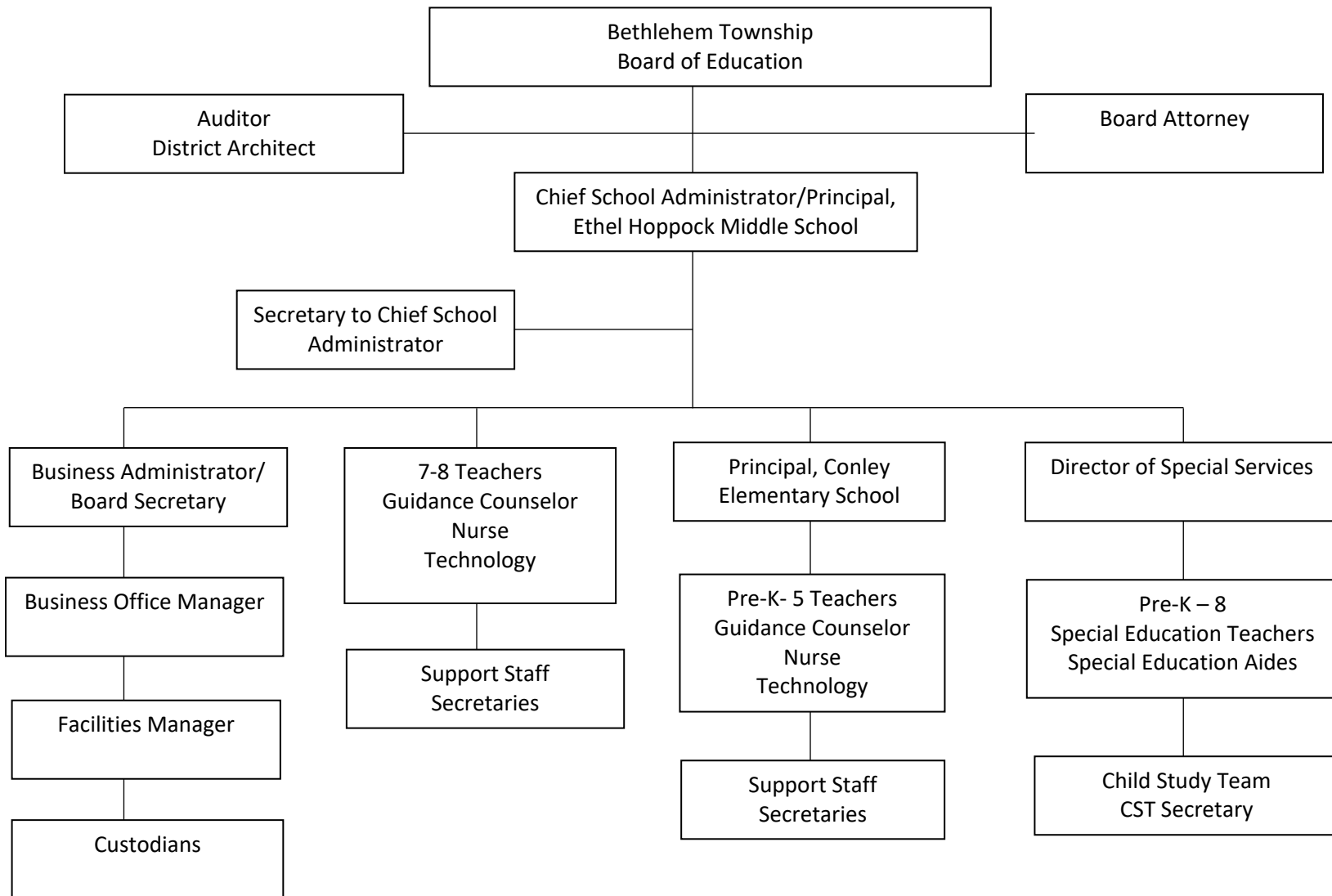
Yours in Education,



Edward Abato
Chief School Administrator



Brian Latzke
Business Administrator/Board Secretary



BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2022

Members of the Board of Education	Title	Term Expires
Kyle Harris	President	2023
Michael Hale	Vice-President	2022
Jenny Holmes		2022
Jessica Romero		2022
Stephanie Yager		2022
Travis Roop		2023
Jennifer Seibert		2024

Other Officials	Title
Ms. Rainie Roncoroni	School Administrator/Principal Interim Chief
Brian Latzke	School Business Administrator/Board Secretary
Theresa Moore	Board Attorney

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2022

AUDIT FIRM

BKC, CPAs, P.C.
39 State Route 12, Ste 2
Flemington, NJ 08822

ATTORNEY

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

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 DEPOSITRY

Investors Bank
101 JFK Parkway
Short Hills, NJ 07078



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, 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* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

March 7, 2023
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of Bethlehem Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased \$1,197,497 which represents a 67.48% increase from 2021.
- General revenues accounted for \$11,963,967 in revenue or 96.29% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$461,246 or 3.71% to total revenues of \$12,425,213.
- Total assets of governmental activities increased by \$346,209 as cash and cash equivalents increased by \$369,495, receivables and other assets increased by \$11,857 and capital assets decreased by \$35,143.
- The School District had \$11,224,916 in expenses; only \$461,246 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$11,963,967 were adequate to provide for these programs.
- Among major funds, the general fund had \$10,486,013 in revenues, \$9,918,902 in expenditures. The general fund's balance increased \$567,111 from fiscal year 2021.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bethlehem Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Bethlehem Township School District, the general fund is by far the most significant fund.

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?"

The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the changes in net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2022 with comparisons to June 30, 2021.

Table 1
Net Position

	06/30/22	06/30/21	Variance	
			Dollars	%
Assets				
Current & other assets	\$ 5,005,714	\$ 4,598,206	\$ 407,508	8.86%
Capital assets	2,967,734	3,005,743	(38,009)	-1.26%
Total assets	<u>7,973,448</u>	<u>7,603,949</u>	<u>369,499</u>	<u>4.86%</u>
Deferred pension activity	284,568	386,971	(102,403)	-26.46%
Deferred amount on refunding	34,682	39,017	(4,335)	-11.11%
Total deferred outflow of resources	<u>319,250</u>	<u>425,988</u>	<u>(106,738)</u>	<u>-25.06%</u>
Liabilities				
Long-term liabilities	3,852,983	4,815,619	(962,636)	-19.99%
Other liabilities	433,267	632,559	(199,292)	-31.51%
Total liabilities	<u>4,286,250</u>	<u>5,448,178</u>	<u>(1,161,928)</u>	<u>-21.33%</u>
Deferred pension activity	1,034,395	807,203	227,192	28.15%
Total deferred inflow of resources	<u>1,034,395</u>	<u>807,203</u>	<u>227,192</u>	<u>28.15%</u>
Net position				
Net investment in capital assets	182,734	(145,705)	328,439	225.41%
Restricted	2,528,805	1,876,102	652,703	34.79%
Unrestricted	260,514	44,159	216,355	489.95%
Total net position	<u>\$ 2,972,053</u>	<u>\$ 1,774,556</u>	<u>\$ 1,197,497</u>	<u>67.48%</u>

Total assets for district-wide purposes increased \$369,499. Cash and cash equivalents increased by \$355,217; receivables and other assets increased by \$52,291 and capital assets decreased by \$38,009. Unrestricted net position increased by \$216,355 and represents the part of net position that can be used to finance day to day activities without constraints, established by grants or legal requirements of the School District.

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 provides a summary of the School District's changes in net position for the fiscal year ended June 30, 2022 with comparisons to the fiscal year ended June 30, 2021.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/22	06/30/21	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 153,427	\$ -	\$ 153,427	*
Operating grants	307,819	154,263	153,556	99.54%
General revenues				
Property taxes	7,827,219	7,825,819	1,400	0.02%
Unrestricted grants	4,106,403	4,099,181	7,222	0.18%
Other	30,345	72,644	(42,299)	-58.23%
Total revenues	<u>12,425,213</u>	<u>12,151,907</u>	<u>273,306</u>	<u>2.25%</u>
Expenses				
Instruction				
Regular	4,319,817	4,066,162	253,655	6.24%
Special	1,687,431	1,775,231	(87,800)	-4.95%
Other	318,738	165,139	153,599	93.01%
Support services				
Tuition	109,483	34,219	75,264	219.95%
Student & instructional staff	2,200,393	2,455,654	(255,261)	-10.39%
General & business administration	494,139	448,979	45,160	10.06%
School administration	311,578	409,687	(98,109)	-23.95%
Maintenance	1,176,744	1,109,931	66,813	6.02%
Transportation	393,302	460,856	(67,554)	-14.66%
Food service	110,393	80,295	30,098	37.48%
Interest on long-term debt	102,898	88,403	14,495	16.40%
Total expenses	<u>11,224,916</u>	<u>11,094,556</u>	<u>130,360</u>	<u>1.17%</u>
Increase (decrease) before special items	1,200,297	1,057,351	142,946	13.52%
Special items				
Gain (loss) on disposal of asset	(2,800)	-	(2,800)	-
Change in net position	<u>\$ 1,197,497</u>	<u>\$ 1,057,351</u>	<u>\$ 140,146</u>	<u>13.25%</u>

*Undefined

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 63.71% of revenues for governmental activities for the Bethlehem Township School District for fiscal year 2022.

Instruction comprises 56.36% of district expenses. Support services expenses make up 42.73% of the expenses. Interest on long-term debt makes up 0.91% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 provides a summary of the School District's cost of governmental services for the fiscal year ended June 30, 2022 with comparisons to the fiscal year ended June 30, 2021.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$ 6,325,986	\$ 6,006,532	\$ 6,060,765	\$ 5,857,851
Support services				
Tuition	109,483	34,219	64,366	34,219
Student & instructional staff	2,200,393	2,455,654	2,189,927	2,450,073
General & business administration	494,139	448,979	494,139	409,687
School administration	311,578	409,687	311,578	448,979
Plant operations & maintenance	1,176,744	1,109,931	1,176,744	1,109,931
Pupil transportation	393,302	460,856	393,302	460,856
Special schools	-	-	-	
Food service	110,393	80,295	(30,049)	(18,997)
Interest on long-term debt	102,898	88,403	102,898	88,403
Total expenses	\$ 11,224,916	\$ 11,094,556	\$ 10,763,670	\$ 10,841,002

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities tax revenue support is 62.99%. The community, as a whole, is the primary support for the Bethlehem Township School District.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,027,920, expenditures of \$10,463,220. The net positive change in fund balance for the year of \$567,111 occurred in the general fund.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the fiscal year 2022, the School District amended its general fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to lightly control total program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenue was \$8,642,790 which was \$122,038 above original budgeted estimates of \$8,520,752. This difference was due primarily to unbudgeted tuition from individuals.

The general fund revenues of the School District were greater than expenditures and other financing uses by \$545,015.

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Capital Assets

At the end of the fiscal year 2022, the School District had \$2,967,734 invested in land, buildings, vehicles, and furniture and equipment.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2022 with comparisons to June 30, 2021.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	06/30/22	06/30/21	Variance	
			Dollars	%
Land	139,200	\$ 139,200	\$ -	0.00%
Construction in progress	128,300	-	128,300	*
Land improvements	37,974	44,836	(6,862)	-15.30%
Buildings & improvements	2,467,088	2,596,484	(129,396)	-4.98%
Furniture and equipment	195,172	225,223	(30,051)	-13.34%
Total	<u>\$ 2,967,734</u>	<u>\$ 3,005,742</u>	<u>\$ (38,009)</u>	-1.26%

* Undefined

Overall capital assets decreased \$38,009 from fiscal year 2021 to fiscal year 2022. Increases in capital assets were offset by depreciation expenses for the year.

BETHLEHEM TOWNSHIP PUBLIC SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Debt Administration

At June 30, 2022, the School District had \$3,852,983 in long-term liabilities. This amount is detailed in Table 5.

At June 30, 2022, the School District’s overall legal debt limit was \$17,707,247 and the legal debt margin was \$14,922,247.

Table 5 provides a summary of the School District’s outstanding long-term liabilities at June 30, 2022 with comparisons to June 30, 2021.

