

BERNARDS PUBLIC SCHOOLS



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

*Annual Comprehensive Financial Report
For the Year Ended
June 30, 2023*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Prepared by

Business Office

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Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

James Rollo
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Business Administrator/Board Secretary

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January 22, 2024

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

Dear Board Members and Constituents:

The Annual Comprehensive Financial Report of the Bernards Township School District (District) as of and for the year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2023, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels kindergarten through twelve. These include regular, as well as, special education for handicapped youngsters. The District completed the 2022/2023 fiscal year with an average daily enrollment of 4,752 students, which is 4 students more than the previous year's average daily enrollment. The following details the changes in average daily enrollment in the District over the last five years.

Average Daily Enrollment		
<u>Fiscal</u>	<u>Student</u>	<u>Percent</u>
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2022-23	4,752	0.08%
2021-22	4,748	(2.12)%
2020-21	4,851	(5.07)
2019-20	5,146	(3.05)
2018-19	5,308	(2.12)

2. ECONOMIC CONDITIONS AND OUTLOOK:

The School District continues to proactively address the financial impacts of the state’s fiscal condition and imposed state and federal regulatory requirements. The immediate future continues to hold continuing financial and budgeting challenges for the District, especially when anticipating increases in health insurance and transportation costs and the need to replace aging technological hardware and as such the Bernards Township School District is working under conservative assumptions with respect to the economic outlook. The Board of Education has resolved to create and fund capital, maintenance and emergency reserves in an effort to support this philosophy and as a way to anticipate fluctuations in future resources. In an effort to optimally manage the increase in the significant operating cost related to provision of health benefits the district became self-funded in fiscal year 2018-2019. It should be noted that this shift permitted the district to avoid an increase in its budgeted major medical insurance expenses from the prior fiscal year. Results for the fiscal years 2019-2020 and 2018-2019 were within anticipated margins. In the summer of 2020, the State legislature enacted new legislation which mandated that districts must offer a new state health benefit plan or its equivalent which based upon preliminary risk management analysis will likely significantly increase the district’s share of health benefit costs and overrides freely bargained collective labor agreements. As more employees move into these plans there becomes a greater district contribution for each employee.

Current demographic data suggest that total student enrollment is expected to continue to decline. The current decline in enrollment is consistent with the end of residential development. One factor contributing to some uncertainty is the potential impact of turnover in home ownership from aging residents to new families as well as potential residential development of previously commercial properties. The Township has entered into affordable housing settlement agreements, which were thought to potentially offset some of this decline in enrollment over a period of 2-3 years beginning in late 2020. However, an updated demographers report issued in the late Fall of 2023 has now considered the potential growth from these developments and at this time still forecasts an overall continued decline in enrollment. In the event that enrollment does in fact begin to decline at a significant rate, there may be an opportunity to reevaluate the allocation of resources.

The District has and continues to refund its outstanding serial bond debt as bonds become callable and market conditions permit. During the past six years, the District has refunded or defeased by prepayment \$74,300,000, or 91% of serial bond debt outstanding as of July 1, 2012. The refundings have reduced the District's debt levy by 11.5%. Since 2013, the District's bond rating has been upgraded twice. In January of 2015, the District's bond rating was upgraded to AAA. Among the factors cited by the ratings agency as the basis for this upgrade were: the "strong financial performance and growth in reserves following five years of positive audited results with another operating surplus projected for 2015 and low overall net debt as a percent of market value..." That rating was upheld by the ratings agency in April of 2016 prior to the district's most recent bond refunding. Among the factors cited by the ratings agency as the basis for retention of the AAA rating were: "consistent budgetary performance with strong reserves and low overall net debt as percent of market value." The district is one of only (4) K-12 districts in the state with a AAA bond rating. The district continues to actively manage its outstanding debt through augmentation of reserves as part of its long-term debt management. In July of 2016 the district approved a policy for the management of its long-term debt. That policy provides that a prudent strategy for the judicious management of all outstanding long-term debt would: identify and level anomalous increases in outstanding long-term debt to facilitate a smoothing or leveling of any future local debt service levies; provide conservative budgeting and implementation of the school district annual budgets; sustain the Board of Education's high quality credit rating, which results in favorable interest rates on subsequent bond issue; and, as appropriate, establish reserves for the defeasance of segments of outstanding long-term debt which are identified as contributing to anomalous increases in the local debt levy

3. MAJOR INITIATIVES:

Below outlines a summary of major district activities and agendas of the 2022-2023 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. GOALS

The 2022-2023 District Goals included:

1. Update district websites and report on the progress of the goals outlined in the [district's instructional technology plan](#).
2. Focus on [strategic plan](#) goal attainment with an emphasis on health and wellness outcomes (see strand 1 of the strategic plan).
3. Update and present the long range capital projects plan.

Activities to accomplish Goal 1 included:

- School and district webpages were updated
- Integration of 504s and IEPS into Genesis
- Achieved savings on the evaluation software by eliminating OnCourse and adding a utility to Genesis
- Wireless access points and server upgrades scheduled for summer 2023
- Enhanced security protocols through two factor authentication, password strengthening, and endpoint detection response
- Instituted classroom management software - Hapara
- Budgeted for Integration/Security Technology Specialist position

Activities to accomplish Goal 2 included:

- Utilization of ESS services and parent/staff training
- Trends in Mental Health Spring 2023; reported in Wellness Committee April-June, 2023
- Drug and Alcohol Survey report being provided in May 2023 - this follows up on the student survey done this school year
- Student Safety Data Reports, Equity Audit
- Parent Presentations: ESS presentations; Community presentations (Empower Somerset, Municipal Alliance) for mental health and wellness; BOE wellness committee; CASEL lessons/competencies in classrooms
- LifeLines Suicide Prevention Program through Empower Somerset Partnership during 2022-23 school year through BOE approved MOU/Grant. First year progress was to train counselors on postvention and to review our policies and procedures on responding to suicides.
- RHS Wellness Program
- Morning meetings, Grade level meetings, assemblies and guest speakers (IE Mikee Falon, Ryan Halligan, Mark Brown), Wellness sessions on in-services days at RHS
- IRS and Tiered Systems of Supports
- Ridge Bridge, Camp Jump Start, 5th grade visits to WAMS serve as transition programs between school levels
- BT Connect on Later Start Times and Triple Tiered Bus Routes planned for May 22, 2023
- Mentor programs such as Big Sibling program, Team Time (MPS), OSS nests
- Added to mandated training for coaches to include Positive Coaching Alliance and Safe Sport

Activities to accomplish Goal 3 included:

- [BT Connect Meeting on October 3, 2022 - District Reserves, Debt and Capital Projects - Planning for the Future](#)
- Long term (and short term) facility planning has moved from the Finance Committee to the new Facilities and Operations Committee
- We have been updating the project list from the August 2019 Capital Funding Plan
- Working with the district architect we submitted several Regular Operating District grant projects
- A sloped roof replacement project was completed at Oak Street School and plans were made to complete additional roofing projects at Cedar Hill School and Ridge High School in the summer of 2023
- The district contracted with Boswell Engineering to assess the feasibility of a project to convert a natural grass field to an artificial turf field and to improve drainage at the varsity complex of Ridge High School

- The new business administrator has been charged with making facilities a top priority relative to immediate staffing and work order issues as well as long range planning
- An inventory of roof top units throughout the district was completed this year
- An assessment of cafeteria serving lines and equipment was completed this year and the district architect was approved to specify requisite equipment for replacement and to formally survey each cafeteria space for possible serving line changes in the future
- A formal review of all facilities assets is being sought and proposals are being considered with the goal of ultimately integrating the inventory of facilities assets into management software

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2022-2023 budget can be accessed on the District website. The District’s conservative approach to budgeting is reflected in this audit. Financing continues to be a burden due to the inability of the State to fully fund the state aid formula.

The following compares our District’s 2022-2023 budgetary figures with the State Average for K-12 operating types.

	Bernards Township	State Average
Classroom Instruction	\$11,840	\$11,131
Support Services	\$3,676	\$3,266
Administration	\$1,909	\$1,886
Extracurricular	\$515	\$354
Plant operations/maintenance	\$2,052	\$2,327
Total	\$19,992	\$18,964

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

C. CURRICULUM

Curriculum work is led by the Assistant Superintendent of Curriculum and Instruction, Ms. Kristin Fox. Working closely with the administrative team including the Director of School Counseling, Ms. Stephanie Smith, Ms. Fox presents two reports annually:

- [State Assessment Report](#)
- [Post Secondary Report](#)

The two reports provide one view of student performance. The district uses many local tools to assess students including for example the NWEA MAP tests.

Ms. Fox led two notable areas of focus for the district during the 2022-2023 school year which were:

- Continuing supports for COVID related learning loss with summer programming
- Implementation of the new Comprehensive Health and Physical Education Standards

Additionally, Ms. Fox led all of the district’s curriculum development and program evaluation efforts which are documented at the district’s curriculum website:

- [Curriculum Website](#)

D. FACILITIES

The district’s new Business Administrator, Mr. James Rollo supported district goal 3 and the initiatives described above in section 3.A. However, Mr. Rollo also led other efforts to improve district facilities including:

- Evaluating alternatives to the current work order software and ultimately selecting a new software
- Creating an emphasis on work orders and timely completion of work orders
- Adjusting the workflow to complete work orders as quickly as possible
- Prioritizing HVAC issues to keep instructional spaces comfortable

At the end of the 2022-2023 school year, Mr. Rollo also began the active pursuit of grant opportunities for facilities and direct install energy savings programs. The groundwork that Mr. Rollo began in 2022-2023 is in full swing in the 2023-2024 school year as the district is actively engaged in both a direct install project and several Regular Operating District grants.

E. POLICY

The district continuously reviews and updates the Board of Education policies and regulations in consultation with both Board Counsel and the Strauss Esmay law firm. Regular policy alerts are received from Strauss Esmay and the district makes corresponding updates and changes to its policy manual in order to stay in compliance with current state statute and administrative code. Many policies and regulations were reviewed and updated during the 2022-2023 school year including:

P 0143.2 – High School Student Representative to the Board of Education (M) (Revised)
P 0144 – Board Member Orientation and Training (Revised)
P 0152 – Board Officers (Revised)
P 0155 – Board Committees (Revised)
P 0155.1 – Board Member Participation at Board Meetings Using Electronic Device (Revised)
P 0161 – Call, Adjournment and Cancellation (Revised)
P 0162 – Notice of Board Meetings (Revised)
P 0163 – Quorum (Revised)

P 0169 – Board Member Use of Electronic Communication/Email/Social Media (Revised)
P 1511 – Board of Education Website Accessibility (M) (Revised)
P 1648.11 – The Road Forward COVID-19 – Health and Safety (M) (Abolished)
P 1648.13 – School Employee Vaccination Requirements (M) (Abolished)
P 2361 – Acceptable Use Of Computer Networks/Computers and Resources (M) (Revised)
P 2415 – Every Student Succeeds Act (M) (Revised)
P 2423 – Bilingual and ESL Education (M) (Revised)
P 2425 – Emergency Virtual or Remote Instruction Program (M) (Revised)
P 2432 – School Sponsored Publications (Abolished)
P 2510 – Adoption of Textbooks (Revised)
P 2520 – Instructional Supplies (M) (Revised)
P 3216 – Dress and Grooming (Revised)
P 3217– Use of Corporal Punishment (Revised)
P 3270 – Professional Responsibilities (Revised)
P 4216 – Dress and Grooming (New)
P 4217– Use of Corporal Punishment (New)
P 5200 – Attendance (M) (Revised)
P 5305 – Health Services Personnel (M) (Revised)
P 5308 – Student Health Records (M) (Revised)
P 5310 – Health Services (M) (Revised)
P 5512 – Harassment, Intimidation, or Bullying (M) (Revised)
P 5513 – Care of School Property (M) (Revised)
P 5517 – School District Issued Student Identification Cards (M) (New)
P 5722 – Student Journalism (M) (New)
P 6112 – Reimbursement of Federal and Other Grant Expenditures (M) (Revised)
P 6115.04 – Federal Funds – Duplication of Benefits (M) (New)
P 6311 – Contracts for Goods or Services Funded by Federal Grants (M) (Revised)
P 7440 – School District Security (M) (Revised)

P 8140 – Student Enrollments (M) (Revised)
P 8330 – Student Records (M) (Revised)
P 8467 – Weapons (M) (Revised)
P 9150 – School Visitors (Revised)
P 9160 – Public Attendance at School Events (Revised)
R 0155 – Board Committees (Revised)
R 2425 – Emergency Virtual or Remote Instruction Program (M) (New)
R 5200 – Attendance (M) (Revised)
R 5513 – Care of School Property (M) (Revised)
R 8420 – Emergency and Non-Fire Evacuation Plan (M) (Revised)
R 8420.1 – Fire and Fire Drills (M) (Revised)
R 8420.10 – Active Shooter (M) (Revised)
R 8420.2 – Bomb Threats (M) (Revised)
R 8420.3 – Natural Disasters and Man-Made Catastrophes (M) (Revised)
R 8420.4 – Kidnapping (M) (Revised)
R 8420.5 – Asbestos Release (M) (Revised)
R 8420.6 – Accidents To and From School (M) (Revised)
R 8420.7 – Lockdown Procedures (M) (Revised)

F. HUMAN RESOURCES

The district was able to include in its 2022-2023 school budget additional personnel. A third instructional coach was placed, as was an additional licensed clinical social worker for the middle school (through a third party provider - Effective School Solutions). The district also expanded the number of school counselors by one full time equivalent - the additional counselor was used to support the elementary schools. A position for a technology specialist was budgeted but not filled until 2023-2024. Notably, the district is feeling the effects of a dwindling candidate pool when filling vacant positions caused by retirement or individuals leaving the district. Certain areas such as world language, science and special education are becoming extremely difficult to fill. The district was successfully able to navigate the staffing challenges during 2022-2023 often by having existing staff take on a larger workload. The sustainability of having existing staff take on extra teaching duties is questionable. The district is advocating for ways to increase the candidate pool of educators as the outlook in the immediate future appears to be worse.

In closing the Major Initiatives section of this letter, the District wishes to thank the community of Bernards Township for its support, and renews the commitment to provide services that are in concert

with the District's mission to provide a superior education which results in academic excellence, responsible behavior, good citizenship and fosters social-emotional development so that ultimately each student will be able to:

- Maximize his/her potential.
- Become a contributing member of society.
- Maintain a commitment to life-long learning.
- Achieve the New Jersey Student Learning Standards at all grade levels.

4. INTERNAL CONTROL:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America as they pertain to governmental entities. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management. As part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance, assigned to other purposes at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's financial statements are presented in conformity with generally accepted accounting principles in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and a

and a government-wide presentation is also included. These funds and government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

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

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,



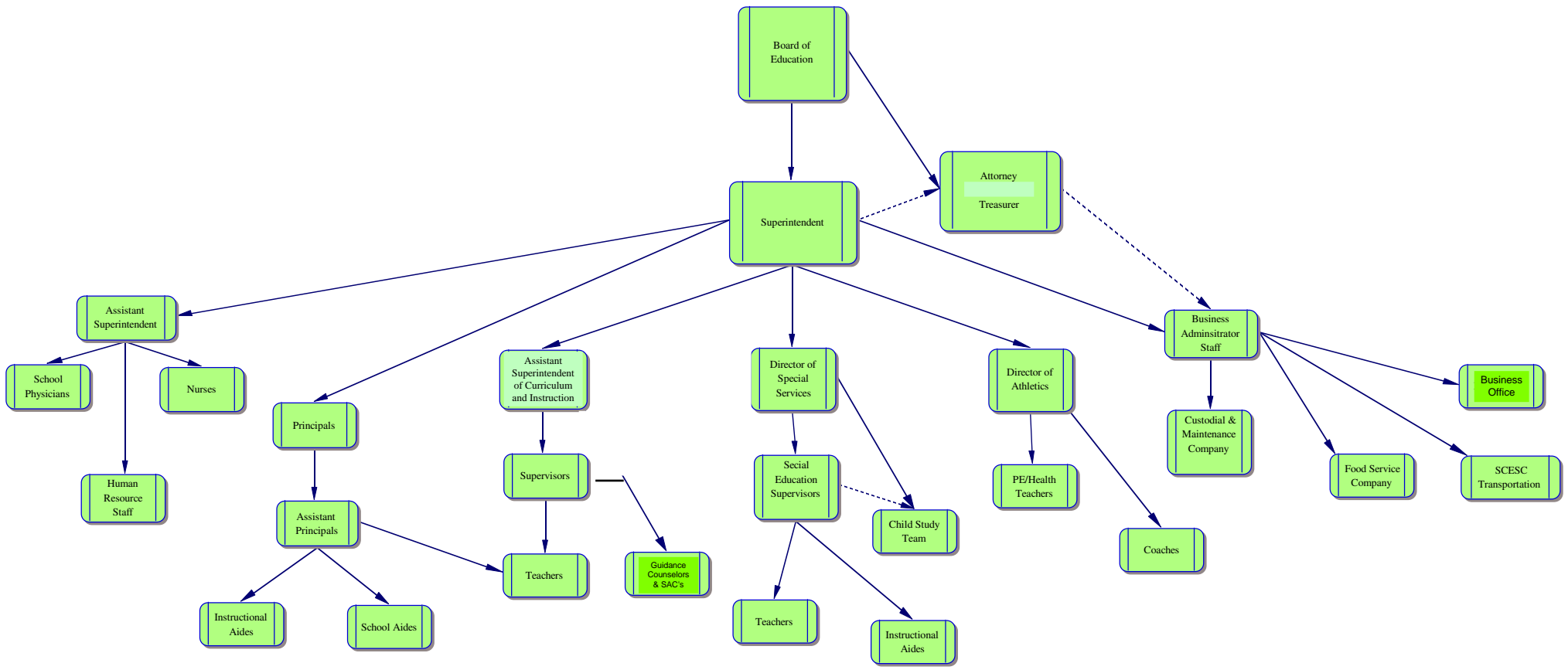
Nick Markarian
Superintendent



James C. Rollo
Business Administrator/Board Secretary

BERNARDS TOWNSHIP PUBLIC SCHOOLS
 ORGANIZATIONAL CHART
 JUNE 30, 2023

BERNARDS TOWNSHIP PUBLIC SCHOOLS



Bernards Township Board of Education

Basking Ridge, New Jersey

Roster of Officials

June 30, 2023

Board Member	Term
Keith Molinari, President	2023-2025
Nimish Amin, Vice President	2023-2025
Csilla Csipak	2023-2025
Ruchika Hira	2022-2023
Kirsten Light	2022-2024
Robin McKeon	2022-2024
Lawrence Rascio	2023
Timothy Salmon	2022-2024
Jennifer White	2021-2023

Other Officials

Nick Markarian, Superintendent

Sean Siet, Assistant Superintendent

Kristin Fox, Assistant Superintendent – Curriculum & Instruction

James C. Rollo, School Business Administrator/Board Secretary

Michael Petrizzo, Treasurer

Township of Bernards Board of Education
Basking Ridge, New Jersey

Independent Auditors and Advisors

Independent Auditors

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

Attorney

Adams, Gutierrez, & Lattiboudere, LLC
1037 Raymond Blvd., Suite 900
Newark, NJ 07102

Official Depository

Wells Fargo
59 South Finley Avenue
Basking Ridge, NJ 07920

Financial Section



Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Bernards Township School District
County of Somerset
Basking Ridge, New Jersey**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bernards Township School District, County of Somerset, New Jersey (the "District"), as of and for the year ended June 30, 2023, 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 accompanying 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, 2023, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards and requirements 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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

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Bernards Township School District**

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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 auditors' report that includes our opinions. 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 GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 judgement, 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.