Table 5
Long-Term Liabilities at Year-End

	06/30/22	06/30/21	Variance	
			Dollars	%
General obligation bonds	\$ 2,785,000	\$ 3,035,000	\$ (250,000)	-8.24%
Net pension liability	940,818	1,656,737	(715,919)	-43.21%
Unamortized bond premium	88,034	116,448	(28,414)	-24.40%
Compensated absences	39,131	7,434	31,697	426.38%
	<u>\$ 3,852,983</u>	<u>\$ 4,815,619</u>	<u>\$ (962,636)</u>	<u>-19.99%</u>

For the Future

The District has committed itself to financial excellence. The School District plans to continue its sound fiscal management to meet the challenges of the future. The safety and security of our students, staff, parents and community is a priority for the district.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 receives. If you have any questions about this report or need additional information, contact Brian Latzke, Bethlehem Township Board of Education, 280 Asbury-West Portal Road, Asbury, New Jersey 08802.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,322,254	\$ 17,353	\$ 2,339,607
Due from other funds	-	38,083	38,083
Receivables, net	90,889	5,223	96,112
Inventory	-	3,107	3,107
Restricted assets			
Capital reserve account - cash	1,906,527	-	1,906,527
Maintenance reserve account - cash	590,552	-	590,552
Student activities - cash	31,726	-	31,726
Capital assets, net			
Land and construction in progress	267,500	-	267,500
Other capital assets, net of depreciation	2,681,725	18,509	2,700,234
Total assets	7,891,173	82,275	7,973,448
Deferred outflows of resources			
Deferred amount on pension activity	284,568	-	284,568
Deferred amount on refunding bond issue	34,682	-	34,682
Total deferred outflows of resources	319,250	-	319,250
Liabilities			
Accounts payable	26,786	-	26,786
Due to other funds	38,083	-	38,083
Accrued interest	49,626	-	49,626
Payroll deductions and withholdings payable	236,249	-	236,249
Unearned revenue	79,937	2,586	82,523
Long-term liabilities			
Due within one year	276,004	-	276,004
Due beyond one year	3,576,979	-	3,576,979
Total liabilities	4,283,664	2,586	4,286,250
Deferred inflows of resources			
Deferred amount on pension liability	1,034,395	-	1,034,395

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 164,225	\$ 18,509	\$ 182,734
Restricted for			
Capital reserve fund	1,906,527	-	1,906,527
Maintenance reserve fund	590,552	-	590,552
Student activities	31,726	-	31,726
Unrestricted	<u>199,334</u>	<u>61,180</u>	<u>260,514</u>
Total net position	<u>\$ 2,892,364</u>	<u>\$ 79,689</u>	<u>\$ 2,972,053</u>

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,104,324	\$ 2,215,493	\$ 142,172	\$ 51,973	\$ -	\$ (4,125,672)	\$ -	\$ (4,125,672)
Special education	896,747	790,684	-	65,000	-	(1,622,431)	-	(1,622,431)
Other special instruction	68,484	117,001	-	6,076	-	(179,409)	-	(179,409)
Other instruction	50,467	82,786	-	-	-	(133,253)	-	(133,253)
Support services								
Tuition	109,483	-	-	45,117	-	(64,366)	-	(64,366)
Students and instruction related services	1,231,670	968,723	10,267	199	-	(2,189,927)	-	(2,189,927)
General and business administration services	351,894	142,245	-	-	-	(494,139)	-	(494,139)
School administration services	197,641	113,937	-	-	-	(311,578)	-	(311,578)
Plant operations and maintenance	1,075,947	100,797	-	-	-	(1,176,744)	-	(1,176,744)
Pupil transportation	393,302	-	-	-	-	(393,302)	-	(393,302)
Interest on long-term debt	102,898	-	-	-	-	(102,898)	-	(102,898)
Total governmental activities	<u>6,582,857</u>	<u>4,531,666</u>	<u>152,439</u>	<u>168,365</u>	<u>-</u>	<u>(10,793,719)</u>	<u>-</u>	<u>(10,793,719)</u>
Business-type activities								
Food service	110,393	-	988	139,454	-	-	30,049	30,049
Total business-type activities	<u>110,393</u>	<u>-</u>	<u>988</u>	<u>139,454</u>	<u>-</u>	<u>-</u>	<u>30,049</u>	<u>30,049</u>
Total primary government	<u>\$ 6,693,250</u>	<u>\$ 4,531,666</u>	<u>\$ 153,427</u>	<u>\$ 307,819</u>	<u>\$ -</u>	<u>(10,793,719)</u>	<u>30,049</u>	<u>(10,763,670)</u>
			General revenues, special items and transfers					
						7,463,944	-	7,463,944
						363,275	-	363,275
						4,106,403	-	4,106,403
						474	2	476
						29,869	-	29,869
						(2,800)	-	(2,800)
						<u>11,961,165</u>	<u>2</u>	<u>11,961,167</u>
						1,167,446	-	1,167,446
						1,724,918	-	1,724,918
						<u>\$ 2,892,364</u>	<u>\$ 79,689</u>	<u>\$ 2,972,053</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,253,719	\$ 68,535	\$ -	\$ -	\$ 2,322,254
Due from other funds	-	7,992	-	-	7,992
Receivables from other governments					
Federal	-	1,610	-	-	1,610
State	46,693	-	-	-	46,693
Other local governmental	27,644	-	-	-	27,644
Other accounts receivable	14,942	-	-	-	14,942
Restricted cash and equivalents	2,497,079	31,726	-	-	2,528,805
Total assets	\$ 4,840,077	\$ 109,863	\$ -	\$ -	\$ 4,949,940
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 46,075	\$ -	\$ -	\$ -	\$ 46,075
Accounts payable	26,786	-	-	-	26,786
Payroll deductions and withholdings payable	236,249	-	-	-	236,249
Unearned revenue	1,800	78,137	-	-	79,937
Total liabilities	310,910	78,137	-	-	389,047
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	815,624	-	-	-	815,624
Excess surplus - current year	754,187	-	-	-	754,187
Capital reserve account	1,906,527	-	-	-	1,906,527
Maintenance reserve account	590,552	-	-	-	590,552
Student activities	-	31,726	-	-	31,726
Committed fund balance					
Year-end encumbrances	208,978	-	-	-	208,978
Unassigned fund balance	253,299	-	-	-	253,299
Total fund balances	4,529,167	31,726	-	-	4,560,893
Total liabilities and fund balances	\$ 4,840,077	\$ 109,863	\$ -	\$ -	

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2022

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:	
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$9,896,808 and the accumulated depreciation is \$6,947,583.	\$ 2,949,225
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(715,145)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,852,983)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(49,626)</u>
Total net position of governmental activities	<u><u>\$ 2,892,364</u></u>

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 7,463,944	\$ -	\$ -	\$ 363,275	\$ 7,827,219
Tuition - individuals	117,172	-	-	-	117,172
Tuition - other LEAs	25,000	-	-	-	25,000
Interest income	474	-	-	-	474
Miscellaneous	29,869	16,267	-	-	46,136
Total local sources	<u>7,636,459</u>	<u>16,267</u>	<u>-</u>	<u>363,275</u>	<u>8,016,001</u>
State sources	2,849,554	-	-	-	2,849,554
Federal sources	-	162,365	-	-	162,365
Total revenues	<u>10,486,013</u>	<u>178,632</u>	<u>-</u>	<u>363,275</u>	<u>11,027,920</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,052,351	51,973	-	-	2,104,324
Special education instruction	831,747	65,000	-	-	896,747
Other special instruction	62,408	6,076	-	-	68,484
Other instruction	50,467	-	-	-	50,467
Support service and undistributed costs					
Tuition	64,366	45,117	-	-	109,483
Student and instruction related services	1,218,793	12,877	-	-	1,231,670
General and business administrative services	351,894	-	-	-	351,894
School administrative services	197,641	-	-	-	197,641
Plant operations and maintenance	1,075,947	-	-	-	1,075,947
Pupil transportation	393,302	-	-	-	393,302
Unallocated benefits	3,468,801	-	-	-	3,468,801

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 128,300	\$ -	\$ -	\$ -	\$ 128,300
Debt service					
Principal	-	-	-	250,000	250,000
Interest and other charges	22,885	-	-	113,275	136,160
Total expenditures	<u>9,918,902</u>	<u>181,043</u>	<u>-</u>	<u>363,275</u>	<u>10,463,220</u>
Excess (deficiency) of revenues over (under) expenditures	567,111	(2,411)	-	-	564,700
Fund balances, July 1	<u>3,962,056</u>	<u>34,137</u>	<u>-</u>	<u>-</u>	<u>3,996,193</u>
Fund balances, June 30	<u>\$ 4,529,167</u>	<u>\$ 31,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,560,893</u>

See accompanying notes to financial statements.

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 Fiscal Year Ended June 30, 2022

Total net changes in fund balances - Governmental fund (from B-2) \$ 564,700

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 128,300	
Depreciation expense	(160,643)	
Loss on disposal of asset	<u>(2,800)</u>	
		(35,143)

Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Bond principal payments	250,000
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Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	28,414
------------------------------	--------

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

386,324

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2022

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	\$ 9,183
In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	(4,335)
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>(31,697)</u>
Change in net position of governmental activities	<u><u>\$ 1,167,446</u></u>

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Fund Net Position
June 30, 2022

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 17,353
Due from other funds	38,083
Receivables from other governments	
State	118
Federal	5,105
Inventory	<u>3,107</u>
Total current assets	<u>63,766</u>
Noncurrent assets	
Capital assets	161,228
Less: accumulated depreciation	<u>142,719</u>
Total noncurrent assets	<u>18,509</u>
Total assets	<u>82,275</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	969
Unearned revenues - prepaid sales	<u>1,617</u>
Total liabilities	<u>2,586</u>
Net position	
Net investment in capital assets	18,509
Unrestricted	<u>61,180</u>
Total net position	<u><u>\$ 79,689</u></u>

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2022

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - nonreimbursable programs	\$ 988
Total operating revenues	988
Operating expenses	
Cost of sales - reimbursable programs	45,354
Commodity food costs	6,841
Salaries	31,454
Employee benefits	4,475
Purchased professional/technical services	1,565
Purchased property services	1,223
Other purchased services	
Insurance	4,877
Management fee	10,300
General supplies	1,315
Depreciation	2,866
Miscellaneous	123
Total operating expenses	110,393
Operating income (loss)	(109,405)
Non-operating revenues (expenses)	
State sources	
State school lunch program	2,993
Federal sources	
National school lunch program	
Cash assistance	128,378
Non-cash assistance (commodities)	6,841
P-EBT administrative	1,242
Other sources	
Interest earned on investments	2
Total non-operating revenues (expenses)	139,456
Change in net position	30,051
Net position, beginning (as restated)	49,638
Net position, ending	\$ 79,689

See accompanying notes to financial statements.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ (1,613)
Payments to Food Service Management Company	(104,613)
Payments to vendors (net)	<u>(1,355)</u>
Net cash provided by (used for) operating activities	<u>(107,581)</u>
Cash flows from non-capital financing activities	
State sources	3,127
Federal sources	130,118
Net interfund transactions	<u>(18,347)</u>
Net cash provided by (used for) non-capital financing activities	<u>114,898</u>
Cash flows from investing activities	
Interest earned on investments	<u>2</u>
Net cash provided by (used for) investing activities	<u>2</u>
Net increase (decrease) in cash and cash equivalents	7,319
Cash and cash equivalents, beginning	<u>10,034</u>
Cash and cash equivalents, ending	<u>\$ 17,353</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (109,405)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	2,866
Federal food donation program	6,841
(Increase) decrease in inventory	(1,245)
Increase (decrease) in accounts receivable	123
Increase (decrease) in accounts payable	(5,129)
Increase (decrease) in unearned revenues	<u>(1,632)</u>
Net cash provided by (used for) operating activities	<u>\$ (107,581)</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Bethlehem Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The 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. The District had an approximate enrollment at June 30, 2022 of 374 students.

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:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay 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.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for payroll withholdings for employee salary deductions are included in the general fund.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources 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 in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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.

The District did not utilize the capital projects fund during the fiscal year.

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.

Additionally, the District reports the following fund types:

Proprietary Fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary Fund types (continued)

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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 balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

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 and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. 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. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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 the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

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

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

H. Short-term interfund receivable/payables

Short-term interfund receivables and 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.

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	40
Building improvements & portable classroom	20 - 40
Land improvements	20
Furniture	20
Musical instruments	10
Athletic equipment	10
Maintenance equipment	15
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	5

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements, and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, less accumulated depreciation and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-Spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

When an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, then the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

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

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows and inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, which are deferred amount on pension activity and deferred amount on refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension liability.

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes (continued)

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2022, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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 saving banks the deposits of which are federally insured.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee's salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2022, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	4,855,501
Total	\$ 5,105,501

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		\$ 4,868,412
Unrestricted cash		
Governmental funds, Balance Sheet	<u>Ref.</u> B-1	\$ 2,322,254
Enterprise funds, Statement of Net Position	B-4	17,353
Restricted cash		
Governmental funds, Balance Sheet	B-1	2,528,805
Total cash		\$ 4,868,412

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 139,200	\$ -	\$ -	\$ 139,200
Construction in progress	-	128,300	-	128,300
Total	<u>139,200</u>	<u>128,300</u>	<u>-</u>	<u>267,500</u>
Capital assets, being depreciated				
Land	482,120			
improvements		-	-	482,120
Building & improvements	8,465,317	-	-	8,465,317
Furniture & equipment	712,205	-	30,334	681,871
Total	<u>9,659,642</u>	<u>-</u>	<u>30,334</u>	<u>9,629,308</u>
Accumulated depreciation				
Land				
improvements	437,284	6,862	-	444,146
Building & improvements	5,868,833	129,396	-	5,998,229
Furniture & equipment	508,357	24,385	27,534	505,208
Total	<u>6,814,474</u>	<u>160,643</u>	<u>27,534</u>	<u>6,947,583</u>
Total capital assets, being depreciated, net	<u>2,845,168</u>	<u>(160,643)</u>	<u>2,800</u>	<u>2,681,725</u>
Governmental activities capital assets, net	<u>\$ 2,984,368</u>	<u>\$ (32,343)</u>	<u>\$ 2,800</u>	<u>\$ 2,949,225</u>
	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 161,228	\$ -	\$ -	\$ 161,228
Less: accumulated depreciation	<u>(139,853)</u>	<u>2,866</u>	<u>-</u>	<u>(142,719)</u>
Business type activities capital assets, net	<u>\$ 21,375</u>	<u>\$ 2,866</u>	<u>\$ -</u>	<u>\$ 18,509</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)
 Depreciation and amortization expense were charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	66,164
Special education		27,291
Other special instruction		2,084
Co-curricular activities		1,536
Support services		
Student & instruction		37,483
General & business administration		10,709
School administration		6,015
Plant & maintenance		9,361
Total depreciation and amortization expense, governmental activities	\$	<u>160,643</u>

Note 5 - Long-term debt
 Long-term liability activity for the fiscal year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 3,035,000	\$ -	\$ 250,000	\$ 2,785,000	\$ 265,000
Unamortized bond premium	116,448	-	28,414	88,034	11,004
PERS net pension liability	1,656,737	-	715,919	940,818	-
Compensated absences payable	7,434	31,697	-	39,131	-
Total governmental activities long-term liabilities	<u>\$ 4,815,619</u>	<u>\$ 31,697</u>	<u>\$ 994,333</u>	<u>\$ 3,852,983</u>	<u>\$ 276,004</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The compensated absences liability is paid in the current expenditures budget of the District's general fund and the other long-term debts are amortized over a determined period.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022 including interest payments are listed as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2023	\$ 265,000	\$ 102,975	\$ 367,975
2024	275,000	92,175	361,175
2025	285,000	80,975	365,975
2026	295,000	69,375	364,375
2027	305,000	58,138	363,138
2028 - 2031	1,360,000	110,600	1,470,600
Total	<u>\$ 2,785,000</u>	<u>\$ 514,238</u>	<u>\$ 3,293,238</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2022, with their outstanding balances are comprised of the following individual issues:

\$3,275,000 - 2015 refunding school bonds, interest at 3.50% to 4.00%, due in annual installments beginning July 15, 2016 to July 15, 2030.	\$ 2,785,000
Total	<u>\$ 2,785,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$17,707,247. General obligation debt at June 30, 2022 is \$2,785,000, resulting in a legal debt margin of \$14,922,247.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a 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.

A. Public employees' retirement system (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plans (continued)

A. Public employees' retirement system (PERS) (continued)

Plan description (continued)

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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 with 25 or more years of service credit 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 age at which a member can receive full early retirement benefits in accordance with their 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.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the Plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021 measurement date.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement system (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The District's contractually required contribution rate for the year ended June 30, 2022 was 15.85% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate 7.50% of base salary effective July 1, 2018.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement system (PERS) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of measurement date June 30, 2021:

Net pension liability	\$ 940,818
Proportionate share	0.0079417395%

Plan fiduciary net position as a percentage of the total pension liability	70.33%
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The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%

Salary increases (based on age)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

Investment rate of return	7.00%
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Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.16%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit to determine the total pension liability.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	940,818
At a 1% lower rate (6.00%)		1,294,861
At a 1% higher rate (8.00%)		658,903

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,838	\$ 6,735
Changes of assumptions	4,900	334,937
Net difference between projected and actual earnings on pension plan investments	-	247,836
Changes in proportion and differences between District contributions and proportionate share of contributions	171,823	444,887
District contributions subsequent to the measurement date	93,007	-
Total	<u>\$ 284,568</u>	<u>\$ 1,034,395</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the Plan measurement date is June 30, 2021) of \$93,007 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2021 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 30,166	\$ (15,328)	\$ 14,838
Changes of assumptions	53,746	(48,846)	4,900
Differences between projected and actual investment earnings on pension plan investments	56,629	(56,629)	-
Deferred inflows of resources			
Differences between expected and actual experience	(5,859)	(876)	(6,735)
Changes of assumptions	(693,691)	358,754	(334,937)
Differences between projected and actual investment earnings on pension plan investments	-	(247,836)	(247,836)
Net of deferred outflows	<u>\$ (559,009)</u>	<u>\$ (10,761)</u>	<u>\$ (569,770)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

State Fiscal Year Ended June 30

2022	\$ (221,992)
2023	(158,502)
2024	(108,071)
2025	(81,237)
2026	32
Total	<u>\$ (569,770)</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (benefit)

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$182,176), which represents the District's proportionate share of allocable plan pension revenue of (\$128,477), plus the net amortization of deferred amounts from changes in proportion of (\$71,831), plus other adjustments to the net pension liability of \$18,132. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$	55,404
Interest on total pension liability		217,721
Benefit changes		-
Member contributions		(45,076)
Administrative expense		788
Expected investment return net of investment expense		(118,780)
Pension expense related to specific liabilities of individual employers		(555)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		6,101
Changes of assumptions		(165,265)
Difference between projected and actual investment earnings on pension plan investments		(78,815)
Pension expense (benefit)	\$	<u>(128,477)</u>

B. Teachers' pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statement which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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. 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.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teachers' pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership Tiers for TPAF:

<u>Tier</u>	<u>Member Eligibility</u>
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for 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.

Contributions

The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

During the state fiscal year ended June 30, 2021, the State of New Jersey contributed \$1,003,593 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2021 measurement date is as follows:

District proportionate share of net pension liability	\$ 25,533,476
Less: State proportionate share of net pension liability	9,069,494
Net pension liability	\$ 16,463,982

Proportionate share	0.0342463172%
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Plan fiduciary net position as a percentage of the total pension liability	35.52%
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Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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-2021.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Long-term expected rate of return

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teachers' pension and annuity fund (TPAF) (continued)
Discount rate (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's proportionate share of the net pension liability</u>	
At current discount rate (7.00%)	\$ 16,463,982
At a 1% lower rate (6.00%)	19,479,640
At a 1% higher rate (8.00%)	13,931,018

Pension expense

The components of allocable pension expense, which pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$ 601,430
Interest on total pension liability	1,605,093
Benefit changes	-
Member contributions	(302,050)
Administrative expense	3,091
Expected investment return net of investment expense	(498,677)
Pension expense related to specific liabilities of individual employers	(138)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	69,000
Changes of assumptions	(771,401)
Difference between projected and actual investment earnings on pension plan investments	(318,943)
Pension expense	<u>\$ 387,405</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ended 2022 was \$3,628.

D. Other pension plan information

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$301,806 to the TPAF for postretirement medical benefits, \$17,971 for non-contributory insurance premiums, \$554 for long-term disability insurance, and \$1,273,783 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$227,013 during the year ended June 30, 2022 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer 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 GASB Statement 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. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2021 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	22,193,148
Employer OPEB expense and related revenue	869,444
Allocable proportionate percentage	0.0369838640%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2020	\$ 26,963,329
Service cost	1,105,954
Interest cost	575,714
Change of benefit terms	(23,622)
Differences between expected and actual experiences	(6,011,339)
Changes of assumptions	21,895
Member contributions	14,718
Gross benefit payments	(453,501)
Total OPEB liability at June 30, 2021	<u>\$ 22,193,148</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. Disability mortality was based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2021 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$ 22,193,148
At a 1% lower rate (1.16%)	26,583,907
At a 1% higher rate (3.16%)	18,735,689

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 22,193,148
At a 1% lower rate (1% decrease)	17,965,425
At a 1% higher rate (1% increase)	27,870,667

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$869,444 determined by the State as the total OPEB liability for benefits provided 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 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrators are as follows:

AXA Equitable
 Lincoln Financial Group

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2022 is as follows:

	Receivable Fund	Payable Fund
General fund	\$ -	\$ 46,075
Special revenue fund	7,992	-
Food service fund	38,083	-
Total	\$ 46,075	\$ 46,075

The general fund has an interfund payable for \$7,992 due to the special revenue fund for a grant receipt not yet transferred to the special revenue fund. The food service fund has an interfund receivable from the general fund for \$38,083 for subsidies received in the general fund not yet transferred to the food service fund.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2022 consisted of the following:

Food	\$	1,517
Supplies		1,590
Total		3,107

Note 11 - Contingent liabilities
Grantor agencies

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past year. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this Plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

Note 13 - Reserve accounts

A capital reserve account was established by the District 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.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts (continued)

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 Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$1,000,000 to their capital reserve account and \$200,000 to their maintenance reserve account by Board resolution in June 2022.

The following schedule is a summarization of the reserve accounts for the current fiscal year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals, Net of Return	Ending Balance
Capital	\$ 1,156,448	\$ 1,000,000	\$ 79	\$ 250,000	\$ 1,906,527
Maintenance	685,516	200,000	36	295,000	590,552
Total	<u>\$ 1,841,964</u>	<u>\$ 1,200,000</u>	<u>\$ 115</u>	<u>\$ 545,000</u>	<u>\$ 2,497,079</u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance
As described in Note 1 (O) fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2022 is as follows:

Restricted	
Excess surplus - Designated for subsequent year's expenditures.	
Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 815,624
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	754,187
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,906,527
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	590,552
Committed	
Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30.	208,978
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	348,622
Total fund balance - Budgetary basis (Exhibit C-1)	4,624,490
Last state aid payments not recognized on GAAP basis	(95,323)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 4,529,167

Note 15 - Calculation of excess surplus
In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 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, fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$754,187.

Note 16 - Restatement of prior year net position
During the fiscal year ended June 30, 2022, the District has determined a restatement of the prior year net position is necessary. Due to ongoing updates to the District's capital assets. The following is a summary of the District's restatement of net position as of June 30, 2022:

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Restatement of prior year net position (continued)

	Governmental Activities	Business Activities
Net position, June 30, 2021	\$ 1,475,122	\$ 28,263
Additions		
Change in capital assets	249,796	21,375
Net position, June 30, 2021, as restated	\$ 1,724,918	\$ 49,638

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 18 - Risks and uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The COVID-19 outbreak) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events

The District has evaluated subsequent events through March 7, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$ 7,463,944	\$ -	\$ 7,463,944	\$ 7,463,944	\$ -
Tuition from individuals	40,000	-	40,000	117,172	77,172
Tuition from other LEAs within the state	25,000	-	25,000	25,000	-
Unrestricted miscellaneous revenues	15,500	-	15,500	30,228	14,728
Interest earned on maintenance reserve	100	-	100	36	(64)
Interest earned on capital reserve funds	100	-	100	79	(21)
Total	7,544,644	-	7,544,644	7,636,459	91,815
State sources					
School choice aid	72,300	-	72,300	72,300	-
Categorical transportation aid	113,737	-	113,737	113,737	-
Extraordinary aid	-	-	-	22,971	22,971
Categorical special education aid	303,137	-	303,137	303,137	-
Equalization Aid	449,293	-	449,293	449,293	-
Categorical security aid	37,641	-	37,641	37,641	-
Other state aid	-	-	-	1,740	1,740
State reimbursements from Securing Our Children's Future Bond Act	-	-	-	5,512	5,512
TPAF Pension (on-behalf)	-	-	-	1,273,783	1,273,783
TPAF Non-contributory insurance	-	-	-	17,971	17,971
TPAF Social Security (reimbursed)	-	-	-	227,013	227,013
TPAF Postretirement benefits	-	-	-	301,806	301,806
TPAF Long-term disability insurance	-	-	-	554	554
Total	976,108	-	976,108	2,827,458	1,851,350
Total revenues	\$ 8,520,752	\$ -	\$ 8,520,752	\$ 10,463,917	\$ 1,943,165
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 106,474	\$ (24,780)	81,694	\$ 76,212	\$ 5,482
Kindergarten	186,537	-	186,537	162,759	23,778
Grades 1-5	1,067,988	(31,897)	1,036,091	1,021,322	14,769
Grades 6-8	560,428	(6,265)	554,163	539,861	14,302
Home instruction					
Salaries of teacher	2,500	13,343	15,843	15,843	-
Regular programs - undistributed instruction					
Purchased technical services	102,820	17,304	120,124	117,696	2,428
Other purchased services	10,500	-	10,500	4,712	5,788
General supplies	172,455	(3,242)	169,213	113,911	55,302
Textbooks	4,500	-	4,500	35	4,465
Other objects	2,000	-	2,000	-	2,000
Total	2,216,202	(35,537)	2,180,665	2,052,351	128,314

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 764,278	\$ (52,338)	\$ 711,940	\$ 697,339	\$ 14,601
Other salaries for instruction	76,438	(8,480)	67,958	8,886	59,072
Purchased professional - educational services	-	67,341	67,341	7,379	59,962
Other purchased services	75,216	(61,963)	13,253	6,261	6,992
General supplies	9,015	-	9,015	2,368	6,647
Total	924,947	(55,440)	869,507	722,233	147,274
Preschool disabilities - part-time					
Other salaries for instruction	-	21,480	21,480	20,022	1,458
Total	-	21,480	21,480	20,022	1,458
Preschool disabilities - full-time					
Salaries of teachers	63,100	(28,358)	34,742	30,742	4,000
Purchased professional - educational services	-	52,750	52,750	52,750	-
Other purchased services	-	6,000	6,000	6,000	-
General supplies	1,000	-	1,000	-	1,000
Total	64,100	30,392	94,492	89,492	5,000
Total special education	989,047	(3,568)	985,479	831,747	153,732
Basic skills/remedial					
Salaries of teachers	104,542	(21,000)	83,542	62,408	21,134
General supplies	1,000	-	1,000	-	1,000
Total	105,542	(21,000)	84,542	62,408	22,134
School-sponsored co/extra curricular activities - instruction					
Salaries	41,461	-	41,461	27,459	14,002
Purchased services	1,000	-	1,000	-	1,000
Supplies and materials	8,000	-	8,000	-	8,000
Other objects	700	-	700	-	700
Total	51,161	-	51,161	27,459	23,702
School-sponsored athletics - instruction					
Salaries	20,389	-	20,389	18,336	2,053
Purchased services	5,000	-	5,000	4,035	965
Supplies and materials	3,000	-	3,000	637	2,363
Other objects	300	-	300	-	300
Total	28,689	-	28,689	23,008	5,681
Total instruction regular	\$ 3,390,641	\$ (60,105)	\$ 3,330,536	\$ 2,996,973	\$ 333,563