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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 management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying 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 GAAS, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Honorable President and Members
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Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions 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 January 22, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

January 22, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

Required Supplementary Information – Part I

Management's Discussion and Analysis

Township of Bernards Board of Education

Management's Discussion and Analysis
Year Ended June 30, 2023

As management of the Bernards Township School District (the "District"), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis ("MD&A") is Required Supplementary Information as required by the Governmental Accounting Standards Board. Certain comparative information between the current fiscal year and the prior fiscal year is presented in this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required supplementary information, supplementary information and other information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick and vacation leave and pension liability).

The government-wide financial statements can be found on schedules A-1 and A-2 of this report.

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

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on schedules B-1, B-2 and B-3 of this report.

Proprietary funds. The District maintains one proprietary fund type. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service, after school enrichment, project jump start and before and after school care programs, each of which are considered major funds of the District. The basic proprietary fund financial statements can be found on schedules B-4, B-5 and B-6 of this report.

Internal service fund. The District maintains one internal service fund. The internal service fund is utilized to account for the activity of the District's health insurance expenses. The basic internal service fund financial statements can be found on schedules B-4, B-5 and B-6 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

Other information

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48,865,527 (net position) at the close of 2023.

Key financial highlights for the 2022-2023 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2023.
- The final approved extraordinary aid awarded to the District for 2022/2023 exceeded the amount budgeted for by the District by \$2,535,337.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2023 and 2022 was \$17,671,197 and \$13,430,503, respectively. This resulted in the unrestricted net position being reduced during the current year resulting in an unrestricted deficit at the government-wide governmental activities financial statements of \$16,269,152 and \$16,102,586 at June 30, 2023 and 2022, respectively.
- The District followed the requirements of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In the current year, this resulted in the District recording revenue and expense in the amount of \$8,941,299 relating to post-employment health benefits paid for by the State on behalf of the District.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2023 and 2022:

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

	2023			2022		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 41,353,401	\$ 2,595,397	\$ 43,948,798	\$ 41,285,078	\$ 2,270,755	\$ 43,555,833
Capital assets, net	74,940,516	85,185	75,025,701	76,304,572	90,216	76,394,788
Total assets	116,293,917	2,680,582	118,974,499	117,589,650	2,360,971	119,950,621
Deferred Outflows of Resources	4,649,119	-	4,649,119	3,778,872	-	3,778,872
Liabilities						
Current Liabilities	13,327,907	198,904	13,526,811	12,406,717	389,511	12,796,228
Net Pension Liability	17,671,197		17,671,197	13,430,503		13,430,503
Long Term Liabilities	40,348,267		40,348,267	46,122,836		46,122,836
Total liabilities	71,347,371	198,904	71,546,275	71,960,056	389,511	72,349,567
Deferred Inflow of Resources	3,211,816	-	3,211,816	9,180,513	-	9,180,513
Net position:						
Net investment in capital assets	31,023,213	85,185	31,108,398	28,517,359	90,216	28,607,575
Restricted	31,629,788		31,629,788	27,813,180		27,813,180
Unrestricted (deficit)	(16,269,152)	2,396,493	(13,872,659)	(16,102,586)	1,881,244	(14,221,342)
Total net position	\$ 46,383,849	\$ 2,481,678	\$ 48,865,527	\$ 40,227,953	\$ 1,971,460	\$ 42,199,413

A large portion of the District's net position is the amount invested in capital assets (e.g. land, construction in progress, building and building improvements and machinery, vehicles and equipment), net of related debt. The balance of net investment in capital assets is the carrying value of capital assets less the amount of the outstanding debt used to finance those assets.

The balance of restricted net position consists of the excess surplus-current year of \$3,797,192, excess surplus-designated for subsequent year's expenditures of \$8,703,440, \$4,144,250 for a maintenance reserve, \$9,912,348 for a capital reserve, \$911,666 for emergency reserve, \$292,394 is restricted for capital projects, \$692,734 is restricted for unemployment claims, \$1,547 restricted for scholarships and \$899,095 for student activities.

The increase in current and other assets is mainly attributable to the timing of receivables and due to the results of current year operations. The decrease in capital assets, net is the result of current year depreciation expense exceeding the additions in the current year. The increase in the net pension liability is the result of the actuarial valuation of the PERS pension liability performed for the fiscal year, as well as changes in proportion of the allocation of the net pension liability. The decrease in long-term liabilities is mainly the result of the pay down of the principal on bonds outstanding and obligations under capital leases. The decrease in deferred inflow of resources is the result of the actuarial valuation of the PERS pension deferrals District.

The total net position of the District increased \$6,666,114 which was mainly due to decreased long-term liabilities and deferred inflow of resources.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022 are as follows:

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

	2023			2022		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 2,830,403	\$ 3,578,370	\$ 6,408,773	\$ 2,625,113	\$ 2,574,117	\$ 5,199,230
Operating grants and contributions	4,139,625		4,139,625	2,771,682		2,771,682
Capital grants and contributions				201,441		201,441
General revenues:						
Property taxes	96,429,865		96,429,865	95,760,967		95,760,967
Federal and state aid not restricted to a specific purpose	29,295,972		29,295,972	33,644,754		33,644,754
Investment Income	491,110		491,110	37,654		37,654
Miscellaneous	932,458	4,807	937,265	405,150	250,000	655,150
Total revenues	134,119,433	3,583,177	137,702,610	135,446,761	2,824,117	138,270,878
Expenses:						
Instructional services	73,685,364		73,685,364	74,889,572		74,889,572
Support services	52,833,119		52,833,119	50,225,959		50,225,959
Interest and Other Charges	1,445,054		1,445,054	1,575,121		1,575,121
Business-Type Activities		3,072,959	3,072,959		2,832,193	2,832,193
Total expenses	127,963,537	3,072,959	131,036,496	126,690,652	2,832,193	129,522,845
Change in Net Position	6,155,896	510,218	6,666,114	8,756,109	(8,076)	8,748,033
Net position—beginning	40,227,953	1,971,460	42,199,413	31,471,844	1,979,536	33,451,380
Net position—ending	\$ 46,383,849	\$ 2,481,678	\$ 48,865,527	\$ 40,227,953	\$ 1,971,460	\$ 42,199,413

The decrease in governmental activities revenues of approximately \$1.32 million is mainly the result of the impact of GASB 75, which required the District to record a decrease in revenue of approximately the same amount to account for the TPAF GASB adjustment for pension, post-retirement, and medical paid by the State on behalf of the District.

The decrease in instructional expenses is the result of the related decreases in expenses associated with the impact of GASB 68.

The increase in support service expenses is primarily the result of the increase in the District providing student and instruction related services, plant operations and required maintenance and pupil transportation.

The decrease in the interest and other charges is due to the decreased interest payments as the principal of bonds is paid down.

Business-type revenues and expenses increased significantly from the prior year. The increase is driven by the Food Service Enterprise Fund generating revenues as the District increased number of meals served and increase in use of the District's After School Enrichment, Project Jump Start, and Before and After School Care programs as they were re-initiated in the prior year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The fund balance is divided into three separate components, restricted, assigned and unassigned as required by GASB.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the year ended June 30, 2023, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2022</u>	<u>Percent of Increase</u>
Local sources	\$ 100,877,696	75.0%	\$ 2,062,738	2.1%
State sources	36,578,864	23.2%	1,303,774	3.7%
Federal sources	3,517,287	1.8%	857,580	32.2%
Total	<u>\$ 140,973,847</u>	<u>100.0%</u>	<u>\$ 4,224,092</u>	<u>3.1%</u>

The increase in local sources from the prior year was the result of an increase in the taxes levied during the annual budget process to offset the increase in budgeted appropriations.

The increase in state sources is mainly the result of approximately \$583,000 additional TPAF pension contributions made by the State of New Jersey on-behalf of the District, as well as approximately \$647,000 additional Special Education aid received during 2022-2023 compared to the prior year.

The increase in federal sources is primarily attributable to the increase District expending ACERS funds of approximately \$189,204 as well as the increase of ESSER II & ARP ESSER III of \$499,608 that were made available to the District in the current year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the year ended June 30, 2023 and the increases and decreases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 49,143,784	35.1%	\$ 841,156	1.7%
Undistributed	83,770,287	60.0%	4,802,079	6.1%
Capital Outlay	1,546,533	1.1%	1,198,376	344.2%
Debt service:				
Principal	3,661,950	2.6%	121,005	3.4%
Interest and Other	1,740,981	1.2%	(136,868)	-7.3%
Total	<u>\$ 139,863,535</u>	<u>100.0%</u>	<u>\$ 6,825,748</u>	<u>5.1%</u>

The increase in undistributed expenditures is mainly attributable to the increase in Student and Instruction Related Services of approximately \$2.04 million, the increase in Pupil transportation of approximately \$1.4 million, and the increase in TPAF on-behalf payments recognized by the District paid by the State of \$708,122, as well as incremental increases to other lines. Capital outlay increased primarily due to construction in progress increases.

Business-Type Activities. The focus of the District’s business-type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service and other enterprise fund programs.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the enterprise fund revenues for the year ended June 30, 2023, and the increase in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2022</u>	<u>Percent of Increase</u>
Local sources	\$ 3,583,177	100.0%	\$ 759,060	26.9%

Local revenues increased due an increased number of meals served and increase in use of the District’s After School Enrichment, Project Jump Start, and Before and After School Care programs as they were re-initiated in the prior year

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2023, and the increases and (decreases) in relation to the prior year:

<u>Expenses</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Salaries	\$ 1,903,538	61.9%	\$ (6,044)	(0.32)%
General insurance	27,443	0.9%	(2,238)	(7.54)%
Other purchased services	52,371	1.7%	(71,487)	(57.72)%
Supplies and materials	110,931	3.6%	106,178	2233.92%
Depreciation	16,731	0.5%	(1,704)	(9.24)%
Cost of sales	758,950	24.7%	146,010	23.82%
Management fee	156,597	5.1%	47,222	43.17%
Miscellaneous expenses	46,398	1.5%	22,829	96.86%
Total	\$ 3,072,959	100.0%	\$ 240,766	8.50%

The increase in expenses is mainly attributable to the increase of meals served in the Food Service enterprise fund as well as the increase in expenses related to the After School enrichment and Project jump Start program.

Capital Assets

Capital Assets. At June 30, 2023, the District's governmental activities had capital assets of \$74,940,516 (net of accumulated depreciation), including land, construction in progress, school buildings and improvements, machinery, equipment and vehicles. The District's governmental funds capital assets, net of depreciation consisted of the following at June 30, 2023 and 2022:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	1,481,318	948,312
Buildings and building improvements	66,656,525	69,101,375
Machinery, equipment, and vehicles	1,525,273	977,485
Total capital assets, net	\$ 74,940,516	\$ 76,304,572

The decrease in capital assets is mainly due to the depreciation expense in the current year exceeding current year additions. The construction in progress at June 30, 2023 was primarily related to the Oak Street School Roof project and the Science Labs Upgrades at William Annin Middle School. Business-type activity capital assets, net of accumulated depreciation were \$85,185 and \$90,216 at June 30, 2023 and 2022, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2023 and 2022, the District's governmental activity long-term liabilities consisted of:

	June 30,	
	2023	2022
Bonds payable (net)	\$ 45,468,958	\$ 49,691,609
Financed purchases payable	47,554	41,135
Net pension liability	17,671,197	13,430,503
Compensated absences	689,931	781,407
Total long-term liabilities	<u>\$ 63,877,640</u>	<u>\$ 63,944,654</u>

The District made the scheduled principal payments during the 2022/2023 fiscal year, and did not have any refundings. Financed purchases payable have increased due to one new lease in the current year less the current year's scheduled payments. The net pension liability has increased from the prior year based on the actuarial valuation performed for the state. Additional information on the District's long-term liabilities can be found in Note 5 to the basic financial statements.

General Fund Budgetary Highlights

Budgetary transfers were made between budgetary line items and approved by the Board for various reasons including the following more significant transfers:

- Special Education – Autism – Salaries of teachers– an increase of \$554,210, which is the result of an increase in enrollment of these students.
- Undistributed Expenditures – Instruction – Tuition to private school - disability in state – an increase of \$753,327, which is the result of an increase in enrollment of these students.
- Undistributed Expenditures – Student transportation services – Contracted services (special ed.) - esc – an increase of \$1,449,830, which is a result of the District budgeting conservatively. The current year expenditures of \$3,060,745 are in line with actual expenditures in the prior year of \$3,079,558.
- Undistributed Expenditures – Unallocated benefits - employee benefits – Health benefits – a decrease of \$1,950,283, which is a result of anticipated increased claims not materializing.
- Capital outlay – equipment – Regular Programs- Grades 9-12, an increase of \$322,057 was made to account for additional information technology equipment purchases.
- Capital outlay – Facilities acquisition and construction services – Other purchased professional and technical services, an increase of \$629,523 was made to account for a transfer out of the capital reserve to the capital projects fund to fund roof improvements.

Economic Factors and Next Year's Budget

- The District budgeted \$8,703,440 of its 2023 unassigned fund balance to partially fund 2023/2024 operations, a increase of \$4,687,612 from the prior year.
- The 2023/2024 tax levy was increased in accordance with state regulations.
- The District has made plans to spend the remaining American Rescue Plan Act (ESSER III) funds in accordance with Federal guidelines.

The above noted factors were considered in preparing the District's budget for the 2023/2024 fiscal year.

Requests for Information

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact Mr. Nick Markarian, Superintendent of Schools or Ms. Beth Brooks, Acting Business Administrator, at Township of Bernards Board of Education, 101 Peachtree Road, Basking Ridge, NJ 07920 or email at bbrooks@bernardsboe.com.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2023.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 33,153,722	\$ 2,583,116	\$ 35,736,838
Receivables, Net	7,627,554	44,493	7,672,047
Inventories		23,507	23,507
Internal Balances	55,719	(55,719)	-
Restricted assets:			
Cash Held with Fiscal Agents	516,406		516,406
Capital Assets, Non-Depreciable	6,758,718	11,700	6,770,418
Capital Assets, Depreciable, Net	68,181,798	73,485	68,255,283
Total Assets	<u>116,293,917</u>	<u>2,680,582</u>	<u>118,974,499</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	1,599,209		1,599,209
Pension Deferrals	3,049,910		3,049,910
Total Deferred Outflows of Resources	<u>4,649,119</u>		<u>4,649,119</u>
LIABILITIES			
Accounts Payable	5,440,077	139,716	5,579,793
Accrued Liability for Insurance Claims	922,000		922,000
Accrued Interest Payable	720,093		720,093
Payable to State Government	68,531		68,531
Payable to Federal Government	11,444		11,444
Unearned Revenue	307,586	59,188	366,774
Noncurrent Liabilities:			
Net Pension Liability	17,671,197		17,671,197
Due Within One Year	5,858,176		5,858,176
Due Beyond One Year	40,348,267		40,348,267
Total Liabilities	<u>71,347,371</u>	<u>198,904</u>	<u>71,546,275</u>
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	3,211,816		3,211,816
Total Deferred Inflow of Resources	<u>3,211,816</u>		<u>3,211,816</u>
NET POSITION			
Net Investment in Capital Assets	31,023,213	85,185	31,108,398
Restricted For:			
Capital Projects	292,394		292,394
Capital Reserve	9,912,348		9,912,348
Maintenance Reserve	4,144,250		4,144,250
Emergency Reserve	911,666		911,666
Unemployment Reserve	692,734		692,734
Scholarships	1,547		1,547
Student Activities	899,095		899,095
Reserved for Excess Surplus - Current Year	3,797,192		3,797,192
Reserved for Excess Surplus -			
Designated for Subsequent Years	8,703,440		8,703,440
Designated for Subsequent Year	2,275,122		2,275,122
Unrestricted (deficit)	(16,269,152)	2,396,493	(13,872,659)
Total Net Position	<u>\$ 46,383,849</u>	<u>\$ 2,481,678</u>	<u>\$ 48,865,527</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		Total
		Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 44,936,073		\$ 352,416	\$ (44,583,657)		\$ (44,583,657)
Special Education	22,808,151		2,032,937	(20,775,214)		(20,775,214)
Other Special	3,007,897			(3,007,897)		(3,007,897)
Other Instructional Programs	2,933,243			(2,933,243)		(2,933,243)
Support Services:						
Tuition	2,407,786	\$ 1,036,886		(1,370,900)		(1,370,900)
Student and Instruction Related Services	23,499,292	1,629,516	1,584,532	(20,285,244)		(20,285,244)
General Administrative Services	1,505,810			(1,505,810)		(1,505,810)
School Administrative Services	6,093,351			(6,093,351)		(6,093,351)
Central Administrative Services	1,130,291			(1,130,291)		(1,130,291)
Administrative Information Technology	1,392,329			(1,392,329)		(1,392,329)
Plant Operations and Maintenance	9,278,866		169,740	(9,109,126)		(9,109,126)
Pupil Transportation	7,525,394	164,001		(7,361,393)		(7,361,393)
Interest and Other Charges on Long-Term Debt	1,445,054			(1,445,054)		(1,445,054)
Total Governmental Activities	127,963,537	2,830,403	4,139,625	(120,993,509)		(120,993,509)
Business-type Activities:						
Food Service	1,856,166	2,120,911			\$ 264,745	264,745
After School Enrichment	137,275	156,122			18,847	18,847
Project Jump Start	43,510	85,377			41,867	41,867
Before and After School Care	1,036,008	1,220,767			184,759	184,759
Total Business-type Activities	3,072,959	3,583,177			510,218	510,218
Total Primary Government	\$ 131,036,496	\$ 6,413,580	\$ 4,139,625	(120,993,509)	510,218	(120,483,291)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				91,314,864		91,314,864
Property Taxes, Levied for Debt Service				5,115,001		5,115,001
Federal and State Aid Not Restricted				29,295,972		29,295,972
Interest on Investments				491,110		491,110
Miscellaneous				932,458		932,458
Total General Revenues				127,149,405	-	127,149,405
Change in Net Position				6,155,896	510,218	6,666,114
Net Position - Beginning				40,227,953	1,971,460	42,199,413
Net Position - Ending				\$ 46,383,849	\$ 2,481,678	\$ 48,865,527

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 29,138,183	\$ 901,433	\$ 982,856	\$ 2,131,250	\$ 33,153,722
Intergovernmental Receivable - State	4,821,293	116,642	37,964		4,975,899
Intergovernmental Receivable - Federal		2,344,210			2,651,655
Intergovernmental Receivable - Local	307,445				4,369,757
Interfund Receivable	4,369,757	44,169			4,413,926
Total Assets	\$ 38,636,678	\$ 3,406,454	\$ 1,020,820	\$ 2,131,250	\$ 49,564,959
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,931,672	\$ 779,552	\$ 455		\$ 2,711,679
Payroll Deductions and Withholdings Payable	1,200,952				1,200,952
Interfund Payable	449,763	1,454,818	727,971	\$ 2,131,249	4,763,801
Payable to State Government		68,531			68,531
Payable to Federal Government		11,444			11,444
Unearned Revenue	116,119	191,467			307,586
Total Liabilities	3,698,506	2,505,812	728,426	2,131,249	9,063,993
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	3,797,192				3,797,192
Excess Surplus - Designated for Subsequent Year's Expenditures	8,703,440				8,703,440
Capital Reserve	9,912,348				9,912,348
Emergency Reserve	911,666				911,666
Maintenance Reserve	4,144,250				4,144,250
Unemployment Compensation Reserve	692,734				692,734
Capital Projects			292,394		292,394
Debt Service				1	1
Scholarships		1,547			1,547
Student Activities		899,095			899,095
Assigned to:					
Designated for Subsequent Year's Expenditures	2,275,122				2,275,122
Other Purposes	404,694				404,694
Unassigned	4,096,726				4,096,726
Total Fund Balances	34,938,172	900,642	292,394	1	36,131,209
Total Liabilities and Fund Balances	\$ 38,636,678	\$ 3,406,454	\$ 1,020,820	\$ 2,131,250	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$131,119,356 and the accumulated depreciation is \$56,178,840 (See Note 4).	74,940,516
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(720,093)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	1,599,209
Long-term liabilities, including bonds payable and related unamortized premiums, financed purchases payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5).	(46,206,443)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(161,906)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,527,446)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds (See Note 5).	(17,671,197)
Net Position of Governmental Activities	\$ 46,383,849

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 91,314,864			\$ 5,115,001	\$ 96,429,865
Tuition from Other LEA's	977,667				977,667
Tuition from Individuals	59,219				59,219
Transportation Fees from Individuals	164,001				164,001
Interest Revenue	491,110				491,110
Miscellaneous	932,458	\$ 1,823,376			2,755,834
Total - Local Sources	93,939,319	1,823,376		5,115,001	100,877,696
State Sources	35,878,259	437,144		263,461	36,578,864
Federal Sources	8,666	3,508,621			3,517,287
Total Revenues	129,826,244	5,769,141		5,378,462	140,973,847
EXPENDITURES					
Current:					
Regular Instruction	28,836,259	352,416			29,188,675
Special Education Instruction	13,852,879	2,032,937			15,885,816
Other Special Instruction	1,949,106				1,949,106
Other Instructional Programs	2,120,187				2,120,187
Support Services:					
Tuition	2,407,786				2,407,786
Student and Instruction Related Services	14,581,040	3,063,955			17,644,995
General Administrative Services	1,212,406				1,212,406
School Administrative Services	4,069,828				4,069,828
Central Administrative Services	831,694				831,694
Administrative Information Technology	1,066,525				1,066,525
Plant Operations and Maintenance	8,632,212				8,632,212
Pupil Transportation	7,276,522				7,276,522
Unallocated Benefits	15,755,194				15,755,194
On-behalf TPAF FICA and Pension	24,873,125				24,873,125
Debt Service:					
Principal	21,950			3,640,000	3,661,950
Interest	2,519			1,738,462	1,740,981
Capital Outlay	1,376,793	169,740	\$ 533,461		2,079,994
Total Expenditures	128,866,025	5,619,048	533,461	5,378,462	140,396,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	960,219	150,093	(533,461)	-	576,851
OTHER FINANCING SOURCES (USES)					
Transfers In			606,723		606,723
Transfers Out	(606,723)				(606,723)
Total Other Financing Sources (Uses)	(606,723)	-	606,723	-	-
Net Change in Fund Balances	353,496	150,093	73,262	-	576,851
Fund Balance, July 1	34,584,676	750,549	219,132	1	35,554,358
Fund Balance - June 30	\$ 34,938,172	\$ 900,642	\$ 292,394	\$ 1	\$ 36,131,209

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in the accompanying schedule (B-3).