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 155,180	\$ (4,118)	\$ 151,062	\$ 64,366	\$ 86,696
Tuition to priv. school for the disabled w/i state	100,825	(20,000)	80,825	-	80,825
Total	<u>256,005</u>	<u>(24,118)</u>	<u>231,887</u>	<u>64,366</u>	<u>167,521</u>
Undistributed expenditures - attendance & social work					
Salaries	67,776	-	67,776	67,318	458
Total	<u>67,776</u>	<u>-</u>	<u>67,776</u>	<u>67,318</u>	<u>458</u>
Undistributed expenditures - health services					
Salaries	133,842	-	133,842	122,254	11,588
Purchased professional and technical services	4,000	16,464	20,464	20,299	165
Other purchased services	425	-	425	-	425
Supplies and materials	5,000	-	5,000	2,920	2,080
Other objects	500	-	500	18	482
Total	<u>143,767</u>	<u>16,464</u>	<u>160,231</u>	<u>145,491</u>	<u>14,740</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	93,162	-	93,162	70,569	22,593
Purchased professional - educational services	70,000	-	70,000	42,369	27,631
Supplies and materials	1,300	-	1,300	824	476
Total	<u>164,462</u>	<u>-</u>	<u>164,462</u>	<u>113,762</u>	<u>50,700</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	73,878	-	73,878	54,065	19,813
Purchased professional - educational services	-	27,500	27,500	20,301	7,199
Total	<u>73,878</u>	<u>27,500</u>	<u>101,378</u>	<u>74,366</u>	<u>27,012</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	120,575	-	120,575	120,146	429
Purchased professional - educational services	3,500	-	3,500	-	3,500
Other purchased services	1,000	-	1,000	750	250
Supplies and materials	1,250	-	1,250	571	679
Other objects	300	-	300	-	300
Total	<u>126,625</u>	<u>-</u>	<u>126,625</u>	<u>121,467</u>	<u>5,158</u>

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 305,845	\$ -	\$ 305,845	\$ 294,135	\$ 11,710
Salaries of secretarial and clerical assistants	45,126	-	45,126	41,258	3,868
Purchased professional - educational services	30,600	27,195	57,795	57,795	-
Other purchased professional & technical services	4,200	-	4,200	2,830	1,370
Other purchased services	3,150	-	3,150	3,123	27
Supplies and materials	4,654	-	4,654	1,999	2,655
Other objects	2,000	(750)	1,250	522	728
Total	395,575	26,445	422,020	401,662	20,358
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	70,643	-	70,643	69,227	1,416
Other salaries	7,500	-	7,500	-	7,500
Total	78,143	-	78,143	69,227	8,916
Undistributed expenditures - edu. media service/sch. library					
Salaries	128,450	(46,664)	81,786	77,983	3,803
Salaries of technology coordinators	101,374	36,600	137,974	76,739	61,235
Purchased professional and technical services	43,500	-	43,500	29,041	14,459
Other purchased services	42,612	-	42,612	29,835	12,777
Supplies and materials	24,000	-	24,000	7,157	16,843
Other objects	15,400	-	15,400	1,277	14,123
Total	355,336	(10,064)	345,272	222,032	123,240
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	10,000	-	10,000	190	9,810
Other purchased services	22,000	(3,250)	18,750	1,681	17,069
Supplies and materials	1,600	-	1,600	429	1,171
Other objects	3,000	-	3,000	1,168	1,832
Total	36,600	(3,250)	33,350	3,468	29,882
Undistributed expenditures - support service - general admin.					
Salaries	60,307	2,000	62,307	57,030	5,277
Legal services	15,000	32,138	47,138	47,021	117
Audit fees	20,000	2,600	22,600	22,600	-
Other purchased professional services	4,750	(4,000)	750	-	750
Communications/telephone	26,000	8,300	34,300	34,276	24
BOE other purchased services	3,200	(800)	2,400	2,374	26
Miscellaneous purchased services	11,000	1,536	12,536	12,533	3
General supplies	500	-	500	390	110
BOE in-house training/meeting supplies	100	-	100	-	100
Miscellaneous expenditures	3,000	(709)	2,291	2,151	140
BOE membership dues and fees	6,000	554	6,554	6,207	347
Total	149,857	41,619	191,476	184,582	6,894

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	\$ 117,843	\$ 2,588	\$ 120,431	\$ 113,117	\$ 7,314
Salaries of secretarial and clerical assistants	85,293	4,000	89,293	79,773	9,520
Other purchased services	3,480	(236)	3,244	3,122	122
Supplies and materials	3,500	(1,303)	2,197	1,629	568
Other objects	2,000	(97)	1,903	-	1,903
Total	212,116	4,952	217,068	197,641	19,427
Undistributed expenditures - central services					
Salaries	162,422	(577)	161,845	147,575	14,270
Purchased professional services	1,500	10,403	11,903	11,903	-
Purchased technical services	4,000	925	4,925	4,002	923
Miscellaneous purchased services	1,700	(310)	1,390	1,000	390
Supplies and materials	1,500	-	1,500	1,077	423
Other objects	500	1,310	1,810	1,755	55
Total	171,622	11,751	183,373	167,312	16,061
Undistributed expenditures - required maint. for school facilities					
Salaries	72,100	2,100	74,200	72,515	1,685
Cleaning, repair, and maintenance services	175,000	228,209	403,209	305,934	97,275
Lead testing in water	50,000	-	50,000	50,000	-
General supplies	90,000	(5,000)	85,000	20,721	64,279
Other objects	18,000	18,000	36,000	-	36,000
Total	405,100	243,309	648,409	449,170	199,239
Undistributed expenditures - custodial services					
Salaries	231,012	35,542	266,554	219,425	47,129
Salaries of non-instructional aides	25,000	(25,000)	-	-	-
Purchased professional and technical services	160,000	14,488	174,488	98,901	75,587
Cleaning, repair, and maintenance service	50,350	-	50,350	26,477	23,873
Other purchased property services	7,000	3,500	10,500	69	10,431
Insurance	61,832	-	61,832	53,722	8,110
General supplies	52,000	-	52,000	24,210	27,790
Energy (electricity)	192,500	-	192,500	85,142	107,358
Energy (oil)	149,000	-	149,000	102,793	46,207
Energy (gasoline)	4,000	-	4,000	1,432	2,568
Other objects	5,750	-	5,750	396	5,354
Total	938,444	28,530	966,974	612,567	354,407
Undistributed expenditures - care and upkeep of grounds					
Salaries	32,000	(2,100)	29,900	4,925	24,975
Cleaning, repair, and maintenance service	55,000	(5,480)	49,520	3,196	46,324
General supplies	34,215	(500)	33,715	5,180	28,535
Total	121,215	(8,080)	113,135	13,301	99,834
Undistributed expenditures - security					
Purchased professional and technical services	7,000	-	7,000	870	6,130
General supplies	3,748	1,874	5,622	39	5,583
Total	10,748	1,874	12,622	909	11,713

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - student transportation service					
Management fee - ESC & CTSA trans. program	\$ 18,000	\$ 18,000	\$ 36,000	\$ -	\$ 36,000
Contract serv. - aid in lieu pymts. - non-public schools	12,000	-	12,000	4,789	7,211
Contract serv. - aid in lieu pymts. - choice school students	12,000	-	12,000	-	12,000
Contract serv. (oth. than between home & school) - vend.	41,000	(3,494)	37,506	7,876	29,630
Contract service (sp ed stds) - vendors	3,000	3,000	6,000	-	6,000
Contract serv. (reg. students) - ESCs & CTSA's	355,920	(14,300)	341,620	246,104	95,516
Contract serv. (spl. ed. students) - ESCs & CTSA's	210,090	(16,000)	194,090	134,533	59,557
Total	<u>652,010</u>	<u>(12,794)</u>	<u>639,216</u>	<u>393,302</u>	<u>245,914</u>
Unallocated benefits - employee benefits					
Social Security contributions	99,754	-	99,754	89,437	10,317
Other retirement contributions - PERS	153,908	(3,000)	150,908	93,007	57,901
Other retirement contributions - ERIP	7,500	-	7,500	3,164	4,336
Unemployment compensation	40,000	-	40,000	15,998	24,002
Workmen's compensation	79,000	-	79,000	56,594	22,406
Health benefits	1,447,975	(4,021)	1,443,954	1,377,441	66,513
Tuition reimbursement	40,000	-	40,000	10,017	29,983
Other employee benefits	21,500	(4,021)	17,479	2,016	15,463
Total	<u>1,889,637</u>	<u>(11,042)</u>	<u>1,878,595</u>	<u>1,647,674</u>	<u>230,921</u>
On-behalf TPAF Pension contribution	-	-	-	1,273,783	(1,273,783)
On-behalf TPAF Non-contributory insurance	-	-	-	17,971	(17,971)
On-behalf TPAF Postretirement medical benefits	-	-	-	301,806	(301,806)
On-behalf TPAF Long-term disability insurance	-	-	-	554	(554)
Reimbursed TPAF Social Security contribution	-	-	-	227,013	(227,013)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,821,127</u>	<u>(1,821,127)</u>
Total undistributed expenditures	<u>\$ 6,248,916</u>	<u>\$ 333,096</u>	<u>\$ 6,582,012</u>	<u>\$ 6,770,744</u>	<u>\$ (188,732)</u>
Total current	<u>\$ 9,639,557</u>	<u>\$ 272,991</u>	<u>\$ 9,912,548</u>	<u>\$ 9,767,717</u>	<u>\$ 144,831</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - security	\$ -	\$ 31,191	\$ 31,191	\$ -	\$ 31,191
Total equipment	<u>-</u>	<u>31,191</u>	<u>31,191</u>	<u>-</u>	<u>31,191</u>
Facilities acquisition and construction service					
Other purchased professional and technology services	-	268,132	268,132	128,300	139,832
Assessment for debt service on SDA funding	22,885	-	22,885	22,885	-
Total facilities acquisition and construction service	<u>22,885</u>	<u>268,132</u>	<u>291,017</u>	<u>151,185</u>	<u>139,832</u>
Total capital outlay	<u>\$ 22,885</u>	<u>\$ 299,323</u>	<u>\$ 322,208</u>	<u>\$ 151,185</u>	<u>\$ 171,023</u>

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited				Variance
	Original	Budget	Final		Final
	Budget	Transfers	Budget	Actual	to Actual
Total expenditures	\$ 9,662,442	\$ 572,314	\$ 10,234,756	\$ 9,918,902	\$ 315,854
Excess (deficiency) of revenues over (under) expenditures	\$ (1,141,690)	\$ (572,314)	\$ (1,714,004)	\$ 545,015	\$ 2,259,019
Fund balances, July 1	4,079,475	-	4,079,475	4,079,475	-
Fund balances, June 30	\$ 2,937,785	\$ (572,314)	\$ 2,365,471	\$ 4,624,490	\$ 2,259,019
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (6,940)	\$ -	\$ (6,940)	\$ (6,940)	\$ -
Increase in capital reserve	-	1,000,000	1,000,000	1,000,000	-
Interest deposit to capital reserve	100	-	100	79	(21)
Withdrawal from capital reserve	-	(250,000)	(250,000)	(250,000)	-
Increase in maintenance reserve	-	200,000	200,000	200,000	-
Interest earned on maintenance reserve	100	-	100	36	(64)
Withdrawal from maintenance reserve	(35,000)	(260,000)	(295,000)	(295,000)	-
Budgeted fund balance	(1,099,950)	(1,262,314)	(2,362,264)	(103,160)	2,259,104
Total	\$ (1,141,690)	\$ (572,314)	\$ (1,714,004)	\$ 545,015	\$ 2,259,019
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 815,624	
Excess surplus - current year				754,187	
Capital reserve				1,906,527	
Maintenance reserve				590,552	
Committed fund balance					
Year-end encumbrances				208,978	
Unassigned fund balance				348,622	
Fund balance per budgetary basis				4,624,490	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(95,323)	
Fund balance per governmental funds (GAAP)				\$ 4,529,167	

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 408,218	\$ (157,030)	\$ 251,188	\$ 163,330	\$ (87,858)
State sources	7,810	-	7,810	6,460	(1,350)
Local sources	-	16,267	16,267	16,267	-
Total revenues	<u>\$ 416,028</u>	<u>\$ (140,763)</u>	<u>\$ 275,265</u>	<u>\$ 186,057</u>	<u>\$ (89,208)</u>
Expenditures					
Instruction					
Salaries	\$ 45,900	\$ (45,900)	\$ -	\$ -	\$ -
Purchased professional and technical services	96,664	(13,404)	83,260	76,910	6,350
General supplies	57,922	226	58,148	53,564	4,584
Total	<u>200,486</u>	<u>(59,078)</u>	<u>141,408</u>	<u>130,474</u>	<u>10,934</u>
Support services					
Tuition	44,521	596	45,117	45,117	-
Employee benefits	20,655	(20,655)	-	-	-
Purchased professional and technical services	41,010	5,500	46,510	199	46,311
Other purchased services	25,000	(20,500)	4,500	-	4,500
General supplies	26,414	(1,362)	25,052	-	25,052
Student activities	12,877	(199)	12,678	12,678	-
Total	<u>170,477</u>	<u>(36,620)</u>	<u>133,857</u>	<u>57,994</u>	<u>75,863</u>
Capital outlay					
Facilities	45,065	(45,065)	-	-	-
Total	<u>45,065</u>	<u>(45,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 416,028</u>	<u>\$ (140,763)</u>	<u>\$ 275,265</u>	<u>\$ 188,468</u>	<u>\$ 86,797</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (2,411)	\$ (2,411)
Fund balances, July 1	<u>34,137</u>	<u>-</u>	<u>34,137</u>	<u>34,137</u>	<u>-</u>
Fund balances, June 30	<u>\$ 34,137</u>	<u>\$ -</u>	<u>\$ 34,137</u>	<u>\$ 31,726</u>	<u>\$ 2,411</u>
Recapitulation of fund balance					
Restricted fund balance				\$ 31,726	
Student activities				<u>\$ 31,726</u>	
Fund balance per budgetary basis				<u>\$ 31,726</u>	

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part II
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2022

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 10,463,917	\$ 186,057
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(7,425)
Differences - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not		
State aid receivable prior year	117,419	-
State aid receivable current year	(95,323)	-
Total revenues (GAAP basis)	\$ 10,486,013	\$ 178,632
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 9,918,902	\$ 188,468
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(7,425)
Total expenditures (GAAP basis)	\$ 9,918,902	\$ 181,043

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Ten Fiscal Years

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	Percentage	Value			
2013	0.0073250000%	\$ 1,399,918	N/A	N/A	48.72%
2014	0.0069480000%	1,300,803	465,430	279.48%	48.62%
2015	0.0096650000%	2,169,545	651,632	332.94%	47.93%
2016	0.0098270000%	2,910,353	848,259	343.10%	40.14%
2017	0.0091820000%	2,137,312	619,919	344.77%	48.10%
2018	0.0085200000%	1,677,596	668,514	250.94%	53.60%
2019	0.0098170000%	1,768,810	667,589	264.95%	53.60%
2020	0.0101590000%	1,656,737	548,749	301.91%	56.27%
2021	0.0079417395%	940,818	587,518	160.13%	70.33%
2022	N/A	N/A	586,625	N/A	N/A

N/A = Information not available

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions
Public Employees Retirement System
Last Ten Fiscal Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	N/A	N/A	N/A	N/A	N/A
2014	\$ 55,191	\$ (55,191)	\$ -	\$ 465,430	11.86%
2015	57,276	(57,276)	-	651,632	8.79%
2016	66,894	(66,894)	-	848,259	7.89%
2017	87,298	(87,298)	-	619,919	14.08%
2018	85,057	(85,057)	-	668,514	12.72%
2019	80,895	(80,895)	-	667,589	12.12%
2020	96,219	(96,219)	-	548,749	17.53%
2021	111,139	(111,139)	-	587,518	18.92%
2022	93,007	(93,007)	-	586,625	15.85%

N/A = Information not available

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	\$ -	N/A	N/A	N/A	N/A	33.76%
2014	0.00%	-	\$ 20,444,648	\$ 20,444,648	\$ 3,640,258	0.00%	33.64%
2015	0.00%	-	20,332,072	20,332,072	3,662,906	0.00%	28.71%
2016	0.00%	-	23,741,616	23,741,616	3,882,933	0.00%	22.33%
2017	0.00%	-	30,142,183	30,142,183	3,726,028	0.00%	25.41%
2018	0.00%	-	24,990,083	24,990,083	3,518,154	0.00%	26.49%
2019	0.00%	-	23,661,714	23,661,714	3,700,476	0.00%	26.95%
2020	0.00%	-	21,878,027	21,878,027	3,424,523	0.00%	24.60%
2021	0.00%	-	22,393,537	22,393,537	3,403,285	0.00%	35.52%
2022	N/A	N/A	16,463,982	16,463,982	3,211,417	N/A	N/A

N/A = Information not available

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions
Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	\$ 3,640,258	N/A
2015	262,200	(262,200)	-	3,662,906	7.16%
2016	201,875	(201,875)	-	3,882,933	5.20%
2017	305,512	(305,512)	-	3,726,028	8.20%
2018	416,199	(416,199)	-	3,518,154	11.83%
2019	562,237	(562,237)	-	3,700,476	15.19%
2020	716,771	(716,771)	-	3,424,523	20.93%
2021	770,620	(770,620)	-	3,403,285	22.64%
2022	1,003,593	(1,003,593)	-	3,211,417	31.25%

N/A = Information not available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.04%	-	\$ 22,220,743	\$ 22,220,743	\$ 4,381,448	0.00%	N/A
2018	0.04%	-	19,036,892	19,036,892	4,368,065	0.00%	26.49%
2019	0.04%	-	16,701,808	16,701,808	3,973,272	0.00%	26.95%
2020	0.04%	-	26,963,329	26,963,329	3,990,803	0.00%	24.60%
2021	0.00%	-	22,193,148	22,193,148	3,403,285	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2022

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There was a decrease in liability from June 30, 2021 to June 30, 2022 due to employers adopting Chapter 44 provisions.

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	Total
Revenues						
Federal sources	\$ 59,040	\$ 96,652	\$ 1,362	\$ 6,077	\$ 199	\$ 163,330
State sources	6,460	-	-	-	-	6,460
Local sources	16,267	-	-	-	-	16,267
Total revenues	<u>\$ 81,767</u>	<u>\$ 96,652</u>	<u>\$ 1,362</u>	<u>\$ 6,077</u>	<u>\$ 199</u>	<u>\$ 186,057</u>
Expenditures						
Instruction						
Purchased professional and technical services	\$ 11,910	\$ 65,000	\$ -	\$ -	\$ -	\$ 76,910
General supplies	45,069	1,056	1,362	6,077	-	53,564
Total	<u>56,979</u>	<u>66,056</u>	<u>1,362</u>	<u>6,077</u>	<u>-</u>	<u>130,474</u>
Support services						
Tuition	14,521	30,596	-	-	-	45,117
Purchased professional and technical services	-	-	-	-	199	199
Student activities	12,678	-	-	-	-	12,678
Total	<u>27,199</u>	<u>30,596</u>	<u>-</u>	<u>-</u>	<u>199</u>	<u>57,994</u>
Total expenditures	<u>\$ 84,178</u>	<u>\$ 96,652</u>	<u>\$ 1,362</u>	<u>\$ 6,077</u>	<u>\$ 199</u>	<u>\$ 188,468</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,411)	\$ -	\$ -	\$ -	\$ -	\$ (2,411)
Fund balances, July 1	34,137	-	-	-	-	34,137
Fund balances, June 30	<u>\$ 31,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,726</u>

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues (continued)
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Total Brought Forward	ESSA Title IVA	Small Rural School Achievement	ARP IDEA Basic	ARP IDEA Preschool	Total Carried Forward
Revenues						
Federal sources	\$ -	\$ 8,850	\$ 34,501	\$ 14,521	\$ 1,168	\$ 59,040
State sources	6,460	-	-	-	-	6,460
Local sources	16,267	-	-	-	-	16,267
Total revenues	<u>\$ 22,727</u>	<u>\$ 8,850</u>	<u>\$ 34,501</u>	<u>\$ 14,521</u>	<u>\$ 1,168</u>	<u>\$ 81,767</u>
Expenditures						
Instruction						
Purchased professional and technical services	\$ 6,460	\$ 5,450	\$ -	\$ -	\$ -	\$ 11,910
General supplies	6,000	3,400	34,501	-	1,168	45,069
Total	<u>12,460</u>	<u>8,850</u>	<u>34,501</u>	<u>-</u>	<u>1,168</u>	<u>56,979</u>
Support services						
Tuition	-	-	-	14,521	-	14,521
Purchased professional and technical services	-	-	-	-	-	-
Student activities	12,678	-	-	-	-	12,678
Total	<u>12,678</u>	<u>-</u>	<u>-</u>	<u>14,521</u>	<u>-</u>	<u>27,199</u>
Total expenditures	<u>\$ 25,138</u>	<u>\$ 8,850</u>	<u>\$ 34,501</u>	<u>\$ 14,521</u>	<u>\$ 1,168</u>	<u>\$ 84,178</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,411)	\$ -	\$ -	\$ -	\$ -	\$ (2,411)
Fund balances, July 1	<u>34,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,137</u>
Fund balances, June 30	<u>\$ 31,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,726</u>

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues (continued)
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	SDA Emergent and Capital Maintenance Needs	Local	Student Activities	Total Carried Forward
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	6,460	-	-	6,460
Local sources	-	6,000	10,267	16,267
Total revenues	<u>\$ 6,460</u>	<u>\$ 6,000</u>	<u>\$ 10,267</u>	<u>\$ 22,727</u>
Expenditures				
Instruction				
Purchased professional and technical services	\$ 6,460	\$ -	\$ -	\$ 6,460
General supplies	-	6,000	-	6,000
Total	<u>6,460</u>	<u>6,000</u>	<u>-</u>	<u>12,460</u>
Support services				
Tuition	-	-	-	-
Purchased professional and technical services	-	-	-	-
Student activities	-	-	12,678	12,678
Total	<u>-</u>	<u>-</u>	<u>12,678</u>	<u>12,678</u>
Total expenditures	<u>\$ 6,460</u>	<u>\$ 6,000</u>	<u>\$ 12,678</u>	<u>\$ 25,138</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (2,411)	\$ (2,411)
Fund balances, July 1	-	-	34,137	34,137
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,726</u>	<u>\$ 31,726</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district as an agent for individuals, private organizations, other government and/or other funds.

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under leases, and early retirement program.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/22
			Date	Amount					
Refunding school bonds	09/23/15	\$ 4,185,000	07/01/22	\$ 265,000	4.00%	\$ 3,035,000	\$ -	\$ 250,000	\$ 2,785,000
			07/01/23	275,000	4.00%	-	-	-	-
			07/01/24	285,000	4.00%	-	-	-	-
			07/01/25	295,000	4.00%	-	-	-	-
			07/01/26	305,000	3.50%	-	-	-	-
			07/01/27	320,000	3.50%	-	-	-	-
			07/01/28	335,000	4.00%	-	-	-	-
			07/01/29	345,000	4.00%	-	-	-	-
			07/01/30	360,000	4.00%	-	-	-	-
						<u>\$ 3,035,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 2,785,000</u>

See independent auditor's report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 363,275	\$ -	\$ 363,275	\$ 363,275	\$ -
Total revenues	<u>363,275</u>	<u>-</u>	<u>363,275</u>	<u>363,275</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	250,000	-	250,000	250,000	-
Interest	113,275	-	113,275	113,275	-
Total expenditures	<u>363,275</u>	<u>-</u>	<u>363,275</u>	<u>363,275</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government activities										
Net investment in capital assets	\$ (740,397)	\$ (683,958)	\$ (640,224)	\$ (1,110,056)	\$ (975,308)	\$ (952,366)	\$ (431,608)	\$ (306,579)	\$ (377,859)	\$ 164,225
Restricted	1,296,245	1,535,641	1,521,231	1,608,402	2,260,175	2,457,545	2,046,195	2,830,486	3,783,256	2,528,805
Unrestricted	(227,809)	(1,566,855)	(1,202,858)	(1,424,424)	(1,950,014)	(2,066,543)	(2,082,356)	(2,087,136)	(1,930,275)	199,334
Total governmental activities	<u>\$ 328,039</u>	<u>\$ (715,172)</u>	<u>\$ (321,851)</u>	<u>\$ (926,078)</u>	<u>\$ (665,147)</u>	<u>\$ (561,364)</u>	<u>\$ (467,769)</u>	<u>\$ 436,771</u>	<u>\$ 1,475,122</u>	<u>\$ 2,892,364</u>
Business-type activities										
Net investment in capital assets	\$ 36,714	\$ 36,746	\$ 27,798	\$ 18,850	\$ 9,902	\$ 954	\$ -	\$ -	\$ -	\$ 18,509
Unrestricted	17,316	5,740	4,119	5,732	13,902	11,300	24,113	9,266	28,263	61,180
Total business-type activities	<u>\$ 54,030</u>	<u>\$ 42,486</u>	<u>\$ 31,917</u>	<u>\$ 24,582</u>	<u>\$ 23,804</u>	<u>\$ 12,254</u>	<u>\$ 24,113</u>	<u>\$ 9,266</u>	<u>\$ 28,263</u>	<u>\$ 79,689</u>
District-wide										
Net investment in capital assets	\$ (703,683)	\$ (647,212)	\$ (612,426)	\$ (1,091,206)	\$ (965,406)	\$ (951,412)	\$ (431,608)	\$ (306,579)	\$ (377,859)	\$ 182,734
Restricted	1,296,245	1,535,641	1,521,231	1,608,402	2,260,175	2,457,545	2,046,195	2,830,486	3,783,256	2,528,805
Unrestricted	(210,493)	(1,561,115)	(1,198,739)	(1,418,692)	(1,936,112)	(2,055,243)	(2,058,243)	(2,077,870)	(1,902,012)	260,514
Total district-wide	<u>\$ 382,069</u>	<u>\$ (672,686)</u>	<u>\$ (289,934)</u>	<u>\$ (901,496)</u>	<u>\$ (641,343)</u>	<u>\$ (549,110)</u>	<u>\$ (443,656)</u>	<u>\$ 446,037</u>	<u>\$ 1,503,385</u>	<u>\$ 2,972,053</u>