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 576,851

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

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

Depreciation Expense	\$ (2,657,966)	
Capital Asset Additions	<u>1,293,911</u>	(1,364,055)

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

Serial Bonds Payable	3,640,000	
Financed Purchases Payable	<u>21,950</u>	3,661,950

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

Amortization of Premium on Bonds	582,651	
Amortization of Deferred Interest Costs	<u>(346,323)</u>	236,328

Proceeds from financed purchases and leases are a financing source in the governmental funds. They are not revenue in the statement of activities; financed purchases payable and leases increase long-term liabilities in the statement of net position.

Financed Purchases		(28,369)
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Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

87,969

In the statement of activities, certain operating expenses, e.g., compensated absences (sick and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

91,476

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

Pension Expense		<u>2,893,746</u>
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Change in Net Position of Governmental Activities (A-2)		<u>\$ 6,155,896</u>
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Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Statement of Net Position
 Proprietary Funds
 June 30, 2023

	Major Funds					Internal Service Fund Self-Insured Health Benefits
	Business-type Activities - Enterprise Funds					
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	Total	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 1,843,172	\$ 118,237	\$ 268,419	\$ 353,288	\$ 2,583,116	
Cash Held with Fiscal Agent						\$ 516,406
Other Accounts Receivable	7,119			37,374	44,493	
Inventories	23,507				23,507	
Interfund Receivable						405,594
Total Current Assets	1,873,798	118,237	268,419	390,662	2,651,116	922,000
Noncurrent Assets:						
Capital Assets:						
Capital assets, non depreciable	11,700				11,700	
Machinery and Equipment	477,437				477,437	
Less: Accumulated Depreciation	(403,952)				(403,952)	
Total Capital Assets, net	85,185	-	-	-	85,185	-
Total Assets	1,958,983	118,237	268,419	390,662	2,736,301	922,000
LIABILITIES						
Current Liabilities:						
Accounts Payable	136,279			3,437	139,716	
Accrued Liability for Insurance Claims						922,000
Interfund Payable	54,741		287	691	55,719	
Unearned Revenue		36,683	22,505		59,188	
Total Current Liabilities	191,020	36,683	22,792	4,128	254,623	922,000
Total Liabilities	191,020	36,683	22,792	4,128	254,623	922,000
NET POSITION						
Investment in Capital Assets	85,185				85,185	
Unrestricted	1,682,778	81,554	245,627	386,534	2,396,493	-
Total Net Position	\$ 1,767,963	\$ 81,554	\$ 245,627	\$ 386,534	\$ 2,481,678	\$ -

See accompanying notes to the basic financial statements .

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Major Funds					Internal Service Fund Self-Insured Health Benefits
	Business-type Activities - Enterprise Funds					
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	Total	
Operating Revenues:						
Charges for Services:						
Services Provided by Other Funds						\$ 13,847,110
Daily Sales	\$ 2,116,104				\$ 2,116,104	
Tuition and Fees		\$ 156,122	\$ 85,377	\$ 1,220,767	1,462,266	
Miscellaneous	4,807				4,807	
Total Operating Revenues	2,120,911	156,122	85,377	1,220,767	3,583,177	13,847,110
Operating Expenses:						
Salaries	708,413	128,680	41,520	1,024,925	1,903,538	
Employee Benefits	27,443				27,443	13,762,110
Other Purchased Services	52,371				52,371	85,000
Supplies and Materials	89,263	8,595	1,990	11,083	110,931	
Depreciation	16,731				16,731	
Cost of Sales	758,950				758,950	
Management Fee	156,597				156,597	
Miscellaneous	46,398				46,398	
Total Operating Expenses	1,856,166	137,275	43,510	1,036,008	3,072,959	13,847,110
Operating Income and Change in Net Position	264,745	18,847	41,867	184,759	510,218	-
Total Net Position - Beginning	1,503,218	62,707	203,760	201,775	1,971,460	-
Total Net Position - Ending	\$ 1,767,963	\$ 81,554	\$ 245,627	\$ 386,534	\$ 2,481,678	\$ -

See accompanying notes to the basic financial statements .

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Major Funds				Total	Internal Service Fund Self-Insured Health Benefits
	Business-type Activities - Enterprise Funds					
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,375,781	\$ 183,894	\$ 58,608	\$ 1,183,393	\$ 3,801,676	
Receipts from services provided						\$ 13,847,110
Payments to employees	(708,413)	(128,680)	(41,520)	(1,024,925)	(1,903,538)	
Payments for insurance claims						(13,762,110)
Payments to suppliers	(1,333,594)	(8,595)	(1,990)	(7,646)	(1,351,825)	(85,000)
Net cash provided by operating activities	<u>333,774</u>	<u>46,619</u>	<u>15,098</u>	<u>150,822</u>	<u>546,313</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets					(11,700)	
Net cash (used for) capital and related financing activities					<u>(11,700)</u>	
Net increase in cash and cash equivalents	322,074	46,619	15,098	150,822	534,613	
Cash and cash equivalents, beginning of year	1,521,098	71,618	253,321	202,466	2,048,503	
Cash and cash equivalents, end of year	<u>\$ 1,843,172</u>	<u>\$ 118,237</u>	<u>\$ 268,419</u>	<u>\$ 353,288</u>	<u>\$ 2,583,116</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 264,745	\$ 18,847	\$ 41,867	\$ 184,759	\$ 510,218	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation		16,731			16,731	
Decrease/(Increase) in other accounts receivable		254,870		(37,374)	217,496	
(Increase) in inventories		(7,525)			(7,525)	
Increase/(Decrease) in unearned revenue			27,772	(26,769)	1,003	
(Decrease)/Increase in accounts payable	(195,047)			3,437	(191,610)	
Net cash provided by operating activities	<u>\$ 333,774</u>	<u>\$ 46,619</u>	<u>\$ 15,098</u>	<u>\$ 150,822</u>	<u>\$ 546,313</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the Bernards Township School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Bernards Township School District in Basking Ridge, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. For the most part, the effect of internal activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds, the major individual enterprise funds, and the nonmajor internal service fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds, except internal service funds, be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

Property taxes, interest and state aid funds associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

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

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

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

The District's Enterprise Funds are comprised of the Food Service Fund, After School Enrichment Program, Project Jump Start and Before and After School Care.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District reports the following internal service fund:

Self-Insurance Internal Service Fund: The self-insurance fund is used to record the activity of the District's health insurance expenses.

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

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

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

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

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

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition in the general fund of the last two state aid payments for budgetary purposes and the treatment of encumbrances in the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are re-appropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

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

E. Interfund Receivables/Payables

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2023, the District recorded inventory of \$23,507 in the Food Service Enterprise Fund.

G. Tuition

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the 2022-2023 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The District does not anticipate a significant change based on these estimates.

H. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their acquisition value on the date of acquisition.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Athletic Equipment	10
Audio Visual Equipment	10
School Buildings	50
Business Machines (Other than Copiers)	10
Communications Equipment	10
Computer Hardware	5
Computer Software (Administrative)	15
Computer Software (Instructional)	7.5
Copiers	5
Custodial Equipment	15
Fire Suppression/Sprinklers	25
Classroom and Office Furniture	20
Grounds Equipment	15
Construction Equipment	10
HVAC Systems	20
Interior Construction	25
Kitchen Equipment	15
Machinery and Shop Tools	15
Musical Instruments	10
Outdoor Equipment	20
Plumbing and Electrical	30
Roofing	20
Science and Laboratory Equipment	10
Site Improvements	20

Depreciation of all exhaustive capital assets used by enterprise funds is charged as an expense against their operations. Accumulated depreciation is reported in the enterprise fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives for the various types of equipment in the food service enterprise fund range between 3 to 12 years.

There are no capital assets maintained in any of the other District Enterprise funds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences

A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation. The District’s policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District’s agreements with the various employee unions.

Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification. The liability for vested compensated absences of the District is recorded in the Government-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, a liability existed for compensated absences in the governmental activities of the Government-wide financial statements in the amount of \$689,931 and there was no liability for compensated absences in the enterprise funds.

J. Unearned Revenue

Unearned revenue in the general fund represents subscription busing fees received in advance. Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned. Unearned revenue in proprietary funds represent cash received in advance for summer programs and after school programs, which have not yet been earned.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

K. Deferred Outflows / Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net assets 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, which relates to deferred amounts related to pensions.

L. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The amortization expense for the year ended June 30, 2023 amounted to \$346,323. As of June 30, 2023, the District has recorded an unamortized balance of \$1,599,209 as a deferred outflow of resources.

M. Long-Term Obligations

In the government-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds statement of net position.

Bond premiums are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium.

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

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined as follows:

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$34,938,172 of fund balances in the General Fund at June 30, 2023, \$404,694 of encumbrances are assigned to other purposes, \$3,797,192 has been restricted for excess surplus-current year, \$8,703,440 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$2,275,122 is assigned as designated for subsequent years expenditures, \$9,912,348 has been restricted for the capital reserve, \$4,144,250 has been restricted for the maintenance reserve, \$911,666 has been restricted for the emergency reserve, \$692,734 has been restricted in the unemployment compensation reserve, and \$4,096,726 is classified as unassigned.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District has \$1,547 restricted for scholarships and \$899,095 restricted for student activities in the Special Revenue Fund. The District also has \$292,394 of fund balance in the Capital Projects Fund, which is restricted for capital projects and \$1 in the Debt Service Fund, which is restricted for debt service.

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been decreased by \$11,341,186 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

R. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 was \$12,500,632. Of this amount, \$8,703,440 has been appropriated in the 2023/24 budget and the remaining \$3,797,192 will be appropriated in the 2024/25 budget.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements

Recently Issued and Adopted Accounting Principles

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

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of the Statement and the impact on the financial statements was deemed not material.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and January 22, 2024, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

2. Reconciliation of Government-wide and Fund Financial Statements

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

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

The details of this \$46,206,443 difference are as follows:

Bonds payable	\$ 43,655,000
Unamortized premium on bonds	1,813,958
Financed purchases payable	47,554
Compensated absences payable	<u>689,931</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 46,206,443</u>

3. Deposits and Investments

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

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

At June 30, 2023, the carrying amount of the District's deposits for all funds was \$35,736,837 and the bank balance was \$37,599,424. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2023 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$26,263,028.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

\$1,053,696 held in the District agency accounts and \$9,782,700 held in a NJ Cash Management account are not covered by GUDPA. In addition, the District has cash held with fiscal agents in the amount of \$516,406.

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

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

Investments

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

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

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

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJCMF") as one of its investments. The NJCMF is administered by the State of New Jersey, and issues a separate report that can be obtained directly from the Department of the Treasury.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF daily without penalty. At June 30, 2023, the District's balance in NJCMF was \$9,782,700 and is classified as cash equivalents at June 30, 2023 due to its short-term nature and is considered a Level 1 investment under GASB No. 72. The debt instruments in the NJCMF are rated by three national rating agencies.

Custodial Credit Risk: The District does not have any investments that are exposed to custodial credit risk and does not have a policy for custodial credit risk.

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2023, the District had no investments, other than funds held in NJCMF which are classified as cash equivalents due to its short-term nature.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The District did not have any funds held as investments during the year ended June 30, 2023, other than funds held in NJCMF which are classified as cash equivalents due to its short-term nature.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 5,277,400		\$ 5,277,400
Construction in progress	948,312	\$ 533,006	1,481,318
Total capital assets, not being depreciated	<u>6,225,712</u>	<u>533,006</u>	<u>6,758,718</u>
Capital assets, being depreciated:			
Buildings and building improvements	117,457,374		117,457,374
Machinery, equipment and vehicles	6,142,359	760,905	6,903,264
Total capital assets, being depreciated	<u>123,599,733</u>	<u>760,905</u>	<u>124,360,638</u>
Less accumulated depreciation for:			
Buildings and building improvements	(48,356,000)	(2,444,850)	(50,800,850)
Machinery, equipment and vehicles	(5,164,874)	(213,116)	(5,377,990)
Total accumulated depreciation	<u>(53,520,874)</u>	<u>(2,657,966)</u>	<u>(56,178,840)</u>
Total capital assets, being depreciated, net	<u>70,078,859</u>	<u>(1,897,061)</u>	<u>68,181,798</u>
Governmental activities capital assets, net	<u>\$76,304,571</u>	<u>\$(1,364,055)</u>	<u>\$74,940,516</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2023 as follows:

Instruction:	
Regular	\$ 862,963
Special education	469,664
Other special instruction	57,625
School sponsored/ other instructional	62,683
Support Services:	
Student and instruction related services	521,674
General administrative services	35,845
School administrative services	121,048
Central administrative services	24,589
Administrative information technology	31,532
Plant operations and maintenance	255,211
Pupil transportation	215,130
Total	<u>\$ 2,657,966</u>

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2023:

	Beginning <u>Balance</u>	<u>Additions</u>	Ending <u>Balance</u>
Business-type activities:			
Non-depreciable Capital assets:			
Construction in Progress		\$ 11,700	\$ 11,700
Capital assets, being depreciated:			
Machinery and equipment	\$ 477,437		477,437
Less accumulated depreciation for:			
Machinery and equipment	(387,221)	(16,731)	(403,952)
Total business-type activities capital assets, net	<u>\$ 90,216</u>	<u>\$ (5,031)</u>	<u>\$ 85,185</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

5. Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

Governmental Activities:					
School bonds	\$ 47,295,000		\$ 3,640,000	\$ 43,655,000	\$ 5,010,000
Unamortized premium on bonds	2,396,609		582,651	1,813,958	582,651
Financed purchases payable	41,135	\$ 28,369	21,950	47,554	16,627
Compensated absences payable	781,407	708,455	799,931	689,931	248,898
Subtotal	50,514,151	736,824	5,044,532	46,206,443	5,858,176
Net pension liability	13,430,503	4,240,694		17,671,197	-
Total governmental activity long-term liabilities	\$ 63,944,654	\$ 4,977,518	\$ 5,044,532	\$ 63,877,640	\$ 5,858,176

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

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds that are direct borrowings of the District of which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

Year	Principal	Interest	Total
2024	\$ 5,010,000	\$ 1,472,513	\$ 6,482,513
2025	4,640,000	1,280,800	5,920,800
2026	5,315,000	1,082,869	6,397,869
2027	5,340,000	870,750	6,210,750
2028	5,590,000	659,875	6,249,875
2029-2031	17,760,000	837,325	18,597,325
	<u>\$ 43,655,000</u>	<u>\$ 6,204,132</u>	<u>\$ 49,859,132</u>

Principal and interest due on financed purchases payable outstanding is as follows:

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2023 are comprised of the following issues:

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

\$9,700,000, 2012 refunding bonds, due in annual installments ranging from \$80,000 to \$5,230,000 through July 15, 2029 at interest rates ranging from 2.375% to 3.00%.

\$23,745,000, 2013 refunding bonds, due in annual installments ranging from \$3,435,000 to \$4,620,000 through July 15, 2027 at an interest rate of 4.00%.

\$23,920,000, 2013 refunding bonds, with the final installment of \$3,120,000 paid on January 1, 2023.

\$5,515,000, 2015 refunding bonds, due in annual installments ranging from \$295,000 to \$840,000 through July 15, 2030 at an interest rate of 4.00%.

\$8,680,000, 2016 refunding bonds, due in annual installments of \$3,215,000 and \$5,220,000 due on July 15, 2029 and July 15, 2030, respectively, at an interest rate of 3.00%.

As of June 30, 2023, the District did not have any defeased debt outstanding.

Financed Purchases Payable

The District is has entered into several copiers and technology equipment financed purchasing agreements with interest rates ranging from 1.57% to 6.62%. The following is a schedule of the future payments under these agreements and the net minimum payments at June 30, 2023:

2024	\$	17,480
2025		12,733
2026		10,130
2027		7,112
2028		3,831
Total minimum payments		<u>51,286</u>
Less: amount representing interest		<u>(3,732)</u>
Present value of net minimum payments	\$	<u><u>47,554</u></u>

All financed purchases payable outstanding are presented on schedule I-2 in this report. Assets capitalized through financed purchases at June 30, 2023 are as follows:

Machinery, equipment and vehicles	\$	2,046,509
Less accumulated depreciation		<u>(1,028,193)</u>
Total	\$	<u><u>1,018,316</u></u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans

Description of Systems

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

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all fulltime employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State- administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

compensation for the highest three fiscal years' compensation for each year of membership during years of credited service.

Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2023, the State of New Jersey contributed \$21,417,714 to the TPAF for on-behalf medical benefits, long-term disability insurance, and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$3,455,411 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the Government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2023, 2022, and 2021 were \$1,476,620, \$1,327,707, and \$1,244,797, respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$17,671,197 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.1175624801 percent, which was an increase of 0.004191409 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$1,417,127 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,543	\$ 112,474
Changes of assumptions	54,751	2,646,078
Net difference between projected and actual earnings on pension plan investments	731,395	
Changes in proportion and differences between District contributions and proportionate share of contributions	608,775	453,264
District contributions subsequent to the measurement date	1,527,446	
	<u>\$ 3,049,910</u>	<u>\$ 3,211,816</u>

\$1,527,446 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

Year ended June 30:

2024	\$	(1,539,414)
2025		(771,029)
2026		(290,059)
2027		908,521
2028		2,629
	\$	<u>(1,689,352)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increase through 2026	2.75 – 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
District's proportionate share of the net pension liability	\$ 22,702,312	\$ 17,671,197	\$ 13,389,516

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances – Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	\$ 3,236,303,935
Net pension liability	\$ 15,219,184,920
 District's Proportion	 0.1175624801%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$(1,032,778,934).