*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,692,768	\$ 2,233,645	\$ 2,095,271	\$ 2,987,788	\$ 2,260,986	\$ 2,318,242	\$ 2,456,745	\$ 2,149,969	\$ 4,066,162	\$ 4,319,816
Special education	1,047,824	1,083,448	1,056,010	904,462	1,063,857	1,109,866	1,088,811	1,052,072	1,775,231	1,687,431
Other special education	-	-	-	-	-	-	-	-	-	185,485
Other instruction	88,197	82,785	103,156	65,713	60,770	53,738	59,300	47,664	165,139	133,253
Support services										
Tuition	356,895	259,797	275,132	246,456	116,256	128,441	216,469	73,463	34,219	109,483
Student and instruction related services	1,032,608	1,292,832	1,305,143	1,313,893	1,324,260	1,366,766	1,336,029	1,231,166	1,406,660	2,200,393
School administration	216,477	320,198	317,282	324,371	242,766	196,022	209,436	207,763	409,687	311,578
General and business administrative services	571,839	501,287	440,920	523,004	359,429	413,745	447,528	377,970	448,979	494,139
Plant operations and maintenance	792,657	846,671	820,342	684,671	923,373	1,031,927	988,659	769,233	1,109,931	1,176,744
Other support services	-	-	-	-	-	-	-	-	1,048,994	-
Unallocated depreciation and amortization	181,305	193,241	193,241	575,754	89,936	110,190	116,046	96,239	-	-
Pupil transportation	511,592	438,127	398,963	445,733	474,508	493,277	514,597	392,734	460,856	393,302
Unallocated benefits	1,971,803	2,017,592	2,242,219	2,580,456	4,828,108	5,076,082	4,177,272	3,482,374	-	-
Interest on long-term debt	210,333	233,499	217,332	193,088	124,074	121,993	119,215	115,581	88,403	102,898
Total governmental activities expenses	9,674,298	9,503,122	9,465,011	10,845,389	11,868,323	12,420,289	11,730,107	9,996,228	11,014,261	11,114,523
Business-type activities										
Food services	117,527	112,928	105,558	99,266	104,045	118,598	93,731	93,817	80,295	110,393
Total business-type activities	117,527	112,928	105,558	99,266	104,045	118,598	93,731	93,817	80,295	110,393
Total district expenses	\$ 9,791,825	\$ 9,616,050	\$ 9,570,569	\$ 10,944,655	\$ 11,972,368	\$ 12,538,887	\$ 11,823,838	\$ 10,090,045	\$ 11,094,556	\$ 11,224,916

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,439
Operating grants and contributions	1,527,804	1,405,638	1,370,193	1,594,724	3,471,069	3,473,946	2,567,025	1,835,011	154,263	168,365
Total governmental activities	1,527,804	1,405,638	1,370,193	1,594,724	3,471,069	3,473,946	2,567,025	1,835,011	154,263	320,804
Business-type activities										
Charges for services										
Food service	83,941	80,627	76,612	72,715	82,004	86,438	84,785	57,758	-	988
Operating grants and contributions	24,647	20,695	18,332	19,181	21,210	20,491	20,624	21,077	99,293	139,454
Total business-type activities	108,588	101,322	94,944	91,896	103,214	106,929	105,409	78,835	99,293	140,442
Total district-wide program revenues	\$ 1,636,392	\$ 1,506,960	\$ 1,465,137	\$ 1,686,620	\$ 3,574,283	\$ 3,580,875	\$ 2,672,434	\$ 1,913,846	\$ 253,556	\$ 461,246
Net (expense) revenues										
Governmental activities	\$ (8,146,494)	\$ (8,097,484)	\$ (8,094,818)	\$ (9,250,665)	\$ (8,397,254)	\$ (8,946,343)	\$ (9,163,082)	\$ (8,161,217)	\$ (10,859,998)	\$ (10,793,719)
Business-type activities	(8,939)	(11,606)	(10,614)	(7,370)	(831)	(11,669)	11,678	(14,982)	18,998	30,049
Total district-wide net expenses	\$ (8,155,433)	\$ (8,109,090)	\$ (8,105,432)	\$ (9,258,035)	\$ (8,398,085)	\$ (8,958,012)	\$ (9,151,404)	\$ (8,176,199)	\$ (10,841,000)	\$ (10,763,670)

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 6,969,379	\$ 6,934,529	\$ 6,899,434	\$ 7,038,822	\$ 7,038,822	\$ 7,038,272	\$ 7,038,272	\$ 7,179,037	\$ 7,463,944	\$ 7,463,944
Taxes levied for debt service	398,725	396,226	398,425	399,900	363,825	363,937	364,825	363,562	361,875	363,275
Unrestricted grants and contributions	1,073,045	1,097,406	1,136,502	1,118,661	1,124,182	1,541,033	1,598,984	1,369,481	3,999,888	4,106,403
Investment earnings	5,443	7,853	7,159	9,770	13,337	29,935	35,693	29,435	1,999	474
Miscellaneous income	96,970	18,178	46,621	79,287	35,083	76,950	218,906	90,130	70,645	29,869
Special item - loss on disposal of capital assets	(65,963)	-	-	-	-	-	-	-	-	(2,800)
Total governmental activities	8,477,599	8,454,192	8,488,141	8,646,440	8,575,249	9,050,127	9,256,680	9,031,645	11,898,351	11,961,165
Business-type activities										
Investment earnings	45	53	45	35	52	119	180	135	-	2
Total business-type activities	45	53	45	35	52	119	180	135	-	2
Total district-wide	\$ 8,477,644	\$ 8,454,245	\$ 8,488,186	\$ 8,646,475	\$ 8,575,301	\$ 9,050,246	\$ 9,256,860	\$ 9,031,780	\$ 11,898,351	\$ 11,961,167
Change in net position										
Governmental activities	\$ 331,105	\$ 356,708	\$ 393,323	\$ (604,225)	\$ 177,995	\$ 103,784	\$ 93,598	\$ 870,428	\$ 1,038,353	\$ 1,167,446
Business-type activities	(8,894)	(11,553)	(10,569)	(7,335)	(779)	(11,550)	11,858	(14,847)	18,998	30,051
Total district	\$ 322,211	\$ 345,155	\$ 382,754	\$ (611,560)	\$ 177,216	\$ 92,234	\$ 105,456	\$ 855,581	\$ 1,057,351	\$ 1,197,497

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 1,293,961	\$ 1,065,867	\$ 1,047,082	\$ 1,226,832	\$ 2,240,484	\$ 2,361,554	\$ 2,024,197	\$ 2,722,940	\$ 3,733,760	\$ 4,066,890
Committed	2,282	469,774	174,147	628	76,251	2,306	-	18,079	6,940	208,978
Assigned	-	-	300,000	380,942	19,691	95,991	24,304	73,435	8,419	-
Unassigned	70,057	100,057	402,264	482,694	120,939	198,833	199,408	201,550	212,937	253,299
Total general fund	<u>1,366,300</u>	<u>1,635,698</u>	<u>1,923,493</u>	<u>2,091,096</u>	<u>2,457,365</u>	<u>2,658,684</u>	<u>2,247,909</u>	<u>3,016,004</u>	<u>3,962,056</u>	<u>4,529,167</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,111	\$ 34,137	\$ 31,726
Assigned, reported in										
Debt service fund	2	3	2	438	438	-	-	-	-	-
Total all other governmental funds	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 438</u>	<u>\$ 438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,111</u>	<u>\$ 34,137</u>	<u>\$ 31,726</u>
								*		

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 7,368,104	\$ 7,330,755	\$ 7,297,859	\$ 7,438,722	\$ 7,402,647	\$ 7,402,209	\$ 7,403,097	\$ 7,542,599	\$ 7,825,819	\$ 7,827,219
Tuition charges	-	-	17,721	31,018	25,086	54,856	68,598	4,900	62,075	142,172
Interest income	5,443	7,853	7,159	9,770	13,337	29,935	35,693	29,435	1,999	474
Miscellaneous	96,270	10,078	19,773	41,580	3,947	22,094	151,279	94,590	15,141	46,136
Rents and royalties	9,300	8,100	9,127	7,025	6,050	-	-	-	-	-
State sources	2,349,836	2,283,875	2,345,679	2,561,051	2,595,247	2,814,728	2,911,971	2,686,775	2,806,279	2,849,554
Federal sources	242,413	219,169	161,015	151,998	137,562	162,888	165,679	54,286	147,691	162,365
Total revenues	10,071,366	9,859,830	9,858,333	10,241,164	10,183,876	10,486,710	10,736,317	10,412,585	10,859,004	11,027,920
Expenditures										
Instruction										
Regular instruction	2,692,768	2,268,903	2,151,468	2,257,366	2,314,545	2,174,996	2,308,847	2,061,235	2,013,701	2,052,351
Special education instruction	1,047,824	1,083,448	1,056,010	904,462	928,420	1,109,866	1,088,811	1,052,072	1,043,297	831,747
Other special instruction	-	-	-	-	-	-	-	-	-	62,408
Other instruction	88,197	82,785	103,156	65,713	60,770	53,738	59,300	47,664	39,843	50,467
Support services										
Tuition	356,895	259,797	275,132	246,456	116,256	128,441	216,469	73,463	4,419	64,366
Student and instructional related services	1,032,608	1,292,832	1,305,143	1,313,893	1,324,260	1,353,806	1,336,029	1,231,166	1,322,150	1,218,793
General administration	369,251	315,800	283,585	232,718	204,591	229,545	258,835	188,850	199,116	184,583
School administration services	216,477	320,198	317,282	324,371	250,266	196,022	209,436	207,763	209,558	197,641
Central services	200,602	185,487	157,335	171,680	144,350	160,004	165,484	169,872	180,504	167,311
Administration info technology	1,986	-	-	3,455	-	-	-	-	-	-
Plant operations and maintenance	769,772	840,851	818,529	932,714	923,373	1,031,927	988,659	769,233	804,826	1,075,947
Pupil transportation	511,592	438,127	398,963	445,733	474,508	493,277	514,597	392,734	447,256	393,302
Unallocated benefits	1,135,949	1,312,578	1,443,254	1,552,267	1,643,107	1,722,203	1,722,824	1,656,059	1,693,139	1,647,674
On-behalf TPAF pension and Social Security contribution	835,435	705,014	800,583	938,436	1,030,244	1,171,327	1,309,217	1,279,770	1,572,645	1,821,127
Capital outlay	112,969	88,385	61,673	284,395	39,089	96,301	603,757	150,608	20,597	128,300
Special revenue funds	-	-	-	-	-	-	-	-	-	181,043
Debt service										
Principal	213,725	206,225	200,000	210,000	220,000	225,000	230,000	235,000	240,000	250,000
Interest and other charges	185,000	190,000	198,425	228,258	143,825	139,375	134,825	129,000	121,875	136,160
Total expenditures	9,771,050	9,590,430	9,570,538	10,111,917	9,817,604	10,285,828	11,147,090	9,644,489	9,912,926	10,463,220

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ 300,316	\$ 269,400	\$ 287,795	\$ 129,247	\$ 366,272	\$ 200,882	\$ (410,773)	\$ 768,096	\$ 946,078	\$ 564,700
Other financing sources (uses)										
Accounts receivable cancelled	(65,963)	-	-	-	-	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	4,537,870	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	(4,499,075)	-	-	-	-	-	-
Total other financing sources (uses)	(65,963)	-	-	38,795	-	-	-	-	-	-
Net change in fund balances	\$ 234,353	\$ 269,400	\$ 287,795	\$ 168,042	\$ 366,272	\$ 200,882	\$ (410,773)	\$ 768,096	\$ 946,078	\$ 564,700
Debt service as a percentage of non-capital expenditures	4.31%	4.35%	4.37%	4.67%	3.86%	3.71%	3.58%	3.99%	3.80%	3.88%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
 General Fund - Other Local Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest on investments	\$ 5,443	\$ 7,853	\$ 7,159	\$ 9,770	\$ 13,337	\$ 29,935	\$ 35,693	\$ 29,435	\$ 1,999	\$ 474
Refund prior year expenditures	13,537	2,331	12,693	17,134	2,083	15,487	143,055	18,299	7,460	271
Rentals	9,300	8,100	9,129	7,025	6,050	-	-	-	-	-
Miscellaneous	74,133	7,746	7,079	24,109	1,864	1,451	7,252	66,931	1,109	500
Tuition - individuals	-	-	17,721	31,018	25,086	54,856	68,598	4,900	62,075	117,172
Tuition - Other LEAs	-	-	-	-	-	-	-	-	-	25,000
Sale of assets	-	-	-	-	-	-	-	-	-	11,073
Summer camp	-	-	-	-	-	-	-	-	-	13,575
SHIF wellness	-	-	-	-	-	-	-	-	-	4,450
Annual totals	<u>102,413</u>	<u>26,030</u>	<u>53,781</u>	<u>89,056</u>	<u>48,420</u>	<u>101,729</u>	<u>254,598</u>	<u>119,565</u>	<u>72,643</u>	<u>172,515</u>

Source: District Records

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 6,211,400	\$ 6,086,400	\$ 6,106,000	\$ 6,711,400	\$ 5,901,100	\$ 5,892,300	\$ 5,281,300	\$ 5,431,300	\$ 5,806,600	\$ 5,605,500
Residential	449,801,500	449,860,400	450,125,100	452,135,100	451,871,100	451,422,100	450,237,599	448,095,799	447,171,699	446,228,899
Farm regular	41,633,600	40,892,300	41,193,900	40,529,300	41,376,000	41,290,500	42,283,600	42,752,400	43,546,400	44,637,100
Q farm	1,902,528	1,896,628	1,886,428	1,856,328	1,880,228	1,878,528	1,917,128	2,054,400	1,975,800	2,180,100
Commercial	21,179,700	21,179,700	20,757,500	20,757,500	20,518,000	21,607,500	21,607,500	21,607,500	21,384,100	21,384,100
Industrial	6,990,400	6,990,400	6,990,400	6,990,400	7,195,700	7,093,800	7,093,800	7,093,800	7,093,800	7,093,800
Total assessed value	527,719,128	526,905,828	527,059,328	528,980,028	528,742,128	529,184,728	528,420,927	527,035,199	526,978,399	527,129,499
Public utilities (a)	6,624,752	6,744,963	4,909,700	97	95	95	-	-	-	94
Net valuation taxable	\$ 534,343,880	\$ 533,650,791	\$ 531,969,028	\$ 528,980,125	\$ 528,742,223	\$ 529,184,823	\$ 528,420,927	\$ 527,035,199	\$ 526,978,399	\$ 527,129,593
Estimated actual county equalized value	\$ 564,269,173	\$ 554,160,996	\$ 559,565,542	\$ 559,565,542	\$ 554,383,796	\$ 562,254,223	\$ 562,821,678	\$ 568,377,301	\$ 590,902,924	\$ 612,300,607
Percentage of net valuation to estimated actual equalized value	94.70%	96.30%	95.07%	94.53%	95.37%	94.12%	93.89%	92.73%	89.18%	86.09%
Total direct school tax rate (b)	\$ 1.387	\$ 1.382	\$ 1.409	\$ 1.400	\$ 1.400	\$ 1.399	\$ 1.428	\$ 1.485	\$ 1.485	\$ 1.486

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

See independent auditors' report.

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2013	\$ 1.312	\$ 0.075	\$ 1.387	\$ 0.676	\$ 0.372	\$ 0.388	\$ 2.823
2014	1.307	0.075	1.382	0.655	0.377	0.390	2.804
2015	1.332	0.077	1.409	0.711	0.387	0.392	2.899
2016	1.325	0.075	1.400	0.713	0.392	0.393	2.898
2017	1.331	0.069	1.400	0.674	0.372	0.388	2.834
2018	1.330	0.069	1.399	0.683	0.372	0.399	2.853
2019	1.358	0.070	1.428	0.695	0.403	0.400	2.926
2020	1.413	0.072	1.485	0.700	0.405	0.405	2.995
2021	1.416	0.069	1.485	0.710	0.404	0.422	3.021
2022	1.417	0.069	1.486	0.684	0.426	0.437	3.033

Sources: Municipal Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (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.

See independent auditors' report.

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago**

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Transcontinental Gas	\$ 9,881,300	1	1.87%	\$ 9,759,400	1
Columbia Gas Transmission Corp	4,917,500	2	0.93%	4,917,500	2	0.92%
Asbury Graphite Mills Inc	2,655,300	3	0.50%	2,450,000	3	0.46%
Valley View LLC	2,000,000	4	0.38%	2,000,000	4	0.37%
Individual Property Owner	1,326,200	5	0.25%	1,231,800	5	0.23%
Individual Property Owner	1,315,800	6	0.25%	1,013,600	7	0.19%
Individual Property Owner	1,231,800	7	0.23%	942,200	8	0.18%
Individual Property Owner	1,131,600	8	0.21%	905,400	10	0.17%
Individual Property Owner	964,300	9	0.18%	-		-
Individual Property Owner	930,700	10	0.18%	-		-
WRCC LLC	-		-	1,075,000	6	0.20%
United Telephone Co of NJ	-		-	910,190	9	0.17%
	<u>\$ 26,354,500</u>		<u>4.98%</u>	<u>\$ 25,205,090</u>		<u>4.72%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years**

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 7,368,104	\$ 7,368,104	100.00%
2014	7,330,755	7,330,755	100.00%
2015	7,297,859	7,297,859	100.00%
2016	7,438,722	7,438,722	100.00%
2017	7,402,647	7,402,647	100.00%
2018	7,402,209	7,402,209	100.00%
2019	7,403,097	7,403,097	100.00%
2020	7,542,599	7,542,599	100.00%
2021	7,825,819	7,825,819	100.00%
2022	7,827,219	7,827,219	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.

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

Fiscal Year Ending June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2013	\$ 5,035,000	\$ -	\$ -	\$ -	\$ -	\$ 5,035,000	1.69%	1,271
2014	4,845,000	-	-	-	-	4,845,000	1.63%	1,228
2015	4,645,000	-	-	-	-	4,645,000	1.50%	1,180
2016	4,185,000	-	-	-	-	4,185,000	1.32%	1,067
2017	3,965,000	-	-	-	-	3,965,000	1.22%	1,018
2018	3,740,000	-	-	-	-	3,740,000	1.13%	962
2019	3,510,000	-	-	-	-	3,510,000	1.03%	906
2020	3,275,000	-	-	-	-	3,275,000	0.92%	848
2021	3,035,000	-	-	-	-	3,035,000	0.83%	792
2022	2,785,000	-	-	-	-	2,785,000	N/A	743

Notes: 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.

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 5,035,000	\$ -	\$ 5,035,000	0.94%	\$ 1,271
2014	4,845,000	-	4,845,000	0.91%	1,228
2015	4,645,000	-	4,645,000	0.87%	1,180
2016	4,185,000	-	4,185,000	0.79%	1,067
2017	3,965,000	-	3,965,000	0.75%	1,018
2018	3,740,000	-	3,740,000	0.71%	962
2019	3,510,000	-	3,510,000	0.66%	906
2020	3,275,000	-	3,275,000	0.62%	848
2021	3,035,000	-	3,035,000	0.58%	792
2022	2,785,000	-	2,785,000	0.58%	743

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 871,684	100.00%	\$ 871,684
Regional High School	7,545,000	7.024%	529,960
County general obligation debt	96,226,693	2.657%	<u>2,556,300</u>
Subtotal, overlapping debt			3,957,944
School district direct debt			<u>2,785,000</u>
Total direct and overlapping debt			<u><u>\$ 6,742,944</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each Governmental Unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the municipality. 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.

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis
	2021 \$ 612,124,984
	2020 589,854,727
	2019 568,744,943
	\$ 1,770,724,654
Average equalized valuation of taxable property	\$ 590,241,551
Debt limit (3.0% of average equalization value)	17,707,247
Total net debt applicable to limit	2,785,000
Legal debt margin	\$ 14,922,247

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 16,766,265	\$ 16,918,714	\$ 17,210,834	\$ 17,707,247	\$ 17,707,247
Total net debt applicable	3,740,000	3,510,000	3,275,000	3,035,000	2,785,000
Legal debt margin	\$ 13,026,265	\$ 13,408,714	\$ 13,935,834	\$ 14,672,247	\$ 14,922,247
Total net debt applicable to the limit as a percentage of debt limit	22.31%	20.75%	19.03%	17.14%	15.73%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 17,135,611	\$ 16,717,232	\$ 16,693,655	\$ 16,693,655	\$ 16,733,569
Total net debt applicable	5,035,000	4,845,000	4,645,000	4,185,000	3,965,000
Legal debt margin	\$ 12,100,611	\$ 11,872,232	\$ 12,048,655	\$ 12,508,655	\$ 12,768,569
Total net debt applicable to the limit as a percentage of debt limit	29.38%	28.98%	27.82%	25.07%	23.69%

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

(a) Limit set by N.J.S.A. 18A:24-19.

See independent auditors' report.

**BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	3,960	\$ 298,500,840	\$ 75,379	4.3%
2014	3,945	296,723,175	75,215	4.6%
2015	3,937	310,479,694	78,862	3.9%
2016	3,921	317,526,501	80,981	3.9%
2017	3,894	326,173,122	83,763	3.8%
2018	3,888	330,137,856	84,912	2.5%
2019	3,875	340,744,250	87,934	2.5%
2020	3,863	355,187,398	91,946	6.6%
2021	3,834	364,567,392	95,088	4.7%
2022	3,748	N/A	N/A	N/A

Sources:

- (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 by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2022

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2013

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	37.0	39.0	37.0	38.0	36.2	37.0	30.0	30.0	30.0	29.0
Special education	18.0	15.0	16.0	13.0	14.0	15.0	13.0	13.0	13.0	13.5
Other instruction	8.5	8	8	7	6.3	3.0	2.0	2.0	2.0	2.0
Support services										
Student and instruction related services	5.0	5.0	6.0	7.0	7.0	7.0	5.0	7.8	7.8	7.8
General administration	6.0	6.0	6.0	6.0	5.5	5.5	4.0	4.0	4.0	4.0
School administration services	5.0	6.0	6.0	4.0	5.5	4.5	4.0	3.0	3.0	2.5
Other administration services	3.0	3.0	3.0	3.0	3.4	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	1.0	1.0	1.0	1.0	6.5	6.5	6.5	5.5	5.5	6.0
Pupil transportation	1.0	1.0	-	-	-	-	-	-	-	-
Other support services	4.0	4.5	4.5	5.5	2.0	3.0	3.0	1.0	1.0	1.0
Total	88.5	88.5	87.5	84.5	86.4	83.5	69.5	68.3	68.3	67.8

Source: District Personnel Records

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	455	\$ 9,259,356	\$ 20,350	-0.62%	64	1 to 7.11	458.1	440.4	-15.00%	96.14%
2014	451	9,105,820	20,190	-0.79%	62	1 to 7.27	450.1	429.0	-1.75%	95.31%
2015	402	9,110,440	22,663	12.25%	61	1 to 6.59	401.8	395.5	-10.73%	98.43%
2016	388	9,389,264	24,199	6.78%	68	1 to 5.71	386.2	370.7	-3.88%	95.99%
2017	362	9,414,690	26,007	7.47%	56	1 to 6.46	357.7	354.2	-7.38%	99.02%
2018	370	9,825,152	26,554	2.10%	55	1 to 6.73	368.0	352.7	2.88%	95.84%
2019	351	10,178,508	28,999	9.21%	54	1 to 6.50	332.1	315.7	-9.76%	95.06%
2020	345	9,129,881	26,463	-8.75%	49	1 to 7.04	319.6	306.5	-3.76%	95.90%
2021	346	9,530,454	27,545	4.09%	49	1 to 7.06	336.2	325.7	5.19%	96.88%
2022	374	9,948,760	26,601	-3.43%	44	1 to 8.50	350.1	330.9	4.13%	94.52%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Thomas B. Conley Elementary School</u>										
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	272	248	248	224	212	233	228	229	249	272
<u>Ethel Hoppock Middle School</u>										
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	188	203	203	164	150	146	117	119	97	87
<u>Number of schools at June 30, 2022:</u>										
Elementary	1									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>School Facilities*</u>		<u>Total</u>
	<u>Elementary</u>	<u>Middle</u>	
2013	\$ 100,397	\$ 62,404	\$ 162,801
2014	181,377	103,005	284,382
2015	312,535	85,100	397,635
2016	285,743	204,597	490,340
2017	201,378	156,331	357,709
2018	82,641	103,781	186,422
2019	93,620	69,480	163,100
2020	108,677	108,677	217,354
2021	168,116	91,950	260,066
2022	353,169	96,001	449,170
Total school facilities	<u>\$ 1,887,653</u>	<u>\$ 1,081,326</u>	<u>\$ 2,968,979</u>

Source: District Records

* School Facilities As Defined Under E.F.C.F.A.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2022
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - NJ Schools Insurance Group (NJSIG)		
Property - Building Blanket and Contents (Fund Limit)	Per Schedule	
Boiler/Machinery and Stated Equipment/Papers	\$ 100,000,000	\$ -
Comprehensive General Liability:		
Bodily Injury & Property Damage	6,000,000	-
Comprehensive General 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 Claim/annual member aggregate excess of	1,000,000	5,000
Each Claim/\$3,000,000 annual member aggregate	1,000,000	-
Coverage B - Limit of Liability:		
Each Claim	100,000	5,000
Each Period	300,000	5,000
Communicable Disease Outbreak Limit		
Each Claim	1,000,000	-
Annual NJSIG Aggregate	9,000,000	-
Worker's Compensation - NJSIG		
Statutory Benefits	Included	-
Employers Liability:		
Bodily Injury by Accident - Each Accident	3,000,000	-
Bodily Injury by Disease - Each Employee	3,000,000	-
Bodily Injury by Disease - Aggregate Limit	3,000,000	-
Public Employees Faithful Performance Blanket		
Blanket Employee Limit	250,000	1,000
Position Bond - Hanover Insurance Company		
Board Secretary Bond	300,000	1,000
Cyber Insurance - Axis Insurance Company		
Policy Limit of Insurance	1,000,000	5,000
Claims - Made Liability Limit	1,000,000	5,000
First Party Coverages Limit	1,000,000	5,000

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Bethlehem Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, 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 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bethlehem Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned

Costs as items 2022-01, 2022-02, 2022-03, 2022-04, 2022-05, and 2022-06 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-01, 2022-03, 2022-04, 2022-05, and 2022-06.

Bethlehem Township School District's Response to Findings

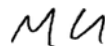
Government Auditing Standards requires the auditor to perform limited procedures on Bethlehem Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

March 7, 2023
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Bethlehem Township School District's (the District) compliance with the types of compliance requirements as subject to audit 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, 2022. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2022.