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years, respectively.

Special Funding Situation – Teachers’ Pension and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a 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. The State’s proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$208,661,983. The District’s proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State’s proportionate share of the net pension liability associated with the District was based on a projection of the State’s long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State’s proportionate share of the TPAF net pension liability associated with the District was 0.40442745560 percent, which was a decrease of 0.0059846521 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$5,615,677 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Mortality Rates

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

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% 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.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 244,660,609	\$ 208,661,983	\$ 178,337,664

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 19,532,696,776
Net pension liability	\$ 51,494,415,806
District's Proportion	0.4044274556%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.83, 7.93, 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

7. Post-Retirement Benefits

General Information about the OPEB Plan

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.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

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 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2023, 2022 and 2021 were \$4,454,527, \$3,944,734 and \$3,698,766, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The 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 GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2022 was \$156,555,344. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Additional information on pensions and OPEB can be assessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPA/ABP	PERS
Inflation rate	2.50%	2.50%
Salary increases: through 2026	2.75 - 4.25% based on years of service	2.75 - 6.55% based on age

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 "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, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 – June 30, 2021 and July 1, 2021 – June 30, 2022 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% 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 rate for fiscal year 2023 through 2023 are reflected. For PPO the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% after 11 years. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 800% 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%.

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% decrease (2.54%)	At current discount rate (3.54%)	At 1% increase (4.54%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 184,014,339	\$ 156,555,344	\$ 134,548,332

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	At Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 129,402,561	\$ 156,555,344	\$ 192,222,173

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2023:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2021	\$ 188,464,457
Changes for the year:	
Service cost	10,670,147
Interest cost	4,148,889
Differences between expected and actual inputs	(753,013)
Changes in assumptions or other inputs	(41,997,376)
Member contributions	131,838
Benefit payments	(4,109,598)
Net changes	<u>(31,909,113)</u>
Ending Total OPEB Liability, June 30, 2022	<u>\$ 156,555,344</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total Plan Members	<u>364,817</u>

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$8,941,299 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB Expense	\$ 1,595,653,562
District's Proportion	0.31%

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Special Funding Situation

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

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,369,757	\$ 449,763
Special Revenue Fund	44,169	1,454,818
Capital Projects Fund		727,971
Debt Service Fund		2,131,249
Food Service Enterprise Fund		54,741
Project Jump Start Enterprise Fund		287
Before and After School Care Enterprise Fund		691
Internal Service Fund - Self Insurance	405,594	
	<u>\$ 4,819,520</u>	<u>\$ 4,819,520</u>

The interfund between the General Fund and the Special Revenue Fund represents a payable from the Special Revenue Fund to the General Fund to cover expenditures paid on behalf of the special revenue fund, of which the District is awaiting reimbursement. In addition, there is a payable from the General Fund to the Special Revenue Fund to remit monies collected that are due to the student activity accounts. The interfund between the General Fund and the Capital Projects Fund represents a payable from the Capital Projects Fund to the General Fund for interest earned on cash in the Capital Projects Fund as well as a loan from the General Fund to cover the expenditures of the ongoing SDA projects, of which the District is awaiting reimbursement. The interfund between the General Fund and Food Service Enterprise Fund represents a payable from the Food Service Enterprise Fund to the General Fund to cover food service bills and payroll paid on behalf of the Food Service Enterprise Fund. The interfund between the Internal Service Fund and the General Fund represents the funds expensed in the Internal Service Fund that will be reimbursed by the General Fund.

All interfunds are expected to be liquidated within one year.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Economic Dependency

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

10. Contingent Liabilities

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

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its capital projects. The costs associated with the funding received from the NJSDA are subject to final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired.

As a result of the impact of COVID-19, the District has received funding under the Elementary and Secondary School Emergency Relief (ESSER) Fund, Coronavirus Relief Fund (CRF), American Rescue Plan Elementary and Secondary School Emergency Relief Funds (ARP ESSER), and American Rescue Plan IDEA Funds (ARP IDEA). To the extent that the District has not complied with the rules and regulations governing these funds, money may be required to be returned. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

11. Capital Reserve Account

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

11. Capital Reserve Account (continued)

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 8,388,286
Deposits:	
Interest earned on investments	333
Approved by Resolution	2,153,252
Withdrawals:	
Transfer to Capital Projects Fund	(629,523)
Ending balance, June 30, 2023	<u>\$ 9,912,348</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

12. Maintenance Reserve Account

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 4,143,917
Deposits:	
Interest earned on Investments	333
Ending balance, June 30, 2023	<u>\$ 4,144,250</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

13. Emergency Reserve Account

On June 15, 2016, the District elected to establish a reserve to be used to accumulate funds for the current expense emergency reserve, and in accordance with N.J.S.A. 18A:7F-41 and NJAC 6A:23A-14.4(a)(1), passed a board resolution authorizing the establishment of an emergency reserve account in the District's General Fund. As allowed by N.J.S.A. 18A:7F-41 and N.J.A.C. 6A:23A-14.4(a)(1) the District can pass a board resolution to deposit funds into an emergency reserve account between June 1 and June 30 of each budget year.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 911,332
Deposits:	
Interest earned on Investments	334
Ending balance, June 30, 2023	<u>\$ 911,666</u>

14. Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

14. Risk Management (continued)

Self-Insurance

The District is self-insured for medical and prescription and has established an internal service fund to account for its self-insurance activities. At June 30, 2023, the accrued liability for unpaid medical and prescription of \$922,000 has been recorded in the internal service fund financial statements for Incurred But Not Reported Claims (IBNR), which is subject to modification and/or assessment of existing or additional claims. The medical and prescription IBNR liability has been calculated by an actuary contracted by the District's risk management actuary. The actuary utilized a 15% margin to estimate the liabilities.

The change in the IBNR for the years ended June 30, 2023, 2022 and 2021 is as follows:

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims and Estimates</u>	<u>Payments</u>	<u>Ending Balance</u>
2022-23	\$ 1,161,000	\$ 13,523,110	\$ 13,762,110	\$ 922,000
2021-22	1,179,000	14,913,051	14,931,051	1,161,000
2020-21	1,042,000	15,051,596	14,914,596	1,179,000

15. Deferred Compensation

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Lincoln Investment Planning, VALIC, Thomas Seely Agency, Security First Group and the Equitable, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Since the District does not hold the assets in a trustee capacity, the related assets are not included in the District's fiduciary fund financial statements.

16. Commitments

The District has contractual commitments at June 30, 2023 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$404,694 and in the Capital Projects Fund as restricted for capital projects in the amount of \$292,394.

During fiscal year 2023 The New Jersey Department of Labor has been delayed in issuing unemployment bills to New Jersey governmental units. This was the result of the State verifying the school districts are being properly charged for qualifying claims. The District has received the unemployment bills for the third quarter and fourth of 2020, and first and second quarters of 2021 within the current year, which were paid prior to June 30, 2023. The third quarter 2021 unemployment bill was received by the District after June 30, 2023, which reduced the liability recorded in the District's financial

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

16. Commitments (continued)

statement in the general fund. The unemployment bills that were received contained an amount that was forgiven through the American Rescue Plan Act (ARPA). This amount is recorded on the schedule of federal awards and the budgetary comparison schedule as payments made on behalf of the school district. Beginning in the first quarter of 2021, the federal government may forgive up to 75% of the claims incurred. Since the amount of the unemployment bills not yet received is not known, the liability in the District's financial statement general fund balance sheet will represent the unemployment withholdings made by the employees.

17. GASB 77 Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements.

If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Bernards has entered into a tax abatement agreement, which has reduced the Township's tax revenues. The Township entered into this agreement dated July 28, 2009, which is a full abatement of taxes for a nonprofit housing corporation for its senior citizen housing development, and in return the nonprofit housing corporation is required to pay the Township an annual service charge. The annual service charge is to be calculated at 15% of the annual gross rents derived from such housing project as detailed in the agreement. The agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first. For the 2022 calendar year, the Township recognized revenue of \$416,530 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property was \$483,514, resulting in a reduction of taxes collected by the Township of \$66,984. A portion of this would have been allocated to the District.

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2023

18. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2023 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund		\$ 606,723
Capital Projects Fund	\$ 606,723	
	<u>\$ 606,723</u>	<u>\$ 606,723</u>

The transfer from General Fund to the Capital Projects Fund represents a transfer from the Capital Reserve to fund the local portion of the SDA projects.

Required Supplementary Information – Part II

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System

Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.1175624801%	0.1133710704%	0.1137895830%	0.1174963106%	0.1167161900%	0.1186278136%	0.1215446151%	0.1131163225%	0.1095265402%	n/a
District's proportionate share of the net pension liability (asset)	\$ 17,671,197	\$ 13,430,503	\$ 18,556,036	\$ 21,171,053	\$ 22,980,836	\$ 27,614,659	\$ 35,998,029	\$ 25,392,348	\$ 20,506,364	\$ 20,822,890
District's covered-employee payroll	\$ 8,478,111	\$ 8,238,646	\$ 8,133,512	\$ 8,088,658	\$ 7,912,953	\$ 8,093,970	\$ 8,068,738	\$ 7,952,090	\$ 7,496,079	\$ 7,101,311
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	208.43%	163.02%	228.14%	261.74%	290.42%	341.18%	446.14%	319.32%	273.56%	293.23%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	52.08%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

n/a - information not available

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of District Contributions
Public Employees' Retirement System

Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,527,446	\$ 1,476,620	\$ 1,244,797	\$ 1,142,899	\$ 1,125,708	\$ 1,079,785	\$ 1,091,853	\$ 972,497	\$ 893,254	\$ 812,491
Contributions in relation to the contractually required contribution	(1,527,446)	(1,476,620)	(1,244,797)	(1,142,899)	(1,125,708)	(1,079,785)	(1,091,853)	(972,497)	(893,254)	(812,491)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,696,154	\$ 8,478,111	\$ 8,238,646	\$ 8,133,512	\$ 8,088,658	\$ 7,912,953	\$ 8,093,970	\$ 8,068,738	\$ 7,952,090	\$ 7,496,079
Contributions as a percentage of covered-employee payroll	17.56%	17.42%	15.11%	14.05%	13.92%	13.65%	13.49%	12.05%	11.23%	10.84%

See accompanying note to required supplementary information.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Schedule of the State's Proportionate Share of the Net Pension
 Liability Associated with the District
 Teachers' Pension and Annuity Fund
 Required Supplementary Information
 Last Ten Fiscal Years*

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.4044274556%	0.3984428035%	0.4016031646%	0.3936407400%	0.3939148723%	0.3819528228%	0.3818596058%	0.3785217272%	0.3766510631%	
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 208,661,983	\$ 191,552,129	\$ 264,450,852	\$ 241,581,038	\$ 250,600,181	\$ 257,526,366	\$ 300,395,079	\$ 239,241,896	\$ 201,307,735	
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 208,661,983</u>	<u>\$ 191,552,129</u>	<u>\$ 264,450,852</u>	<u>\$ 241,581,038</u>	<u>\$ 250,600,181</u>	<u>\$ 257,526,366</u>	<u>\$ 300,395,079</u>	<u>\$ 239,241,896</u>	<u>\$ 201,307,735</u>	
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation, the District does not make contributions to this plan.

See accompanying note to required supplementary information.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
 and Changes in the Total OPEB Liability and Related Ratios
 Public Employees' Retirement System and Teachers' Pension and Annuity Fund

Required Supplementary Information

Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.31%	0.31%	0.30%	0.30%	0.29%	0.28%	0.28%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 156,555,344	\$ 188,464,457	\$ 206,807,580	\$ 124,869,505	\$ 131,465,904	\$ 150,631,595	\$ 161,686,767
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 156,555,344</u>	<u>\$ 188,464,457</u>	<u>\$ 206,807,580</u>	<u>\$ 124,869,505</u>	<u>\$ 131,465,904</u>	<u>\$ 150,631,595</u>	<u>\$ 161,686,767</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017 **
Service cost	\$ 10,670,147	\$ 12,326,855	\$ 6,970,219	\$ 6,677,315	\$ 7,508,589	\$ 9,107,318	
Interest cost	4,148,889	4,888,967	4,553,819	5,274,853	5,601,203	4,820,081	
Changes in benefit terms	-	(200,597)	-	-	-	-	
Difference between expected and actual	(753,013)	(31,818,133)	36,128,623	-	-	-	
Changes of assumptions	(41,997,376)	185,934	37,776,638	(14,829,069)	(28,881,628)	(21,622,096)	
Member contributions	131,838	124,987	109,126	113,624	121,496	128,472	
Gross benefit payments	(4,109,598)	(3,851,136)	(3,600,350)	(3,833,122)	(3,515,351)	(3,488,947)	
Net change in total OPEB liability	(31,909,113)	(18,343,123)	81,938,075	(6,596,399)	(19,165,691)	(11,055,172)	
Total OPEB liability - beginning	<u>188,464,457</u>	<u>206,807,580</u>	<u>124,869,505</u>	<u>131,465,904</u>	<u>150,631,595</u>	<u>161,686,767</u>	
Total OPEB liability - ending	<u>\$ 156,555,344</u>	<u>\$ 188,464,457</u>	<u>\$ 206,807,580</u>	<u>\$ 124,869,505</u>	<u>\$ 131,465,904</u>	<u>\$ 150,631,595</u>	
Covered-employee payroll	<u>\$ 57,074,638</u>	<u>\$ 54,948,120</u>	<u>\$ 54,487,890</u>	<u>\$ 53,527,972</u>	<u>\$ 50,777,433</u>	<u>\$ 49,398,644</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>274.30%</u>	<u>342.99%</u>	<u>379.55%</u>	<u>233.28%</u>	<u>258.91%</u>	<u>304.93%</u>	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

** information not available.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION

Notes to Required Supplementary Information

Year ended June 30, 2023

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM-PENSION

Benefit Changes

There were none.

Changes of Assumptions

There were none.

2. TEACHERS' PENSION AND ANNUITY FUND-PENSION

Benefit Changes

There were none.

Changes of Assumptions

There were none.

3. OTHER POST-RETIREMENT BENEFIT PLAN - PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Budgetary Basis
 General Fund
 Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues					
Local sources:					
Local tax levy	\$ 91,314,864		\$ 91,314,864	\$ 91,314,864	
Tuition from other LEA's	651,444		651,444	977,667	\$ 326,223
Tuition from individuals				59,219	59,219
Transportation fees from individuals	20,524		20,524	164,001	143,477
Interest earned on capital reserve funds	333		333	333	
Interest earned on maintenance reserve funds	333		333	333	
Interest earned on emergency reserve funds	334		334	334	
Interest earned				490,110	490,110
Miscellaneous	20,526		20,526	932,458	911,932
Total - local sources	<u>92,008,358</u>		<u>92,008,358</u>	<u>93,939,319</u>	<u>1,930,961</u>
State sources:					
Special education aid	4,879,061		4,879,061	4,879,061	
Security aid	341,292		341,292	341,292	
Transportation aid	1,296,717		1,296,717	1,296,717	
Extraordinary aid	1,700,000		1,700,000	4,235,337	2,535,337
Additional nonpublic transportation aid				114,504	114,504
Securing our Children's Future Bond Act - Alyssa's Law				232,045	232,045
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				16,956,863	16,956,863
TPAF Pension Contributions - Post-Retirement Medical (On-Behalf - Non-Budgeted)				4,454,527	4,454,527
TPAF Pension Contributions - Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				6,324	6,324
TPAF Social Security (Reimbursed - Non-Budgeted)				3,455,411	3,455,411
Total - state sources	<u>8,217,070</u>		<u>8,217,070</u>	<u>35,972,081</u>	<u>27,755,011</u>
Federal sources:					
Medicaid reimbursement	11,547		11,547	8,666	(2,881)
Total - federal sources	<u>11,547</u>		<u>11,547</u>	<u>8,666</u>	<u>(2,881)</u>
Total revenues	<u>100,236,975</u>		<u>100,236,975</u>	<u>129,920,066</u>	<u>29,683,091</u>
Expenditures					
Current expense:					
Instruction:					
Regular programs:					
Salaries of teachers:					
Kindergarten	946,482	\$ 13,025	959,507	933,886	25,621
Grades 1-5	9,209,114	270,858	9,479,972	9,404,647	75,325
Grades 6-8	7,432,965	(197,828)	7,235,137	7,234,180	957
Grades 9-12	9,738,254	10,875	9,749,129	9,639,159	109,970
Instruction- home instruction:					
Salaries of teachers	50,000	8,300	58,300	58,235	65
Purchased professional-educational services		11,833	11,833	11,666	167
Regular programs - undistributed instruction:					
Purchased professional-educational services	32,692	(13,639)	19,053	4,111	14,942
Other purchased services	204,785	(1,500)	203,285	155,586	47,699
General supplies	1,464,661	(170,503)	1,294,158	1,152,426	141,732
Textbooks	391,553	(98,117)	293,436	242,363	51,073
Total regular programs	<u>29,470,506</u>	<u>(166,696)</u>	<u>29,303,810</u>	<u>28,836,259</u>	<u>467,551</u>
Intellectual disability:					
Salaries of teachers	460,394	(37,500)	422,894	393,242	29,652
Other salaries for instruction	531,967	(7,900)	524,067	444,598	79,469
General Supplies	18,254	(3,785)	14,469	9,551	4,918
Textbooks	19,800	(5,215)	14,585	14,157	428
Total intellectual disability	<u>1,030,415</u>	<u>(54,400)</u>	<u>976,015</u>	<u>861,548</u>	<u>114,467</u>
Learning and/or language disabilities:					
Salaries of teachers	289,942	5,000	294,942	291,539	3,403
Other salaries for instruction	450,842	(72,693)	378,149	373,343	4,806
General supplies	23,000		23,000	22,965	35
Textbooks	3,000		3,000	2,820	180
Total learning and/or language disabilities	<u>766,784</u>	<u>(67,693)</u>	<u>699,091</u>	<u>690,667</u>	<u>8,424</u>
Auditory impairments:					
Salaries of teachers	90,177	5,600	95,777	95,705	72
General supplies	10,000		10,000	9,995	5
Total auditory impairments	<u>100,177</u>	<u>5,600</u>	<u>105,777</u>	<u>105,700</u>	<u>77</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Current expense (continued):					
Instruction (continued):					
Emotional regulation impairment:					
Salaries of teachers	\$ 520,151	\$ (1,300)	\$ 518,851	\$ 515,935	\$ 2,916
Other salaries for instruction	420,721	18,250	438,971	435,167	3,804
General supplies	19,430	(4,513)	14,917	12,920	1,997
Total emotional regulation impairment	<u>960,302</u>	<u>12,437</u>	<u>972,739</u>	<u>964,022</u>	<u>8,717</u>
Resource room/center:					
Salaries of teachers	5,553,640	149,200	5,702,840	5,698,616	4,224
Other salaries for instruction	510,674	(7,573)	503,101	479,320	23,781
General supplies	58,770	(2,000)	56,770	53,815	2,955
Total resource room/center	<u>6,123,084</u>	<u>139,627</u>	<u>6,262,711</u>	<u>6,231,751</u>	<u>30,960</u>
Autism:					
Salaries of teachers	1,116,238	554,210	1,670,448	1,631,567	38,881
Other salaries for instruction	2,812,455	205,100	3,017,555	2,915,919	101,636
General supplies	45,363	8,048	53,411	49,951	3,460
Total autism	<u>3,974,056</u>	<u>767,358</u>	<u>4,741,414</u>	<u>4,597,437</u>	<u>143,977</u>
Preschool disabilities-part-time:					
Salaries of teachers	342,430	(83,029)	259,401	259,396	5
Other salaries for instruction		124,329	124,329	122,729	1,600
General supplies	9,400		9,400	8,571	829
Total preschool disabilities - part-time	<u>351,830</u>	<u>41,300</u>	<u>393,130</u>	<u>390,696</u>	<u>2,434</u>
Preschool disabilities-full time:					
General supplies	5,300	24,464	29,764	11,058	18,706
Total preschool disabilities - full time	<u>5,300</u>	<u>24,464</u>	<u>29,764</u>	<u>11,058</u>	<u>18,706</u>
Total special education	<u>13,311,948</u>	<u>868,693</u>	<u>14,180,641</u>	<u>13,852,879</u>	<u>327,762</u>
Basic skills/remedial - Instruction:					
Salaries of teachers	846,489	9,150	855,639	854,256	1,383
General supplies	7,000	(1,525)	5,475	3,319	2,156
Total basic skills/redmedial - instruction	<u>853,489</u>	<u>7,625</u>	<u>861,114</u>	<u>857,575</u>	<u>3,539</u>
Bilingual education:					
Salaries of teachers	347,862	(10,300)	337,562	333,557	4,005
Other salaries for instruction	33,385	5,700	39,085	36,411	2,674
Other purchased services	303		303	280	23
Total bilingual education	<u>381,550</u>	<u>(4,600)</u>	<u>376,950</u>	<u>370,248</u>	<u>6,702</u>
School sponsored co-curricular activities - instruction:					
Salaries	423,162	185,900	609,062	549,054	60,008
Supplies and materials	59,750	(13,000)	46,750	33,931	12,819
Other objects	1,000		1,000		1,000
Total school sponsored co-curricular activities - instruction	<u>483,912</u>	<u>172,900</u>	<u>656,812</u>	<u>582,985</u>	<u>73,827</u>
School sponsored athletic activities:					
Salaries	1,166,575	34,330	1,200,905	1,197,498	3,407
Purchased services	66,400	(21,300)	45,100	45,037	63
Supplies and materials	162,453	(22,500)	139,953	137,811	2,142
Other objects	59,975	16,700	76,675	76,616	59
Transfers to cover deficit (agency funds)	93,245	(10,000)	83,245	80,240	3,005
Total school sponsored athletic activities	<u>1,548,648</u>	<u>(2,770)</u>	<u>1,545,878</u>	<u>1,537,202</u>	<u>8,676</u>
Other supplemental / at-risk programs - instruction:					
Salaries of reading specialists	636,958	84,500	721,458	721,283	175
Total other supplemental / at-risk programs - instruction	<u>636,958</u>	<u>84,500</u>	<u>721,458</u>	<u>721,283</u>	<u>175</u>
Total instruction	<u>46,687,011</u>	<u>959,652</u>	<u>47,646,663</u>	<u>46,758,431</u>	<u>888,232</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-special	\$ 395,290	\$ 253,065	\$ 648,355	\$ 372,101	\$ 276,254
Tuition to county vocational - regular	30,000		30,000	18,000	12,000
Tuition to private school - disability in state	1,547,563	753,327	2,300,890	1,942,856	358,034
Tuition to private school - disability out of state	76,920		76,920	74,829	2,091
Total undistributed expenditures - instruction	<u>2,049,773</u>	<u>1,006,392</u>	<u>3,056,165</u>	<u>2,407,786</u>	<u>648,379</u>
Health services:					
Salaries	819,510	122,800	942,310	939,516	2,794
Other salaries	145,900	4,400	150,300	149,894	406
Purchased prof. and tech. services	22,013	6,500	28,513	18,700	9,813
Other purchased services	3,063		3,063	1,486	1,577
Supplies and materials	62,144	(21,860)	40,284	26,744	13,540
Total health services	<u>1,052,630</u>	<u>111,840</u>	<u>1,164,470</u>	<u>1,136,340</u>	<u>28,130</u>
Other support services - student-speech, OT, PT, and related services:					
Salaries	1,502,986	(11,650)	1,491,336	1,469,439	21,897
Purchased professional educational services	94,426	26,950	121,376	119,551	1,825
Supplies and materials	11,930		11,930	11,249	681
Total other support services - student-speech, OT, PT, and related services	<u>1,609,342</u>	<u>15,300</u>	<u>1,624,642</u>	<u>1,600,239</u>	<u>24,403</u>
Other support services - students - extra services:					
Salaries	935,864	29,692	965,556	958,412	7,144
Other salaries for instruction		208	208	208	
Purchased professional educational services	313,154	237,128	550,282	389,107	161,175
Supplies and materials	7,100		7,100	5,655	1,445
Total other support services - students - extra services	<u>1,256,118</u>	<u>267,028</u>	<u>1,523,146</u>	<u>1,353,382</u>	<u>169,764</u>
Other support services - guidance - regular:					
Salaries of other prof. staff	1,858,129	136,300	1,994,429	1,991,452	2,977
Salaries secretary/clerical assts.	494,837	(5,000)	489,837	486,724	3,113
Purchased professional - educational services	57,244		57,244	38,540	18,704
Other purchased prof. and tech. services	178,848	(26,000)	152,848	150,828	2,020
Other purchased services	305,254	131,670	436,924	431,619	5,305
Supplies and materials	16,280	(11,000)	5,280	2,369	2,911
Other objects	879		879	700	179
Total other support services - guidance - regular	<u>2,911,471</u>	<u>225,970</u>	<u>3,137,441</u>	<u>3,102,232</u>	<u>35,209</u>
Child study teams:					
Salaries of other prof. staff	2,219,369	144,600	2,363,969	2,338,570	25,399
Salaries secretary/clerical assistants	327,477		327,477	324,900	2,577
Other purchased prof. and tech. services	97,000		97,000	79,651	17,349
Other purchased services	35,632		35,632	13,011	22,621
Supplies and materials	108,131	(45,000)	63,131	58,211	4,920
Other objects	4,500		4,500	588	3,912
Total child study teams	<u>2,792,109</u>	<u>99,600</u>	<u>2,891,709</u>	<u>2,814,931</u>	<u>76,778</u>
Improvement of instruction services/instructional staff:					
Salaries of supervisors of instruction	895,473		895,473	894,991	482
Salaries of secretarial and clerical assistants	200,819	130	200,949	200,947	2
Other salaries	554,334	(100,000)	454,334	448,763	5,571
Supplies and materials	424,711		424,711	602,868	13,133
Other objects	19,809		19,809	12,411	7,398
Total improvement of instruction services/instructional staff	<u>2,095,146</u>	<u>91,420</u>	<u>2,186,566</u>	<u>2,159,980</u>	<u>26,586</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Educational media services/school library:					
Salaries	\$ 613,114	\$ (61,865)	\$ 551,249	\$ 546,575	\$ 4,674
Salaries of technology coordinators	112,576	17,200	129,776	114,386	15,390
Purchased prof. and tech. services	137,755	(10,402)	127,353	113,549	13,804
Supplies and materials	70,700	1,351	72,051	66,518	5,533
Total educational media services/school library	<u>934,145</u>	<u>(53,716)</u>	<u>880,429</u>	<u>841,028</u>	<u>39,401</u>
Instructional staff training services:					
Salaries of supervisors of instruction	997,275		997,275	996,253	1,022
Salaries of secretarial and clerical assistants	337,534	3,500	341,034	340,985	49
Other salaries		89,025	89,025	73,800	15,225
Purchased professional - educational services		24,525	24,525	22,460	2,065
Other purchased prof. and tech. services	84,285	(3,100)	81,185	69,304	11,881
Other purchased services	87,916	(26,400)	61,516	40,386	21,130
Supplies and materials	39,178	(10,000)	29,178	22,663	6,515
Other objects	6,130	3,000	9,130	7,057	2,073
Total instructional staff training services	<u>1,552,318</u>	<u>80,550</u>	<u>1,632,868</u>	<u>1,572,908</u>	<u>59,960</u>
Support services - general administration:					
Salaries	416,954	(193)	416,761	416,007	754
Legal services	184,664	(8,408)	176,256	176,256	
Audit fees	60,000	2,250	62,250	62,100	150
Architect / engineering services	25,000	100,580	125,580	40,265	85,315
Other purchased prof. services	81,987	149	82,136	82,136	
Communications/telephone	82,430	(5,900)	76,530	76,496	34
BOE other purchased services	7,500	(2,119)	5,381	5,381	
Miscellaneous purchased services	322,486	(11,105)	311,381	309,433	1,948
General supplies	13,580	(3,617)	9,963	9,963	
Miscellaneous expenditures	47,000	(12,080)	34,920	34,369	551
Total support services - general administration	<u>1,241,601</u>	<u>59,557</u>	<u>1,301,158</u>	<u>1,212,406</u>	<u>88,752</u>
Support services -school administration:					
Salaries of principals/asst. principals	2,688,747		2,688,747	2,591,085	97,662
Salaries of other professional staff	175,528		175,528	175,528	
Salaries secretary/clerical assts.	1,282,688	(5,120)	1,277,568	1,271,273	6,295
Purchased professional and technical services	95,223	(17,500)	77,723	32,615	45,108
Other purchased services	6,195	50	6,245	2,191	4,054
Supplies and materials	14,000	(482)	13,518	8,744	4,774
Other objects	21,375	(1,964)	19,411	12,861	6,550
Total support services - school administration	<u>4,283,756</u>	<u>(25,016)</u>	<u>4,258,740</u>	<u>4,094,297</u>	<u>164,443</u>
Central Services:					
Salaries	770,391	(130,265)	640,126	634,947	5,179
Purchased professional services	80,800	112,765	193,565	174,428	19,137
Misc purchased services	24,626	(5,000)	19,626	8,409	11,217
Supplies and materials	13,928	(700)	13,228	11,302	1,926
Miscellaneous expenditures	1,700	1,200	2,900	2,608	292
Total central services	<u>891,445</u>	<u>(22,000)</u>	<u>869,445</u>	<u>831,694</u>	<u>37,751</u>
Admin Info Technology:					
Salaries	719,518	36,000	755,518	755,363	155
Purchased technical services	266,083	(9,000)	257,083	245,747	11,336
Supplies and materials	55,877	13,000	68,877	65,415	3,462
Total Admin Info Technology	<u>1,041,478</u>	<u>40,000</u>	<u>1,081,478</u>	<u>1,066,525</u>	<u>14,953</u>
Required maintenance for school facilities:					
Salaries	391,683	(75,000)	316,683	307,580	9,103
Cleaning, repair and maintenance services	2,585,633	(153,981)	2,431,652	2,008,446	423,206
Travel	1,500		1,500	1,500	
General supplies	183,411	142,370	325,781	309,011	16,770
Total required maintenance for school facilities	<u>3,162,227</u>	<u>(86,611)</u>	<u>3,075,616</u>	<u>2,625,037</u>	<u>450,579</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
Current expense (continued):					
Undistributed expenditures (continued):					
Custodial services:					
Salaries	\$ 537,888	\$ 2,035	\$ 539,923	\$ 539,890	\$ 33
Purchased professional and technical services	95,000	33,710	128,710	125,062	3,648
Cleaning, repair and maintenance services	2,812,813	(70,164)	2,742,649	2,634,454	108,195
Other purchased property services	297,448	15,482	312,930	312,930	
Insurance	464,422	(2,482)	461,940	439,681	22,259
General supplies	180,614	47,704	228,318	222,506	5,812
Energy (electricity)	895,051	(3,000)	892,051	792,916	99,135
Energy (natural gas)	598,000	4,500	602,500	390,102	212,398
Total custodial services	<u>5,881,236</u>	<u>27,785</u>	<u>5,909,021</u>	<u>5,457,541</u>	<u>451,480</u>
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	588,723	(18,002)	570,721	361,285	209,436
General supplies	24,999	11,001	36,000	28,434	7,566
Total care and upkeep of grounds	<u>613,722</u>	<u>(7,001)</u>	<u>606,721</u>	<u>389,719</u>	<u>217,002</u>
Security:					
Salaries	105,312	70,000	175,312	157,166	18,146
General supplies	313	228	541	139	402
Other objects		2,610	2,610	2,610	
Total security	<u>105,625</u>	<u>72,838</u>	<u>178,463</u>	<u>159,915</u>	<u>18,548</u>
Student transportation services:					
Salaries for pupil trans. - (other than between home/school)	86,925		86,925	86,463	462
Management fee- ESC & CTSA trans. program	83,222		83,222	83,222	
Cleaning, repair and maintenance services	16,280	(500)	15,780	14,814	966
Contracted services (between home and sch.) - vendor	3,093,816	161,660	3,255,476	3,252,952	2,524
Contracted services (other than home to sch.) - vendor	413,304	121,300	534,604	494,571	40,033
Contracted services (special ed.) - esc	1,894,075	1,166,670	3,060,745	2,909,210	151,535
Contracted services - aid in lieu of payments - nonpublic	418,400		418,400	411,986	6,414
Contracted services - parental contracts	23,000		23,000	22,766	234
Other objects	33	700	733	538	195
Total student transportation services	<u>6,029,055</u>	<u>1,449,830</u>	<u>7,478,885</u>	<u>7,276,522</u>	<u>202,363</u>
Unallocated benefits - employee benefits:					
Social security contributions	1,096,100	187,000	1,283,100	1,231,421	51,679
Other retirement contributions - PERS	1,529,884		1,529,884	1,515,742	14,142
Unemployment compensation	80,000	(1,000)	79,000		79,000
Worker's compensation	370,000		370,000	333,095	36,905
Health benefits	15,131,819	(1,950,283)	13,181,536	12,162,678	1,018,858
Tuition reimbursement	390,245		390,245	260,007	130,238
Other employee benefits	263,396	9,300	272,696	252,251	20,445
Total unallocated benefits	<u>18,861,444</u>	<u>(1,754,983)</u>	<u>17,106,461</u>	<u>15,755,194</u>	<u>1,351,267</u>
On-behalf payments:					
On-behalf TPAF pension and annuity fund (non-budgeted)				16,956,863	(16,956,863)
On-behalf TPAF post retirement medical (non-budgeted)				4,454,527	(4,454,527)
On-behalf TPAF long-term disability insurance (non-budgeted)				6,324	(6,324)
Reimbursed TPAF social security contributions (non-budgeted)				3,455,411	(3,455,411)
Total on-behalf payments				<u>24,873,125</u>	<u>(24,873,125)</u>
Total undistributed expenditures	<u>58,364,641</u>	<u>1,598,783</u>	<u>59,963,424</u>	<u>80,730,801</u>	<u>(20,767,377)</u>
Total expenditures - current expense	<u>105,051,652</u>	<u>2,558,435</u>	<u>107,610,087</u>	<u>127,489,232</u>	<u>(19,879,145)</u>
Capital outlay					
Equipment:					
Regular programs - instruction:					
Grades 1-5		5,889	5,889	5,889	
Grades 6-8		13,917	13,917		13,917
Grades 9-12	100,000	322,054	422,054	366,291	55,763
Special Education - instruction:					
Instructional Alternative Education Programs		25,950	25,950	25,950	
Health services		7,860	7,860	7,860	
Admin info tech	232,045		232,045	232,045	
Required maintenance for school facilities	76,992	32,517	109,509	109,235	274
Total equipment	<u>409,037</u>	<u>408,187</u>	<u>817,224</u>	<u>747,270</u>	<u>69,954</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Capital outlay (continued)					
Facilities acquisition and construction services:					
Other purchased professional and technical services		\$ 629,523	\$ 629,523	\$ 629,523	
Total facilities acquisition and construction svcs.		<u>629,523</u>	<u>629,523</u>	<u>629,523</u>	
Total capital outlay	\$ 409,037	<u>1,037,710</u>	<u>1,446,747</u>	<u>1,376,793</u>	\$ 69,954
Total expenditures	<u>105,460,689</u>	<u>3,596,145</u>	<u>109,056,834</u>	<u>128,866,025</u>	(19,809,191)
(Deficiency) excess of revenues (under) over expenditures	(5,223,714)	(3,596,145)	(8,819,859)	1,054,041	9,873,900
Other Financing (Uses):					
Transfers Out - Capital Reserve Transfer to Capital Projects Fund		(606,723)	(606,723)	(606,723)	
Total other financing (uses)	<u>-</u>	<u>(606,723)</u>	<u>(606,723)</u>	<u>(606,723)</u>	<u>-</u>
Net Change in fund balance	(5,223,714)	(4,202,868)	(9,426,582)	447,318	9,873,900
Fund Balances, July 1	35,135,961		35,135,961	35,135,961	
Fund Balances, June 30	<u>\$ 29,912,247</u>	<u>\$ (4,202,868)</u>	<u>\$ 25,709,379</u>	<u>\$ 35,583,279</u>	<u>\$ 9,873,900</u>
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)					
Budgeted Fund Balance	\$ (4,489,828)	\$ (3,596,145)	\$ (8,085,973)	\$ 1,786,927	\$ 9,872,900
Withdrawal From Capital Reserve		(606,723)	(606,723)	(606,723)	
Deposit to Capital Reserve				333	333
Deposit to Maintenance Reserve				333	333
Deposit to Emergency Reserve				334	334
Adjustment for Prior Year Encumbrances	(733,886)		(733,886)	(733,886)	
Total	<u>\$ (5,223,714)</u>	<u>\$ (4,202,868)</u>	<u>\$ (9,426,582)</u>	<u>\$ 447,318</u>	<u>\$ 9,873,900</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 8,703,440	
Excess Surplus - Current Year				3,797,192	
Capital Reserve				9,912,348	
Maintenance Reserve				4,144,250	
Emergency Reserve				911,666	
Unemployment Compensation				692,734	
Assigned Fund Balance:					
Year End Encumbrances				404,694	
Designated for Subsequent Year's Expenditures				2,275,122	
Unassigned Fund Balance				<u>4,741,833</u>	
				35,583,279	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis					
				(645,107)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 34,938,172</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Required Supplementary Information
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources		\$ 233,347	\$ 233,347	\$ 1,811,393	\$ 1,578,046
State Sources		505,675	505,675	437,144	(68,531)
Federal Sources		6,188,186	6,188,186	3,566,814	(2,621,372)
Total Revenues		<u>6,927,208</u>	<u>6,927,208</u>	<u>5,815,351</u>	<u>(1,111,857)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		616,754	616,754	458,038	158,716
Purchased Professional - Educational Services		464,902	464,902	211,151	253,751
Other Purchased Services		1,987,323	1,987,323	1,565,065	422,258
General Supplies		569,671	569,671	234,572	335,099
Textbooks		30,426	30,426	29,839	587
Other Objects			550	515	35
Total Instruction		<u>3,669,076</u>	<u>3,669,626</u>	<u>2,499,180</u>	<u>1,170,446</u>
Support Services:					
Salaries		357,552	357,552	105,527	252,025
Personal Services - Employee Benefits		68,876	68,876	51,527	17,349
Purchased Professional and Technical Services		780,817	780,817	497,543	283,274
Purchased Property Services		332,086	332,086	132,086	200,000
Other Purchased Services		365,966	365,966	353,404	12,562
Supplies and Materials		445,460	445,460	374,358	71,102
Scholarships				2,470	(2,470)
Student Activities				1,479,423	(1,479,423)
Total Support Services		<u>2,350,757</u>	<u>2,350,757</u>	<u>2,996,338</u>	<u>(645,581)</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		699,996	699,996		699,996
Construction Services		206,829	206,829	169,740	37,089
Total Facilities Acquisition and Construction Services		<u>906,825</u>	<u>906,825</u>	<u>169,740</u>	<u>737,085</u>
Total Expenditures		<u>6,926,658</u>	<u>6,927,208</u>	<u>5,665,258</u>	<u>1,261,950</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 550</u>	<u>-</u>	150,093	<u>\$ 150,093</u>
Fund Balance, July 1				<u>750,549</u>	
Fund Balance, June 30				<u>\$ 900,642</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 1,547	
Student Activities				899,095	
Total Fund Balance				<u>\$ 900,642</u>	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION

Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules (C-1, C-2)	\$ 129,920,066	\$ 5,815,351
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(140,746)
Prior Year (net of cancellations)		94,534
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	551,285	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(645,107)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 129,826,244</u>	<u>\$ 5,769,139</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 128,866,025	\$ 5,665,258
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(140,746)
Prior Year (net of Cancellations)		94,534
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 128,866,025</u>	<u>\$ 5,619,046</u>