Basis for Opinion on Each Major State Program

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; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-01, 2022-02, 2022-03, 2022-04, and 2022-06. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-01, 2022-02, 2022-03, 2022-04, and 2022-06 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Bethlehem Township School District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

BKC, CPAs, PC

BKC, CPAs, PC

MA

Michael A. Holk, CPA,
PSA NO. 20CS00265600

March 7, 2023
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/21	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2022					
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Education passed through State Department of Education																		
Special Revenue Fund																		
Special education cluster (IDEA)																		
IDEA Basic	84.027	H027A210100	IDEA-0370-22	\$ 96,652	07/01/21	06/30/22	\$ -	\$ -	\$ 96,652	\$ 96,652	\$ -	\$ -	\$ -	\$ -	\$ -			
IDEA Basic	84.027	H027A200100	IDEA-0370-21	92,522	07/01/20	06/30/21	(40,502)	-	49,430	-	-	-	-	8,928	-			
IDEA Preschool	84.173	H173S210114	IDEA-0370-22	1,362	07/01/21	06/30/22	-	-	1,169	1,169	-	-	-	-	-			
IDEA Preschool	84.173	H173S200114	IDEA-0370-21	1,049	07/01/20	06/30/21	(856)	-	1,049	193	-	-	-	-	-			
Total special education cluster (IDEA)							(41,358)	-	148,300	98,014	-	-	-	8,928	-			
ESSA Title I A	84.010A	S010A210030	ESSA-0370-22	6,076	07/01/21	06/30/22	-	-	4,959	5,884	-	-	(925)	-	-			
ESSA Title I A	84.010A	S010A200030	ESSA-0370-21	6,312	07/01/20	06/30/21	193	-	-	193	-	-	-	-	-			
ESSA Title I A	84.010A	S010A200030	ESSA-0370-17	47,779	07/01/17	06/30/18	(7,992)	-	-	-	7,992	-	-	-	-			
ESSA Title II A	84.367A	S367A210029	ESSA-0370-22	11,010	07/01/21	06/30/22	-	-	-	199	-	-	(199)	-	-			
ESSA Title II A	84.367A	S367A160029	ESSA-0370-16	2,794	07/01/16	06/30/17	2,794	-	-	-	-	2,794	-	-	-			
ESSA Title IV	84.424A	S424A210031	ESSA-0370-22	18,363	07/01/21	06/30/22	-	-	8,362	8,850	-	-	(488)	-	-			
ESSA Title IV	84.424A	S424A190031	ESSA-0370-19	10,000	07/01/19	06/30/20	8,362	-	-	-	-	8,362	-	-	-			
Small, Rural School Achievement Program	84.358A	S358A210030	S358A212837	34,501	07/01/21	09/30/22	-	-	34,501	34,501	-	-	-	-	-			
CRRSA - ESSER II	84.425D	S425D210027	ESSER-0370-23	20,052	03/01/20	09/30/23	-	-	17,220	-	-	-	-	17,220	-			
CRRSA - Mental Health	84.425D	S425D210027	ESSER-0370-23	45,000	03/01/20	09/30/23	-	-	2,799	-	-	-	-	2,799	-			
ARP Basic	84.027X	H027X210100	ARP-0370-22	14,521	07/01/21	06/30/22	-	-	14,521	14,521	-	-	-	-	-			
ARP Preschool	84.173X	H173X210114	ARP-0370-22	1,240	07/01/21	06/30/22	-	-	205	1,168	-	-	(963)	-	-			
Total Special Revenue Fund							(38,001)	-	230,867	163,330	7,992	11,156	(2,575)	28,947	-			
U.S. Department of Agriculture passed through State Department of Agriculture																		
Enterprise Fund																		
Child Nutrition Cluster																		
National School Lunch Program																		
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	7,810	10/01/21	09/30/22	-	-	7,810	6,841	-	-	-	969	-			
Cash Assistance	10.555	221NJ304N1099	N/A	128,378	10/01/21	09/30/22	-	-	123,273	128,378	-	-	(5,105)	-	-			
Cash Assistance	10.555	211NJ304N1099	N/A	91,971	10/01/20	09/30/21	(5,603)	-	5,603	-	-	-	-	-	-			
Total Child Nutrition Cluster							(5,603)	-	136,686	135,219	-	-	(5,105)	969	-			
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-	-			
Total Enterprise Fund							(5,603)	-	137,928	136,461	-	-	(5,105)	969	-			
Total Federal Awards							\$ (43,604)	\$ -	\$ 368,795	\$ 299,791	\$ 7,992	\$ 11,156	\$ (7,680)	\$ 29,916	\$ -			

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021					Balance June 30, 2022			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received	Budgetary Expenditure	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	22-495-034-5120-089	\$ 303,137	07/01/21	06/30/22	\$ -	\$ -	\$ 273,534	\$ 303,137	\$ -	\$ -	\$ -	\$ -	\$ 29,603	\$ 303,137
Security Aid	22-495-034-5120-084	37,641	07/01/21	06/30/22	-	-	33,965	37,641	-	-	-	-	3,676	37,641
Transportation Aid	22-495-034-5120-014	113,737	07/01/21	06/30/22	-	-	102,630	113,737	-	-	-	-	11,107	113,737
School Choice Aid	22-495-034-5120-068	72,300	07/01/21	06/30/22	-	-	65,239	72,300	-	-	-	-	7,061	72,300
Equalization Aid	22-495-034-5120-078	449,293	07/01/21	06/30/22	-	-	405,417	449,293	-	-	-	-	43,876	449,293
Extraordinary Aid	22-495-034-5120-044	22,971	07/01/21	06/30/22	-	-	-	22,971	-	(22,971)	-	-	-	22,971
Extraordinary Aid	21-495-034-5120-044	13,882	07/01/20	06/30/21	(13,382)	-	13,382	-	-	-	-	-	-	13,882
Non-Public Transportation Aid	22-495-034-5120-014	1,740	07/01/21	06/30/22	-	-	-	1,740	-	(1,740)	-	-	-	1,740
Non-Public Transportation Aid	21-495-034-5120-014	2,030	07/01/20	06/30/21	(2,030)	-	2,030	-	-	-	-	-	-	2,030
Secure Our Children's Future Bond Act	22-100-082-2000-A92	5,512	07/01/21	06/30/22	-	-	5,512	5,512	-	-	-	-	-	5,512
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001	301,806	07/01/21	06/30/22	-	-	301,806	301,806	-	-	-	-	-	301,806
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	17,971	07/01/21	06/30/22	-	-	17,971	17,971	-	-	-	-	-	17,971
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004	554	07/01/21	06/30/22	-	-	554	554	-	-	-	-	-	554
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	1,273,783	07/01/21	06/30/22	-	-	1,273,783	1,273,783	-	-	-	-	-	1,273,783
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	227,013	07/01/21	06/30/22	-	-	205,031	227,013	-	(21,982)	-	-	-	227,013
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	239,778	07/01/20	06/30/21	(11,477)	-	11,477	-	-	-	-	-	-	239,778
Total General Fund					(26,889)	-	2,712,331	2,827,458	-	(46,693)	-	-	95,323	3,083,148
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	7,810	07/01/21	06/30/22	-	-	7,810	6,460	-	-	1,350	-	-	7,810
Total Special Revenue Fund					-	-	7,810	6,460	-	-	1,350	-	-	7,810
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	2,993	07/01/21	06/30/22	-	-	2,875	2,993	-	(118)	-	-	-	2,993
State School Lunch Program	21-100-010-3350-023	2,741	07/01/20	06/30/21	(252)	-	252	-	-	-	-	-	-	2,741
Total Enterprise Fund					(252)	-	3,127	2,993	-	(118)	-	-	-	5,734

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B (continued)
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021			Budgetary Expenditure	Adjustments	Balance June 30, 2022			Memo	
					Deferred Rev.	Due to	Cash			Accounts	Deferred	Due to	Budgetary	Cumulative
					(Accts. Rec)	Grantor	Received			Receivable	Revenue	Grantor	Receivable	Expenditure
Total State Financial Assistance					\$ (27,141)	\$ -	\$ 2,723,268	\$ 2,836,911	\$ -	\$ (46,811)	\$ 1,350	\$ -	\$ 95,323	\$ 3,096,692
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							1,273,783						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							17,971						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							301,806						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004							554						
Total for State Financial Assistance - Major Program Determination								\$ 1,242,797						

See independent auditors' report.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Bethlehem Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$22,096 for the general fund and (\$7,425) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District’s basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 2,849,554	\$ 2,849,554
Special revenue fund	162,365	-	162,365
Food service fund	136,461	2,993	139,454
Total awards and financial assistance	<u>\$ 298,826</u>	<u>\$ 2,852,547</u>	<u>\$ 3,151,373</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2022. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2022

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

Note 7 - Adjustment on the Schedule of Federal Awards

On Schedule A, the adjustment to ESSA Title I A represents a canceled receivable as a result of a correction to a prior reporting error of receipts for \$7,992.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART II**

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No

2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No

2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs? _____

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>22-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>
<u>22-495-034-5120-068</u>	<u>School Choice Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

State Awards

Finding 2022-01

Criteria

Treasurer reports should reconcile cash records to bank statements. Bank account reconciliations should agree with board secretary records.

Condition

The bank reconciliations, Board Secretary's report, and Treasurer's report were not in agreement prior to submission to the Board for approval and not accurate or fully complete.

Questioned costs

N/A

Context

Bank reconciliations, Board Secretary's reports and the Treasurer's reports were not all in agreement prior to submission to the Board for approval.

Cause

Unknown

Effect

Bank reconciliations, Board Secretary's reports and the Treasurer's reports were not all in agreement prior to submission to the Board for approval.

Recommendation

The bank reconciliations, Board Secretary's report, and Treasurer's report should be in agreement, completed, and submitted in its entirety to the Board for approval on a timely basis.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings (continued)

Finding 2022-02

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Questioned costs

N/A

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval and receiving signatures.

Cause

Unknown

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-03

Criteria

The preparation of the budget and budget transfers should result in accurately balanced revenues and appropriations.

Condition

The budget did not balance.

Questioned costs

N/A

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings (continued)

Context

Budgeted revenues did not equal budgeted appropriations.

Cause

Unknown

Effect

Budgeted fund balance was overstated.

Recommendation

The District must make continuous efforts to ensure that the records and processes for budget preparation and submission be maintained and performed in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-04

Criteria

Recordkeeping should be kept in an accurate manner on a timely basis for all accounts.

Condition

Various account balances were not accurately maintained.

Questioned costs

N/A

Context

The various accounts were not accurately maintained on a timely basis.

Cause

Unknown

Effect

Various account balances were not accurate.

Recommendation

The District must take continuous efforts to ensure that the recordkeeping for all accounts be maintained in a complete and accurate manner.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings (continued)

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-05

Criteria

Interfund account transfers should be made on a timely basis.

Condition

Interfund account transfers between the general fund and enterprise fund were not made timely.

Questioned costs

N/A

Context

Interfund transfers, representing subsidy aid, were not made on a timely basis.

Cause

Unknown

Effect

Various account balances were not accurate.

Recommendation

The District must take continuous efforts to ensure that interfund account transfers should be made on a timely basis.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-06

Criteria

Health benefits and dental withholdings calculations should be checked for accuracy.

Condition

Health benefits and dental withholdings for some employees were incorrect.

Questioned costs

N/A

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings (continued)

Context

The health benefits and dental withholdings calculations were not accurate.

Cause

Unknown

Effect

Employee health benefit and dental withholdings had discrepancies.

Recommendation

Health and dental invoices and withholdings should be checked for accuracy.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

State Awards

Finding 2022-01

Criteria

Treasurer reports should reconcile cash records to bank statements. Bank account reconciliations should agree with board secretary records.

Condition

The bank reconciliations, Board Secretary's report, and Treasurer's report were not in agreement prior to submission to the Board for approval and not accurate or fully complete.

Questioned costs

N/A

Context

Bank reconciliations, Board Secretary's reports and the Treasurer's reports were not all in agreement prior to submission to the Board for approval.

Cause

Unknown

Effect

Bank reconciliations, Board Secretary's reports and the Treasurer's reports were not all in agreement prior to submission to the Board for approval.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

Recommendation

The bank reconciliations, Board Secretary's report, and Treasurer's report should be in agreement and completed, and submitted in its entirety to the Board for approval on a timely basis.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-02

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Questioned costs

N/A

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval and receiving signatures.

Cause

Unknown

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

Finding 2022-03

Criteria

The preparation of the budget and budget transfers should result in accurately balanced revenues and appropriations.

Condition

The budget did not balance.

Questioned costs

N/A

Context

Budgeted revenues did not equal budgeted appropriations.

Cause

Unknown

Effect

Budgeted fund balance was overstated.

Recommendation

The District must make continuous efforts to ensure that the records and processes for budget preparation and submission be maintained and performed in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-04

Criteria

Recordkeeping should be kept in an accurate manner on a timely basis for all accounts.

Condition

Various account balances were not accurately maintained.

Questioned costs

N/A

Context

The various accounts were not accurately maintained on a timely basis.

BETHLEHEM TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

Cause

Unknown

Effect

Various account balances were not accurate.

Recommendation

The District must take continuous efforts to ensure that the recordkeeping for all accounts be maintained in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-06

Criteria

Health benefits and dental withholdings calculations should be checked for accuracy.

Condition

Health benefits and dental withholdings for some employees were incorrect.

Questioned costs

N/A

Context

The health benefits and dental withholdings calculations were not accurate.

Cause

Unknown

Effect

Employee health benefit and dental withholdings had discrepancies.

Recommendation

Health and dental invoices and withholdings should be checked for accuracy.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Federal Awards

N/A

**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, 2022**

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of 2021-001.