Supplementary Information

Special Revenue Fund

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2023

	Nonpublic Textbooks	Nonpublic Security	NJ Nonpublic Auxiliary Services, Ch. 192		NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	Nonpublic Technology
			Nonpublic Comp. Education	ESL	Nonpublic Exam and Class.	Nonpublic Corrective Speech	Nonpublic Suppl. Instruction		
REVENUES:									
State Sources	\$ 29,839	\$ 77,147	\$ 57,025	\$ 1,905	\$ 45,500	\$ 21,390	\$ 24,532	\$ 46,480	\$ 16,684
Federal Sources									
Other Sources									
Total Revenues	\$ 29,839	\$ 77,147	\$ 57,025	\$ 1,905	\$ 45,500	\$ 21,390	\$ 24,532	\$ 46,480	\$ 16,684
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Professional - Educational Services			\$ 57,025	\$ 1,905	\$ 45,500	\$ 21,390	\$ 24,532	\$ 46,480	
Other Purchased Services									
General Supplies									
Textbooks	\$ 29,839								
Other Objects									
Total Instruction	29,839		57,025	1,905	45,500	21,390	24,532	46,480	
Support Services:									
Salaries									
Personal Svcs. - Employee Benefits									
Purchased Professional and Technical Services									
Purchased Property Services									
Other Purchased Services									
Supplies and Materials		\$ 77,147							\$ 16,684
Scholarships									
Student Activities									
Total Support Services		77,147							16,684
Facilities Acquisition and Construction Services:									
Construction Services									
Total Facilities Acquisition and Construction Services									
Total Expenditures	\$ 29,839	\$ 77,147	\$ 57,025	\$ 1,905	\$ 45,500	\$ 21,390	\$ 24,532	\$ 46,480	\$ 16,684
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2023

	Title I	Title IIA	Title III	Title IV	I.D.E.A. Part B	I.D.E.A. Part B Preschool	COVID-19 I.D.E.A. Part B ARP	COVID-19 I.D.E.A. Part B ARP Preschool	S.D.A. Emergent Needs	COVID-19 Elementary and Secondary School Emergency Relief Fund II
REVENUES:										
State Sources									\$ 116,642	
Federal Sources	\$ 274,665	\$ 140,697	\$ 12,287	\$ 31,022	\$ 1,199,143	\$ 41,728	\$ 41,650	\$ 17,130		\$ 171,847
Other Sources										
Total Revenues	\$ 274,665	\$ 140,697	\$ 12,287	\$ 31,022	\$ 1,199,143	\$ 41,728	\$ 41,650	\$ 17,130	\$ 116,642	\$ 171,847
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 36,000				\$ 75,362					
Purchased Prof. - Educ. Services			\$ 573	\$ 1,246	12,500					
Other Purchased Services					974,543					
Instructional Supplies	85,172		1,693	2,112	81,127		\$ 41,650			
Textbooks										
Other Objects			515							
Total Instruction	121,172		2,781	3,358	1,143,532		41,650			
Support Services:										
Salaries		\$ 87,583	1,725	16,219						
Personal Svcs. - Employee Benefits		44,667		1,095	5,765					
Purchased Professional and Technical Services	73,450	4,450	2,000	10,350	28,575	\$ 41,728		\$ 17,130		\$ 132,086
Purchased Prof. - Property Services										
Other Purchased Services		2,150	3,254							
Supplies and Materials	80,043	1,847	2,527		21,271					39,761
Scholarships Awarded										
Student Activities										
Total Support Services	153,493	140,697	9,506	27,664	55,611	41,728		17,130		171,847
Facilities Acquisition and Construction Services:										
Construction Services									\$ 116,642	
Total Facilities Acquisition and Construction Services									116,642	
Total Expenditures	\$ 274,665	\$ 140,697	\$ 12,287	\$ 31,022	\$ 1,199,143	\$ 41,728	\$ 41,650	\$ 17,130	\$ 116,642	\$ 171,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2023

	COVID-19 CRRSA Learning Acceleration	COVID-19 CRRSA Mental Health	COVID-19 ARP ESSER III	COVID-19 ARP ESSER Learning Acceleration	COVID-19 ARP ESSER Summer Enrichment	ACSERS	Local Grants	Scholarship Fund	Activity/ Athletic Fund	Totals
REVENUES:										
State Sources										\$ 437,144
Federal Sources	\$ 56,603	\$ 12,173	\$ 672,026	\$ 20,904	\$ 36,000	\$ 838,939				3,566,814
Other Sources							\$ 179,407	\$ 2,669	\$ 1,629,317	1,811,393
Total Revenues	\$ 56,603	\$ 12,173	\$ 672,026	\$ 20,904	\$ 36,000	\$ 838,939	\$ 179,407	\$ 2,669	\$ 1,629,317	\$ 5,815,351
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 30,479				\$ 36,000	\$ 280,197				\$ 458,038
Purchased Prof. - Educ. Services										211,151
Other Purchased Services	26,124		\$ 7,570			556,828				1,565,065
Instructional Supplies				\$ 20,904		1,914				234,572
Textbooks										29,839
Other Objects										515
Total Instruction	56,603		7,570	20,904	36,000	838,939				2,499,180
Support Services:										
Salaries										105,527
Personal Svcs. - Employee Benefits										51,527
Purchased Professional and Technical Services		\$ 10,860	309,000							497,543
Purchased Prof. - Property Services										132,086
Other Purchased Services			348,000							353,404
Supplies and Materials		1,313	7,456				\$ 126,309			374,358
Scholarships Awarded								\$ 2,470		2,470
Student Activities									\$ 1,479,423	1,479,423
Total Support Services		12,173	664,456				126,309	2,470	1,479,423	2,996,338
Facilities Acquisition and Construction Services:										
Construction Services							53,098			169,740
Total Facilities Acquisition and Construction Services							53,098			169,740
Total Expenditures	\$ 56,603	\$ 12,173	\$ 672,026	\$ 20,904	\$ 36,000	\$ 838,939	\$ 179,407	2,470	1,479,423	5,665,258
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	-	-	-	-	-	-	-	199	149,894	150,093
Fund Balance, July 1	-	-	-	-	-	-	-	1,348	749,201	750,549
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,547	\$ 899,095	\$ 900,642

Capital Projects Fund

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

Year Ended June 30, 2023

EXPENDITURES

Other Purchased Professional and Technical Services	\$ 45,500
Construction Services	487,961
Total Expenditures	533,461

(Deficiency) of Revenues (under) Expenditures	(533,461)
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OTHER FINANCING SOURCES

Transfers In - Capital Reserve	606,723
Total Other Financing Sources	606,723

Net Change in Fund Balance	73,262
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Fund Balance - July 1	226,520
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Fund Balance - June 30	\$ 299,782
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Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2023 - budgetary- basis	\$ 299,782
GAAP Basis Revenues not recognized	(7,388)
Fund balance, June 30, 2023 - GAAP Basis	\$ 292,394

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School - Unit Ventilator Replacement
Year Ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 519,919		\$ 519,919	\$ 519,909
Transfer from capital reserve	796,543		796,543	844,597
Total Revenues	<u>1,316,462</u>	-	<u>1,316,462</u>	<u>1,364,506</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	73,636		73,636	73,636
Construction Services	1,242,826		1,242,826	1,290,870
Total Expenditures and Other Financing Uses	<u>1,316,462</u>	-	<u>1,316,462</u>	<u>1,364,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,311,600			
Additional Authorized Cost	52,906			
Revised Authorized Cost	\$ 1,364,506			
Percentage Increase (Decrease) over Original Authorized Cost	4.03%			
Percentage Completed	100.00%			
Original Target Completion Date	9/1/19			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School - HVAC Upgrades
Year Ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 386,772		\$ 386,772	\$ 401,720
Transfer from capital reserve	596,824		596,824	602,580
Total Revenues	<u>983,596</u>	-	<u>983,596</u>	<u>1,004,300</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	56,770		56,770	59,587
Construction Services	926,826		926,826	944,713
Total Expenditures and Other Financing Uses	<u>983,596</u>	-	<u>983,596</u>	<u>1,004,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,004,300			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 1,004,300			
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	100.00%			
Original Target Completion Date	9/1/19			
Revised Target Completion Date	Complete			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School Cafeteria Upgrades
Year Ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from capital reserve	\$ 669,563		\$ 669,563	\$ 669,563
Total Revenues	<u>669,563</u>	<u>-</u>	<u>669,563</u>	<u>669,563</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	494,426		494,426	669,563
Total Expenditures and Other Financing Uses	<u>494,426</u>	<u>-</u>	<u>494,426</u>	<u>669,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 175,137</u>	<u>\$ -</u>	<u>\$ 175,137</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 669,563			
Additional Authorized Cost				
Revised Authorized Cost	\$ 669,563			
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	73.84%			
Original Target Completion Date	9/1/20			
Revised Target Completion Date	9/1/22			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
William Annin Middle School Science Labs
Year Ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from capital reserve	\$ 592,550		\$ 592,550	\$ 592,550
Total Revenues	<u>592,550</u>	<u>-</u>	<u>592,550</u>	<u>592,550</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services	57,498		57,498	58,050
Construction Services	483,669	\$ 41,076	524,745	534,500
Total Expenditures and Other Financing Uses	<u>541,167</u>	<u>41,076</u>	<u>582,243</u>	<u>592,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 51,383</u>	<u>\$ (41,076)</u>	<u>\$ 10,307</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 54,750			
Additional Authorized Cost	537,800			
Revised Authorized Cost	\$ 592,550			
Percentage Increase (Decrease) over Original Authorized Cost	982.28%			
Percentage Completed	98.26%			
Original Target Completion Date	9/1/22			
Revised Target Completion Date	9/1/22			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Oak Street School Roof Project
Year Ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from capital reserve		\$ 606,723		\$ 606,723
Total Revenues	-	606,723	-	606,723
EXPENDITURES AND OTHER FINANCING USES				
Transfer out				
Other Purchased Professional and Technical Services		45,500	-	54,750
Construction Services		446,886	-	551,973
Total Expenditures and Other Financing Uses	-	492,386	-	606,723
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 114,337	\$ -	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$	606,723		
Additional Authorized Cost		-		
Revised Authorized Cost	\$	606,723		
Percentage Increase (Decrease) over Original Authorized Cost		0.00%		
Percentage Completed		0.00%		
Original Target Completion Date		9/1/23		
Revised Target Completion Date		9/1/23		

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund**

**Summary Schedule of Project Expenditures
Year Ended June 30, 2023**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2023</u>
			<u>Prior Years</u>	<u>Current Year</u>	
William Annin M.S. - Unit Ventilator Replacement	12/12/2014	\$ 1,316,462	\$ 1,316,462		
William Annin M.S. - HVAC Upgrades	12/12/2014	983,596	983,596		
Ridge High School - Cafeteria Upgrades	11/12/2018	669,563	\$494,426		\$ 175,137
William Annin M.S. - Science Labs	11/12/2018	592,550	541,167	\$ 41,076	10,307
Oak Street School - Roof Project	6/13/2022	606,723		492,386	114,337
Totals		<u>\$ 1,868,836</u>	<u>\$ 1,035,593</u>	<u>\$ 533,462</u>	<u>\$ 299,781</u>

Long-Term Debt

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2022</u>	<u>Paid</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	5/22/12	\$ 9,700,000	07/15/23	\$ 80,000	2.375 %	\$ 8,945,000	\$ 80,000	\$ 8,865,000
			07/15/24	85,000	2.500			
			07/15/25	85,000	2.750			
			07/15/26	90,000	3.000			
			07/15/27	1,455,000	3.000			
			07/15/28	5,230,000	3.000			
			07/15/29	1,840,000	3.000			
Refunding School Bonds	2/6/13	23,745,000	07/15/23	4,090,000	4.000	21,280,000	440,000	20,840,000
			07/15/24	4,260,000	4.000			
			07/15/25	4,435,000	4.000			
			07/15/26	4,620,000	4.000			
			07/15/27	3,435,000	4.000			
Refunding School Bonds	9/17/13	23,920,000				3,120,000	3,120,000	
Refunding School Bonds	2/25/15	5,515,000	07/15/23	840,000	4.000	5,515,000		5,515,000
			07/15/24	295,000	4.000			
			07/15/25	795,000	4.000			
			07/15/26	630,000	4.000			
			07/15/27	700,000	4.000			
			07/15/28	700,000	4.000			
			07/15/29	740,000	4.000			
Refunding School Bonds	5/18/16	8,680,000	07/15/30	815,000	4.000			8,435,000
			07/15/29	3,215,000	3.000			
			07/15/30	5,220,000	3.000			
						<u>\$ 47,295,000</u>	<u>\$ 3,640,000</u>	<u>\$ 43,655,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Financed Purchases Payable
Year Ended June 30, 2023

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
			<u>Principal</u>	<u>Interest</u>					
2018 - Copiers - Various Schools	10/28/2017	5 Years	\$ 44,384	\$ 4,936	4.23 %	\$ 2,449		\$ 2,449	
2019 - Copiers - Various Schools	10/28/2018	5 Years	6,605	1,172	6.62	1,861		1,476	\$ 385
2019 - Copiers - Various Schools	1/28/2019	5 Years	49,880	7,840	5.90	16,533		10,859	5,674
2021 - Copiers - Various Schools	3/28/2021	5 Years	26,651	4,189	1.57	20,292		5,107	15,185
2023 - Copiers - Various Schools	2/28/2023	5 Years	28,369	4,458	1.57		\$ 28,369	2,059	26,310
						<u>\$ 41,135</u>	<u>\$ 28,369</u>	<u>\$ 21,950</u>	<u>\$ 47,554</u>

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,115,001		5,115,001	\$ 5,115,001	
State Sources-Debt Service Aid	<u>263,461</u>		<u>263,461</u>	<u>263,461</u>	
Total Revenues	<u>5,378,462</u>		<u>5,378,462</u>	<u>5,378,462</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	3,640,000		3,640,000	3,640,000	
Interest on Bonds	<u>1,738,462</u>		<u>1,738,462</u>	<u>1,738,462</u>	
Total Expenditures	<u>5,378,462</u>		<u>5,378,462</u>	<u>5,378,462</u>	
Net change in fund balance	-		-	-	
Fund Balance, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports on (ACFR) for the relevant year.

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,194,143	\$ 9,037,435	\$ 13,736,660	\$ 16,936,066	\$ 19,080,016	\$ 22,390,074	\$ 25,079,014	\$ 26,402,648	\$ 28,517,359	\$ 31,023,213
Restricted	13,238,125	15,682,406	16,339,829	19,016,860	19,510,590	19,589,095	21,979,836	24,123,710	27,813,180	31,629,788
Unrestricted (deficit)	<u>2,024,611</u>	<u>(19,437,972)</u>	<u>(20,748,365)</u>	<u>(23,954,718)</u>	<u>(24,339,529)</u>	<u>(24,423,925)</u>	<u>(24,186,971)</u>	<u>(19,054,522)</u>	<u>(16,102,586)</u>	<u>(16,269,152)</u>
Total Governmental Activities Net Position	<u>\$ 22,456,879</u>	<u>\$ 5,281,869</u>	<u>\$ 9,328,124</u>	<u>\$ 11,998,208</u>	<u>\$ 14,251,077</u>	<u>\$ 17,555,244</u>	<u>\$ 22,871,879</u>	<u>\$ 31,471,836</u>	<u>\$ 40,227,953</u>	<u>\$ 46,383,849</u>
Business-type Activities:										
Investment in Capital Assets	\$ 62,522	\$ 61,521	\$ 132,771	\$ 124,511	\$ 103,854	\$ 85,591	\$ 62,688	\$ 46,114	\$ 90,216	\$ 85,185
Unrestricted	<u>1,041,476</u>	<u>1,114,668</u>	<u>1,319,034</u>	<u>1,718,909</u>	<u>1,939,293</u>	<u>2,027,446</u>	<u>2,140,951</u>	<u>1,933,422</u>	<u>1,881,244</u>	<u>2,396,493</u>
Total Business-type Activities Net Position	<u>\$ 1,103,998</u>	<u>\$ 1,176,189</u>	<u>\$ 1,451,805</u>	<u>\$ 1,843,420</u>	<u>\$ 2,043,147</u>	<u>\$ 2,113,037</u>	<u>\$ 2,203,639</u>	<u>\$ 1,979,536</u>	<u>\$ 1,971,460</u>	<u>\$ 2,481,678</u>
Government-wide:										
Net Investment in Capital Assets	\$ 7,256,665	\$ 9,098,956	\$ 13,869,431	\$ 17,060,577	\$ 19,183,870	\$ 22,475,665	\$ 25,141,702	\$ 26,448,762	\$ 28,607,575	\$ 31,108,398
Restricted	13,238,125	15,682,406	16,339,829	19,016,860	19,510,590	19,589,095	21,979,836	24,123,710	27,813,180	31,629,788
Unrestricted (deficit)	<u>3,066,087</u>	<u>(18,323,304)</u>	<u>(19,429,331)</u>	<u>(22,235,809)</u>	<u>(22,400,236)</u>	<u>(22,396,479)</u>	<u>(22,046,020)</u>	<u>(17,121,100)</u>	<u>(14,221,342)</u>	<u>(13,872,659)</u>
Total Government-Wide Net Position	<u>\$ 23,560,877</u>	<u>\$ 6,458,058</u>	<u>\$ 10,779,929</u>	<u>\$ 13,841,628</u>	<u>\$ 16,294,224</u>	<u>\$ 19,668,281</u>	<u>\$ 25,075,518</u>	<u>\$ 33,451,372</u>	<u>\$ 42,199,413</u>	<u>\$ 48,865,527</u>

Source: District ACFR A-1

Note:

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

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 37,740,692	\$ 45,216,758	\$ 47,134,891	\$ 53,375,707	\$ 53,242,764	\$ 50,846,588	\$ 49,102,191	\$ 54,597,662	\$ 46,390,857	\$ 44,936,073
Special Education Instruction	16,458,289	19,374,066	20,646,861	22,529,787	23,778,056	22,611,975	22,214,745	24,261,027	22,456,874	22,808,151
Other Special Instruction	1,429,424	1,958,334	2,331,613	2,820,956	3,183,051	2,968,214	3,246,173	3,585,348	2,350,889	3,007,897
Other Instruction	2,560,784	2,336,349	2,110,012	2,307,572	2,602,853	2,572,403	2,700,880	2,721,068	3,690,952	2,933,243
Support Services:										
Tuition	2,782,496	2,697,135	2,176,329	1,848,121	2,285,833	2,280,243	2,549,053	3,928,992	2,167,384	2,407,786
Related Services	13,511,813	14,019,783	15,653,548	17,731,406	20,048,518	19,551,111	19,049,807	20,889,493	22,779,567	23,499,292
General Administration Services	956,971	914,351	1,224,933	1,316,991	1,437,136	1,446,330	1,382,202	2,966,429	1,445,940	1,505,810
School Administration Services	4,812,384	5,242,747	5,761,590	6,174,950	6,616,137	6,544,237	6,207,232	5,865,508	6,418,692	6,093,351
Central Services	966,214	958,597	955,062	978,363	1,067,485	978,299	1,015,805	1,110,752	1,166,623	1,130,291
Administrative Information Technology	813,294	839,648	888,132	982,707	1,159,516	1,051,967	1,136,543	1,283,697	1,362,991	1,392,329
Plant Operations and Maintenance	6,376,143	6,306,007	6,748,671	6,778,337	6,576,526	7,030,609	6,399,299	7,613,032	8,821,404	9,278,866
Pupil Transportation	5,399,062	5,346,667	5,506,213	5,346,333	5,853,470	5,602,180	5,473,941	5,392,718	6,063,358	7,525,394
Interest and other charges on Long-Term Debt	3,081,435	2,720,395	2,903,168	2,248,746	2,152,262	2,026,264	1,888,520	1,724,102	1,575,121	1,445,054
Total Governmental Activities Expenses	96,889,001	107,930,837	114,041,023	124,439,976	130,003,607	125,510,420	122,366,391	135,939,828	126,690,652	127,963,537
Business-type Activities:										
Food Service	2,413,043	2,309,728	2,178,252	1,898,157	2,094,777	2,145,630	1,522,290	206,532	1,673,635	1,856,166
After School Enrichment	116,740	102,696	115,744	110,284	125,212	145,133	130,767			137,275
Project Jump Start	90,065	90,088	90,703	82,248	119,029	41,827	4,162			43,510
Before and After School Care	988,525	1,196,661	1,265,941	1,241,025	1,310,375	1,411,641	899,568	49,297	1,158,558	1,036,008
Total Business-type Activities Expense	3,608,373	3,699,173	3,650,640	3,331,714	3,649,393	3,744,231	2,556,787	255,829	2,832,193	3,072,959
Total District Expenses	\$ 100,497,374	\$ 111,630,010	\$ 117,691,663	\$ 127,771,690	\$ 133,653,000	\$ 129,254,651	\$ 124,923,178	\$ 136,195,657	\$ 129,522,845	\$ 131,036,496
Program Revenues										
Governmental Activities:										
Changes for Services:										
Instruction (Tuition)	\$ 1,328,285	\$ 1,384,605	\$ 1,370,663	\$ 1,350,891	\$ 1,323,962	\$ 978,515	\$ 905,675	\$ 804,736	\$ 959,769	\$ 1,036,886
Student and Instruction Related Services								878,927	1,506,561	1,629,516
Pupil Transportation	231,752	240,193	237,288	225,237	207,025	241,335	165,168	59,344	158,783	164,001
Operating Grants and Contributions	1,378,907	1,763,391	1,784,900	1,789,911	1,837,957	1,847,771	1,883,936	2,670,359	2,771,682	4,139,625
Capital Grants and Contributions	455,123	393,512	886,147	696,634	338,092	625,538	194,916		201,441	
Total Governmental Activities Program Revenues	3,394,067	3,781,701	4,278,998	4,062,673	3,707,036	3,693,159	3,149,695	4,413,366	5,598,236	6,970,028
Business-type Activities:										
Charges for Services:										
Food Service	2,109,131	2,192,147	2,199,301	2,372,148	2,261,276	2,246,569	2,288,587	1,557,404	1,533,619	2,120,911
After School Enrichment	153,863	127,127	126,920	123,030	116,747	122,995	142,352	112,429		156,122
Project Jump Start	105,189	109,857	105,007	86,250	86,450	139,100	45,500			85,377
Before and After School Care	1,054,213	1,204,769	1,219,883	1,265,121	1,258,856	1,340,456	1,337,682	977,556	1,040,498	1,220,767
Operating Grants and Contributions	100,101	132,132	120,253							
Capital Grants and Contributions				79,707						
Total Business-type Activities Program Revenues	3,522,497	3,766,032	3,771,364	3,926,256	3,723,329	3,849,120	3,814,121	2,647,389	2,574,117	3,583,177
Total District Program Revenues	\$ 6,916,564	\$ 7,547,733	\$ 8,050,362	\$ 7,988,929	\$ 7,430,365	\$ 7,542,279	\$ 6,963,816	\$ 7,060,755	\$ 8,172,353	\$ 10,553,205
Net (Expense) Revenue										
Governmental Activities	\$ (89,207,610)	\$ (91,176,263)	\$ (93,494,934)	\$ (104,149,136)	\$ (126,296,571)	\$ (121,817,261)	\$ (119,216,696)	\$ (131,526,462)	\$ (121,092,416)	\$ (120,993,509)
Business-type Activities	(25,637)	(49,403)	157,659	72,191	73,936	104,889	1,257,334	2,391,560	(258,076)	510,218
Total Government-wide Net Expense	\$ (89,233,247)	\$ (91,225,666)	\$ (93,337,275)	\$ (104,076,945)	\$ (126,222,635)	\$ (121,712,372)	\$ (117,959,362)	\$ (129,134,902)	\$ (121,350,492)	\$ (120,483,291)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 77,373,442	\$ 78,920,911	\$ 80,499,329	\$ 82,109,315	\$ 83,751,501	\$ 85,426,531	\$ 87,135,060	\$ 88,877,761	\$ 90,655,316	\$ 91,314,864
Taxes Levied for Debt Service	5,505,366	5,084,960	5,218,563	5,284,441	5,102,268	5,107,583	5,106,178	5,107,890	5,105,651	5,115,001
Unrestricted Grants and Contributions	13,192,149	23,047,087	27,345,345	35,255,841	39,315,637	33,687,820	31,729,107	44,244,359	33,644,754	29,295,972
Investment Earnings	8,162	8,333	8,413	8,240	91,958	255,811	201,558	32,440	37,564	491,110
Miscellaneous Income	476,605	735,725	736,630	389,550	288,076	643,683	361,428	464,870	405,240	932,458
Total Governmental Activities	96,555,724	107,797,016	113,808,280	123,047,387	128,549,440	125,121,428	124,533,331	138,727,320	129,848,525	127,149,405
Business-type Activities:										
Miscellaneous Income									250,000	-
Total Business-type Activities	-	-	-	-	-	-	-	-	250,000	-
Total Government-wide	\$ 96,555,724	\$ 107,797,016	\$ 113,808,280	\$ 123,047,387	\$ 128,549,440	\$ 125,121,428	\$ 124,533,331	\$ 138,727,320	\$ 130,098,525	\$ 127,149,405
Change in Net Position										
Governmental Activities	\$ 7,348,114	\$ 16,620,753	\$ 20,313,346	\$ 18,898,251	\$ 2,252,869	\$ 3,304,167	\$ 5,316,635	\$ 7,200,858	\$ 8,756,109	\$ 6,155,896
Business-type Activities	(25,637)	(49,403)	157,659	72,191	73,936	104,889	1,257,334	2,391,560	(8,076)	510,218
Total District	\$ 7,322,477	\$ 16,571,350	\$ 20,471,005	\$ 18,970,442	\$ 2,326,805	\$ 3,409,056	\$ 6,573,969	\$ 9,592,418	\$ 8,748,033	\$ 6,666,114

Source: District ACFR A-2

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

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services from the previous year.

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

	June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund:										
Restricted	\$ 13,089,585	\$ 14,017,605	\$ 15,719,627	\$ 18,558,587	\$ 18,970,726	\$ 19,205,575	\$ 21,779,150	\$ 22,799,630	\$ 26,843,499	\$ 28,161,630
Assigned	1,039,137	953,179	315,469	40,462	620,982	406,843	635,313	768,828	1,208,886	2,679,816
Unassigned	<u>2,396,534</u>	<u>2,347,624</u>	<u>2,404,541</u>	<u>2,316,967</u>	<u>2,546,788</u>	<u>3,058,747</u>	<u>3,286,993</u>	<u>7,356,220</u>	<u>6,532,291</u>	<u>4,096,726</u>
Total General Fund	<u>\$ 16,525,256</u>	<u>\$ 17,318,408</u>	<u>\$ 18,439,637</u>	<u>\$ 20,916,016</u>	<u>\$ 22,138,496</u>	<u>\$ 22,671,165</u>	<u>\$ 25,701,456</u>	<u>\$ 30,924,678</u>	<u>\$ 34,584,676</u>	<u>\$ 34,938,172</u>
All Other Governmental Funds:										
Restricted for:										
Special Revenue Fund*								\$ 697,513	\$ 750,549	\$ 900,642
Capital Projects Fund	\$ 568,540	\$ 148,540	\$ 1,664,801	\$ 620,202	\$ 458,273	\$ 539,864	\$ 383,521	625,501	219,132	292,394
Debt Service Fund	<u>45,263</u>	<u>286,069</u>	<u>36,069</u>	<u></u>	<u>1,802</u>	<u>3,182</u>	<u>1,381</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total All Other Governmental Funds	<u>\$ 613,803</u>	<u>\$ 434,609</u>	<u>\$ 1,700,870</u>	<u>\$ 620,202</u>	<u>\$ 460,075</u>	<u>\$ 543,046</u>	<u>\$ 384,902</u>	<u>\$ 1,323,015</u>	<u>\$ 969,682</u>	<u>\$ 1,193,037</u>

Source: District ACFR B-1

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 82,878,808	\$ 84,005,871	\$ 85,717,892	\$ 87,393,756	\$ 88,853,769	\$ 90,534,114	\$ 92,241,238	\$ 93,985,651	\$ 95,760,967	\$ 96,429,865
Tuition Charges	1,328,285	1,336,604	1,370,663	1,296,717	1,323,962	978,515	905,675	804,736	959,769	1,036,886
Interest Earnings	8,162	48,001	8,413	8,240	91,958	255,811	201,558	32,440	36,654	491,110
Miscellaneous	757,915	1,248,876	1,123,675	847,989	541,400	978,673	600,891	1,494,134	2,057,568	2,919,835
State Sources	13,398,089	14,832,731	16,887,311	17,895,211	19,962,090	23,205,503	24,353,793	29,846,264	35,275,090	36,578,864
Federal Sources	1,578,532	1,320,815	1,428,770	1,393,854	1,562,588	1,484,300	1,633,811	2,335,349	2,659,707	3,517,287
Total Revenues	99,949,791	102,792,898	106,536,724	108,835,767	112,335,767	117,436,916	119,936,966	128,498,574	136,749,755	140,973,847
Expenditures										
Instruction:										
Regular Instruction	26,920,848	27,443,412	27,558,982	28,089,373	28,354,341	29,069,183	28,682,480	29,700,287	29,703,947	29,188,675
Special Education Instruction	11,998,460	12,846,421	13,167,825	13,236,885	13,571,968	13,767,124	13,966,179	13,874,027	14,718,023	15,885,816
Other Special Instruction	993,832	1,314,366	1,306,749	1,425,485	1,633,136	1,641,700	1,852,198	1,883,245	1,911,792	1,949,106
School-sponsored/Other Instructional	1,924,663	1,517,476	1,514,095	1,575,741	1,667,585	1,730,798	1,854,817	1,688,836	1,968,866	2,120,187
Support Services:										
Tuition	2,762,123	2,676,546	2,155,642	1,836,112	2,275,487	2,277,410	2,549,053	1,822,763	2,167,384	2,407,786
Student and Instruction Related Services	10,257,890	10,248,340	10,614,056	11,412,307	12,332,102	12,790,815	12,856,757	14,491,373	15,608,756	17,644,995
General Administrative Services	821,333	778,801	963,463	1,003,733	1,094,848	1,137,732	1,099,757	1,430,913	1,178,414	1,212,406
School Administrative Services	3,486,554	3,619,073	3,558,390	3,498,321	3,644,988	3,862,168	3,772,625	3,923,164	4,025,786	4,069,828
Central Services	728,026	696,289	675,431	652,085	696,564	686,105	688,429	749,892	798,957	831,694
Admin. Information Technology	625,303	648,290	661,173	709,508	768,126	726,750	840,605	877,448	935,558	1,066,525
Plant Operations and Maintenance	6,140,155	6,032,621	6,400,037	6,384,898	6,211,074	6,635,205	6,024,687	6,956,859	8,221,218	8,632,212
Pupil Transportation	5,219,548	5,169,310	5,328,761	5,154,251	5,645,226	5,407,828	5,281,001	5,206,287	5,835,623	7,276,522
Employee Benefits	19,577,007	20,521,613	22,763,318	23,638,620	26,067,479	29,119,728	30,081,903	34,863,626	40,196,512	40,628,319
Charter Schools	20,373	20,589	20,687	12,009	10,346	2,833				
Capital Outlay	735,665	3,123,933	3,310,221	3,468,645	1,429,848	2,491,055	1,704,075	443,703	754,526	2,079,994
Cost of issuance	171,194	84,661	112,906							
Debt Service:										
Principal	2,845,000	2,750,000	3,784,600	3,110,000	3,316,784	3,448,791	3,634,477	3,625,656	3,540,945	3,661,950
Interest and Other Charges	2,730,465	2,858,284	2,764,108	2,454,542	2,447,189	2,323,651	2,201,847	2,039,637	1,877,849	1,740,981
Total Expenditures	97,958,439	102,350,025	106,660,444	107,662,515	111,167,091	117,118,876	117,090,890	123,577,716	133,444,156	140,396,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,991,352	442,873	(123,720)	1,173,252	1,168,676	318,040	2,846,076	4,920,858	3,305,599	576,851
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)		1,531,879	51,375	1,143,000	136,775	56,485		26,651		
Payments to Escrow Agent	(26,384,529)	(6,395,704)	(9,037,678)							
Refunding Bonds Issued	23,920,000	5,515,000	8,680,000							
Premium on Bonds Refunded	2,635,723	965,365	470,584							
Transfers In	420,000	1,717,801	2,468,243	883,897	654,769	946,333	823,972	538,028		606,723
Transfers Out	(420,000)	(1,717,801)	(2,468,243)	(883,897)	(654,769)	(946,333)	(823,972)	(538,028)		(606,723)
Total Other Financing Sources (Uses)	171,194	1,616,540	164,281	1,143,000	136,775	56,485	-	26,651	-	-
Net Change in Fund Balances	\$ 2,162,546	\$ 2,059,413	\$ 40,561	\$ 2,316,252	\$ 1,305,451	\$ 374,525	\$ 2,846,076	\$ 4,947,509	\$ 3,305,599	\$ 576,851
Debt service as a percentage of noncapital expenditures	5.73%	5.65%	6.34%	5.34%	5.25%	5.04%	5.06%	4.60%	4.08%	3.91%

Source: District ACFR B-2

Note: Noncapital expenditures are total expenditures less capital outlay and debt service.

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

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Transportation</u> <u>Fees</u>	<u>Facility</u> <u>Use Fees</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Annual Totals</u>
2014	\$ 231,752	\$ 104,128	\$ 265,891	\$ 106,586	\$ 708,357
2015	240,193	129,594	401,932	209,742	981,461
2016	237,288	117,098	59,024	568,488	981,898
2017	225,237	129,242	105,434	162,890	622,803
2018	207,025	140,023	22,890	123,783	493,721
2019	241,335	149,972	29,822	463,889	885,018
2020	165,168	84,634	7,753	269,041	526,596
2021	59,344		30,512	434,358	524,214
2022	158,783	83,484	5,710	363,610	611,587
2023	164,001	118,928	487,404	817,236	1,587,569

Source: District Records

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Req.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2014	\$ 22,851,600	\$ 5,817,633,500	\$ 24,930,300	\$ 322,100	\$ 710,308,200	\$ 5,260,000	\$ 7,946,000	\$ 6,589,251,700	\$ 7,863,173	\$ 6,597,114,873	\$ 6,730,668,212	\$ 1.265
2015	18,465,900	6,029,535,000	23,132,300	301,600	713,515,600	6,476,500	7,923,800	6,799,350,700	8,113,677	6,807,464,377	6,896,718,944	1.246
2016	19,396,000	6,031,343,100	26,258,500	306,000	717,290,500	6,476,500	8,013,500	6,809,084,100	7,858,035	6,816,942,135	6,976,129,429	1.270
2017	20,557,600	5,988,078,700	31,572,700	300,300	728,288,600	6,476,500	8,131,800	6,783,406,200	7,895,242	6,791,301,442	6,791,301,442	1.297
2018	16,232,700	5,976,650,700	30,782,900	292,000	765,478,300	2,052,200	8,626,800	6,800,115,600	7,863,361	6,807,978,961	6,807,978,961	1.317
2019	14,373,000	5,978,937,900	28,394,100	268,700	785,793,100	2,128,000	8,586,700	6,818,481,500	7,896,944	6,826,378,444	6,826,378,444	1.339
2020	12,255,400	5,853,177,400	28,439,600	278,300	793,945,900	2,173,400	8,744,000	6,699,014,000	8,151,385	6,707,165,385	6,707,165,385	1.389
2021	14,385,500	5,936,384,357	27,806,900	271,100	764,069,500	2,199,700	9,977,500	6,755,094,557	8,243,422	6,763,337,979	6,763,337,979	1.403
2022	14,207,500	6,349,085,500	31,312,500	284,900	780,503,100	2,279,500	13,928,000	7,191,601,000	8,258,900	7,199,859,900	7,727,882,129	1.335
2023	25,880,600	6,890,127,100	33,658,700	284,200	799,988,300	2,279,500	15,109,800	7,767,328,200	9,147,000	7,776,475,200	7,772,790,503	1.314

Source: Municipal Tax Assessor

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

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

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

^b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Bernards School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Bernards Township	Somerset County	
2014	\$ 1.185	\$ 0.080	\$ 1.265	\$ 0.317	\$ 0.352	\$ 1.934
2015	1.171	0.075	1.246	0.316	0.354	1.916
2016	1.193	0.077	1.270	0.322	0.359	1.951
2017	1.221	0.076	1.297	0.329	0.363	1.989
2018	1.242	0.075	1.317	0.327	0.361	2.005
2019	1.264	0.075	1.339	0.332	0.363	2.005
2020	1.312	0.077	1.389	0.343	0.362	2.094
2021	1.327	0.076	1.403	0.347	0.360	2.110
2022	1.286	0.049	1.335	0.333	0.343	2.011
2023	1.244	0.070	1.314	0.333	0.300	1.947

Source: Municipal Tax Collector

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

	2023			2014		
	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value
295 North Maple LLC/Verizon Corp Svcs Group	\$ 238,543,100	1	3.07%	\$ 200,437,192	1	3.04%
Fellowship Senior Living Inc/Fellowship Deconry Inc	68,292,800	2	0.88%	49,077,900	2	0.74%
106, 110, 150 Allen LLC C/O Signature Acq	50,217,400	3	0.65%			
RW 211 Mount Airy LLC	49,603,400	4	0.64%	22,000,000	6	0.33%
Bernards Plaza Assoc LLC	33,824,600	5	0.44%			
Crown Court Associates	21,545,600	6	0.28%			
131 Morristown Re; C/O UBS Rlty Inv	19,977,900	7	0.26%	21,166,200	7	0.32%
120 Mountain View LLC	19,284,000	8	0.25%	19,395,300	8	0.29%
CCM Properties Two, LLC	17,690,400	9	0.23%			
477 Martinsille Rd, JSM at Basking Ridge, LLC	16,136,300	10	0.21%			
AREP Westgate I, LLC				29,967,500	3	0.45%
Ashford Basking Ridge LP (Marriott)				23,500,000	4	0.36%
110 Allen Road LLC				22,195,900	5	0.34%
150 Allen Road LLC				18,755,200	9	0.28%
Affinity Fed Credit Union				18,322,200	10	0.28%
Total	\$ 535,115,500		6.89%	\$ 424,817,392		6.43%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 82,878,808	\$ 82,878,808	100.00%	
2015	84,005,871	92,389,337	109.98%	
2016	85,717,892	77,334,426	90.22%	*
2017	87,393,756	87,393,756	100.00%	*
2018	88,853,769	88,853,769	100.00%	
2019	90,534,114	90,534,114	100.00%	
2020	92,241,238	92,241,238	100.00%	
2021	93,985,651	93,985,651	100.00%	
2022	95,760,967	95,760,967	100.00%	
2023	96,429,865	96,429,865	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form).

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount certified prior to the end of the school year.

* The Township remitted the first quarter payment of the 2016 tax levy early, in the prior fiscal year.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>			Percentage of Personal <u>Income</u> ^a	<u>Per Capita</u> ^a
	<u>General Obligation Bonds</u>	<u>Financed Purchases</u>	<u>Total District</u>		
2014	\$ 73,455,000	\$ 111,271	\$ 73,566,271	3.29%	\$ 82,666
2015	70,365,000	1,242,640	71,607,640	3.01%	87,930
2016	66,430,000	777,482	67,207,482	2.75%	90,268
2017	63,320,000	1,495,568	64,815,568	2.48%	96,548
2018	60,380,000	1,194,159	61,574,159	2.16%	104,620
2019	57,315,000	795,564	58,110,564	1.94%	110,466
2020	54,130,000	346,085	54,476,085	1.79%	112,825
2021	50,790,000	87,080	50,877,080	1.61%	113,975
2022	47,295,000	41,135	47,336,135	Not Available	Not Available
2023	43,655,000	47,554	43,702,554	Not Available	Not Available

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
2014	\$ 73,455,000		\$ 73,455,000	1.08%	\$ 82,666
2015	70,365,000		70,365,000	1.03%	87,930
2016	66,430,000		66,430,000	0.98%	90,268
2017	63,320,000	\$ 1,802	63,318,198	0.93%	96,548
2018	60,380,000	3,182	60,376,818	0.88%	104,620
2019	57,315,000	1,381	57,313,619	0.84%	110,466
2020	54,130,000	1	54,129,999	0.81%	112,825
2021	50,790,000	1	50,789,999	0.75%	113,975
2022	47,295,000	1	47,294,999	0.66%	Not Available
2023	43,655,000	1	43,654,999	0.56%	Not Available

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

^a See J-6 for property tax data.

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

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022
Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ^a	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Bernards Township	Information not available		
Somerset County General Obligation Debt			-
Subtotal, Overlapping Debt			
Bernards School District Direct Debt			\$ 43,655,000
Total Direct and Overlapping Debt			\$ 43,655,000

Source: Assessed value data used to estimate applicable percentages provided by the Somerset County Board of Taxation.

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Bernards Township's equalized property value that is within the Somerset County's boundaries and dividing it by Somerset County's total equalized taxable value.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2023

<u>Year</u>	<u>Equalized Valuation Basis</u>
2023	\$ 7,767,328,200
2022	7,727,882,129
2021	7,305,964,262
	<u>\$ 22,801,174,591</u>
Average Equalized Valuation of Taxable Property	\$ 7,600,391,530
Debt Limit (4% of Average Equalization Value)	\$ 304,015,661 ^a
Total Net Debt Applicable to Limit	47,294,999
Legal Debt Margin	<u>\$ 256,720,662</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 273,097,869	\$ 271,639,443	\$ 277,231,659	\$ 277,921,998	\$ 276,738,798	\$ 274,742,118	\$ 274,742,118	\$ 270,625,091	\$ 288,058,710	\$ 304,015,661
Total Net Debt Applicable to Limit	<u>73,455,000</u>	<u>70,365,000</u>	<u>66,430,000</u>	<u>63,318,198</u>	<u>60,376,818</u>	<u>57,313,619</u>	<u>54,129,999</u>	<u>50,789,999</u>	<u>47,295,000</u>	<u>47,294,999</u>
Legal Debt Margin	<u>\$ 199,642,869</u>	<u>\$ 201,274,443</u>	<u>\$ 210,801,659</u>	<u>\$ 214,603,800</u>	<u>\$ 216,361,980</u>	<u>\$ 217,428,499</u>	<u>\$ 220,612,119</u>	<u>\$ 219,835,092</u>	<u>\$ 240,763,710</u>	<u>\$ 256,720,662</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.90%	25.90%	23.96%	22.78%	21.82%	20.86%	19.70%	18.77%	16.42%	15.56%

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

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

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^a
2014	27,072	\$ 2,237,933,952	\$ 82,666	4.40%
2015	27,026	2,376,396,180	87,930	3.50%
2016	27,034	2,440,305,112	90,268	3.70%
2017	27,061	2,612,685,428	96,548	3.30%
2018	27,205	2,846,187,100	104,620	2.90%
2019	27,142	2,998,268,172	110,466	2.50%
2020	27,025	3,049,095,625	112,825	5.60%
2021	27,747	3,162,464,325	113,975	4.10%
2022	27,896	3,179,446,600	Not Available	2.60%
2023	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept. of Labor and Workforce Development and is reported as of July 1 of the identified year.
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^c Per capita personal income by municipality estimated based upon the Census published by the US Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Principal Employers
Current Year and Nine Years Ago
Unaudited**

	2023		2014	
<u>Employer</u>	<u>Employees</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	Percentage of Total Municipal <u>Employment</u>

N/A

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Teachers - General Fund	467.0	482.7	490.1	489.0	488.2	472.8	490.1	481.0	488.0	455.3
Classroom Aides - General Fund	116.8	122.3	119.5	128.2	129.6	130.8	112.5	137.0	116.0	135.6
Athletic	2.0	2.0	2.0	2.0	2.0	4.0	4.0	3.0	2.8	3.0
Health Services	10.0	12.0	12.5	12.6	13.0	13.0	13.0	13.0	16.3	14.2
Related Services	13.5	13.5	13.0	13.0	16.0	16.0	16.0	17.2	17.8	17.0
Extraordinary Services	9.5	7.6	9.0	10.0	8.0	9.0	10.0	14.8	10.0	9.4
Guidance - Professional	20.2	20.0	20.7	21.0	21.0	22.0	22.0	23.0	22.0	25.0
Guidance - Support	9.0	8.0	8.0	8.0	8.0	10.0	8.0	10.0	7.0	7.0
Child Study Team	20.8	21.6	23.0	21.6	22.0	23.3	21.0	22.0	22.1	21.6
Child Study Team - Support	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Supervisors and Other Professionals	4.5	4.5	5.5	5.5	6.0	12.0	12.5	6.0	12.5	12.5
Improvement of Instruction - Support	2.0	3.0	2.0	3.0	3.0	3.0	3.0	9.5	3.0	3.0
Media Services/Technology	10.0	9.0	10.0	10.0	10.0	10.0	9.0	9.0	8.0	8.0
Professional Development - Support	5.0	4.0	4.0	4.0	4.0	5.0	4.5	5.0	5.0	5.0
General District Administrators	5.0	5.5	9.0	8.5	9.0	3.0	2.5	2.5	2.5	2.5
General Administration - Professional	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administration - Support	0.5	1.0	-	-	-	-	-	-	-	-
Principals/Assistant Professionals	17.0	17.0	17.0	17.0	17.0	15.0	16.0	15.0	17.0	16.0
School Administration - Support	19.0	19.0	19.0	19.0	19.5	20.0	19.5	20.0	20.0	20.0
Central Services - Administrators	7.5	9.0	6.0	6.0	6.0	6.5	5.5	5.5	6.5	7.0
Administration Information Technology Services	9.5	9.0	9.0	9.0	10.0	8.0	9.0	8.0	9.0	9.5
Operation and Maintenance	2.0	3.0	2.0	2.0	3.0	3.5	2.5	4.5	4.5	5.5
Total	757.9	780.8	788.2	795.4	801.3	792.9	786.6	812.0	796.0	783.1

Source: District Records

N/A - Not Available

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2014	5,720	\$ 91,476,115	\$ 15,992	3.14%	467	10.6	10.0	11.1	5,762	5,458	1.14%	94.72%
2015	5,677	93,533,147	16,476	3.02%	483	10.2	10.3	11.1	5,695	5,449	-1.16%	95.68%
2016	5,626	96,688,609	17,186	4.31%	490	10.0	10.5	11.4	5,635	5,407	-1.05%	95.95%
2017	5,521	98,629,328	17,864	3.95%	489	9.8	10.5	11.1	5,529	5,300	-1.88%	95.86%
2018	5,410	103,973,270	19,219	7.58%	488	9.6	9.5	10.7	5,423	5,142	-1.92%	94.82%
2019	5,278	108,855,379	20,624	7.31%	473	9.1	9.2	10.6	5,308	5,076	-2.12%	95.63%
2020	5,105	109,950,491	21,538	4.43%	490	8.8	9.0	10.1	5,146	5,005	-3.05%	97.26%
2021	5,095	117,468,720	23,056	7.05%	481	8.9	9.8	10.2	4,851	4,752	-5.73%	97.96%
2022	4,835	127,270,836	26,323	14.17%	488	10.1	9.1	12.1	4,748	4,541	-2.12%	95.64%
2023	4,688	106,183,448	22,650	-13.95%	455	10.5	10.0	12.0	4,752	4,498	0.08%	94.65%

Source: District Records.

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service, capital outlay and costs of issuance on debt.
- ^b Teaching staff includes only full-time equivalents of certificated staff.
- ^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years
Unaudited

<u>District Building</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022	68,022
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	612	610	601	592	594	546	556	556	484	484
Liberty Corner Elementary School										
Square Feet	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240	82,240
Capacity (students)	682	682	682	682	682	682	682	682	682	682
Enrollment	581	556	531	545	536	525	515	516	461	461
Mount Prospect Elementary School										
Square Feet	97,708	103,440	103,440	103,440	103,440	103,440	103,440	103,440	103,440	103,440
Capacity (students)	839	839	839	839	839	839	839	839	839	839
Enrollment	680	672	651	611	571	570	520	539	504	504
Oak Street Elementary School										
Square Feet	69,272	75,927	75,927	75,927	75,927	75,927	75,927	75,927	75,927	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	616	579	550	513	488	465	420	420	406	406
<u>Middle School:</u>										
William Annin Middle School										
Square Feet	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,366	1,382	1,396	1,359	1,341	1,317	1,282	1,282	1,200	1,200
<u>High School:</u>										
Ridge High School										
Square Feet	297,158	312,939	312,939	312,939	312,939	312,939	312,939	312,939	312,939	312,939
Capacity (students)	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,865	1,878	1,897	1,901	1,877	1,855	1,812	1,798	1,779	1,779
<u>Other:</u>										
Administration Building										
Square Feet	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076

Number of Schools at June 30, 2023:

- Elementary = 4
- Middle School = 1
- Senior High School = 1
- Other = 1

Source: District Facilities Office

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

N/A - Not Available

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

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

*School Facilities	Ridge H.S.	William Annin M.S.	Cedar Hill E.S.	Liberty Corner E.S.	Mount Prospect E.S.	Oak Street E.S.	Total
2014	\$ 646,721	\$ 354,120	\$ 148,039	\$ 178,983	\$ 212,646	\$ 150,760	\$ 1,691,269
2015	726,010	397,536	166,189	200,926	238,717	169,244	1,898,622
2016	721,482	394,688	133,261	203,013	236,712	177,041	1,866,197
2017	752,998	403,255	161,308	205,125	230,845	176,683	1,930,214
2018	790,076	378,896	159,328	200,454	233,151	179,617	1,941,522
2019	933,473	450,151	180,017	212,332	284,436	229,824	2,290,233
2020	781,425	413,682	171,939	189,580	213,572	175,973	1,946,171
2021	1,350,708	321,205	152,842	173,947	206,272	226,560	2,431,534
2022	1,096,118	405,282	192,244	222,039	282,474	270,368	2,468,525
2023	1,165,615	430,978	204,433	236,117	300,384	287,510	2,625,037
Total School Facilities	\$ 10,531,871	\$ 5,022,329	\$ 2,117,972	\$ 2,564,607	\$ 3,083,258	\$ 2,500,192	\$ 25,820,230

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

Source: District Records

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Insurance Schedule
June 30, 2023

School Package Policy - NJSIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$ 201,104,125	\$ 5,000
Electronic Data Processing	1,600,000	1,000
Boiler and Machinery	201,104,125	5,000
Comprehensive General Liability	31,000,000	-
Crime	1,000,000	1,000
Automobile	31,000,000	1,000
Environmental Liability	1,000,000	25,000
Commercial Excess	Included	-
Workers' Compensation	3,000,000	-
Educators Legal Liability	31,000,000	10,000
 N.J. Cap Program - Fireman's Fund Insurance Co.	 25,000,000	 -
 Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	-
Treasurer	430,000	-
 Student Accident - McCloskey Insurance	 5,000,000	 -

Source: Bernards Township Board of Education.

Single Audit Section

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

Independent Auditors' Report

**Honorable President and
Members of the Board of Education
Bernards Township School District
County of Somerset
Basking Ridge, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Bernards Township School District, in the County of Somerset, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 22, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB Circular 15-08**

Independent Auditors' Report

**Honorable President and
Members of the Board of Education
Bernards Township School District
County of Somerset
Basking Ridge, New Jersey**

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Bernards Township School District's, in the County of Somerset, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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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 federal and 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 federal and state programs.

Auditors' 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 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. Non-compliance 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 federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, 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 Uniform Guidance and New Jersey OMB Circular 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.

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

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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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 22, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2022	Cash Received	Budgetary Expenditures	Disbursed to Subrecipients	Adjustments	(Accounts Receivable) June 30, 2023	Unearned Revenue June 30, 2023	Due to Grantor at June 30, 2023	Amounts Provided to Subrecipients
				From	To									
General Fund:														
U.S. Department of Health and Human Services														
Passed-Through State Department of Education														
Medical Assistance Program - SEMI	93.778	2105NJ5MAP	\$ 8,666	07/01/22	06/30/23		\$ 8,666	\$ (8,666)						
U.S. Department of Labor-Passed-Through State														
Department of Labor														
COVID-19 American Rescue Plan Act (ARPA) Unemployment Reimbursement (NC)	17.000	N/A	98,204	07/01/22	6/30/2023		98,204	(98,204)						
Total General Fund							<u>106,870</u>	<u>(106,870)</u>						
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
Title I, Part A	84.010	S010A220030	463,815	07/01/22	09/30/23			(238,665)			\$ (238,665)			
Title I, Part A	84.010	S010A210030	388,756	07/01/21	09/30/22	\$ 55,506		(36,000)		\$ (19,506)				
Subtotal Title I, Part A						<u>55,506</u>		<u>(274,665)</u>		<u>(19,506)</u>				<u>(238,665)</u>
Title II - Part A	84.367	S367A220029	143,152	07/01/22	09/30/23		5,987	(140,697)						(134,710)
Subtotal Title II Part A							<u>5,987</u>	<u>(140,697)</u>						<u>(134,710)</u>
Language Instruction for English Learners and Immigrant Students:														
Title III	84.365	S365A220030	31,582	07/01/22	09/30/23			(12,287)						
Title III	84.365	S365A210030	19,253	07/01/21	09/30/22	18,749				(2,453)			\$ 4,009	
Title III	84.365	S365A200030	27,123	07/01/20	09/30/21	876				(876)				
Subtotal Language Instruction for English Learners and Immigrant Students						<u>19,625</u>		<u>(12,287)</u>		<u>(3,329)</u>				<u>4,009</u>
Title IV	84.424	S424A220031	47,772	07/01/22	09/30/23			(31,022)						(31,022)
Title IV	84.424	S424A210031	26,277	07/01/21	09/30/22	7,435								7,435
Subtotal Title IV						<u>7,435</u>		<u>(31,022)</u>						<u>7,435</u>
Special Education Grant Cluster:														
COVID-19 American Rescue Plan - I.D.E.A., Part B, Preschool	84.173X	H173X210114	21,850	07/01/21	09/30/23			(17,130)						(17,130)
COVID-19 American Rescue Plan - I.D.E.A., Part B, Basic	84.027X	H027X210100	255,816	07/01/21	09/30/23	(49,279)	70,976	(41,650)		(21,697)				(41,650)
I.D.E.A., Part B, Basic	84.027	H027A220100	1,359,930	07/01/22	09/30/23		727,274	(1,135,043)						(407,769)
I.D.E.A., Part B, Basic	84.027	H027A210100	1,287,285	07/01/21	09/30/22	(342,952)	407,052	(64,100)						(64,100)
I.D.E.A., Preschool	84.173	H173A220114	93,967	07/01/22	09/30/23			(40,128)						(40,128)
I.D.E.A., Preschool	84.173	H173A210114	70,835	07/01/21	09/30/22	(22,998)	17,018	(1,600)		7,580				(1,600)
Subtotal of Special Education Grant Cluster						<u>(415,229)</u>	<u>1,222,320</u>	<u>(1,299,651)</u>		<u>(14,117)</u>				<u>(506,677)</u>
Education Stabilization Fund:														
COVID-19 CARES Emergency Relief (ESSER I)	84.425D	S425D200027	265,696	03/13/20	09/30/23		(25)			25				
COVID-19 ESSER II	84.425D	S425D210027	1,000,565	03/15/21	09/30/23	(4,631)	312	(171,847)						(176,166)
COVID-19 ESSER II - NJTSS Mental Health Support Staffing	84.425U	S425D210027	45,000	03/15/21	09/30/23	(32,827)	33,687	(12,173)						(11,313)
COVID-19 ESSER II - Accelerated Learning Coach and Educator Support	84.425U	S425D210027	382,512	03/15/21	09/30/23	(7,608)	7,608							
COVID-19 ESSER II - Learning Acceleration	84.425U	S425D210027	64,211	03/15/21	09/30/23			(56,603)						(56,603)
COVID-19 American Rescue Plan ESSER (ESSER III)	84.425U	S425U210027	2,248,706	03/15/21	09/30/24	(40,000)		(672,026)						(712,026)
COVID-19 ARP ESSER - Evidence Based Summer Learning and Enrichment	84.425U	S425D210027	40,000	03/15/21	09/30/24			(36,000)						(36,000)
COVID-19 ARP ESSER - Learning Acceleration	84.425U	S425D210027	40,000	03/15/21	09/30/24			(20,904)						(20,904)
Subtotal Education Stabilization Fund						<u>(85,091)</u>	<u>41,607</u>	<u>(969,553)</u>		<u>25</u>				<u>(1,013,012)</u>
Total U.S. Department of Education Passed-Through State						<u>(417,754)</u>	<u>1,269,914</u>	<u>(2,727,875)</u>		<u>(36,927)</u>				<u>11,444</u>
Department of Education														
U.S. Department of the Treasury														
Passed-through State Department of the Treasury:														
Coronavirus State and Local Fiscal Recovery Funds -														
COVID-19 Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFD0E1SES	838,939	03/03/21	12/31/24		418,815	(838,939)						(420,124)
COVID-19 Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFD0E1SES	649,735	03/03/21	12/31/24	(649,735)	649,735							(420,124)
Subtotal ACSERS						<u>(649,735)</u>	<u>1,068,550</u>	<u>(838,939)</u>						<u>(420,124)</u>
TOTAL SPECIAL REVENUE FUND						<u>(1,067,489)</u>	<u>2,338,464</u>	<u>(3,566,814)</u>		<u>(36,927)</u>				<u>11,444</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ (1,067,489)</u>	<u>\$ 2,445,334</u>	<u>\$ (3,673,684)</u>	<u>\$ -</u>	<u>\$ (36,927)</u>	<u>\$ (2,344,210)</u>	<u>\$ -</u>	<u>\$ 11,444</u>	<u>\$ -</u>

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
			From	To	(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Special Education Aid	21-495-034-5120-089	\$ 4,879,061	7/1/2022	6/30/2023			\$ 4,396,096	\$ (4,879,061)				\$ (482,965)	\$ (4,879,061)	
Special Education Aid	22-495-034-5120-089	4,231,694	7/1/2021	6/30/2022									(4,231,694)	
Security Aid	21-495-034-5120-084	341,292	7/1/2021	6/30/2023			307,508	(341,292)				(33,784)	(341,292)	
Security Aid	22-495-034-5120-084	101,447	7/1/2021	6/30/2022									(101,447)	
Transportation Aid	21-495-034-5120-014	1,296,717	7/1/2021	6/30/2023			1,168,359	(1,296,717)				(128,358)	(1,296,717)	
Transportation Aid	22-495-034-5120-014	1,296,717	7/1/2021	6/30/2022									(1,296,717)	
Extraordinary Aid	21-495-034-5120-044	4,235,337	7/1/2021	6/30/2023				(4,235,337)			\$ (4,235,337)		(4,235,337)	
Extraordinary Aid	22-495-034-5120-044	4,710,052	7/1/2021	6/30/2022		\$ (4,710,052)	4,710,052						(4,710,052)	
Securing our Children's Future Bond Act - Alyssa's Law	20E00395	303,316	4/1/2021	3/31/2023		(71,271)						(303,316)	(303,316)	
Nonpublic School Transportation Costs	21-495-034-5120-014	114,504	7/1/2021	6/30/2023								(114,504)	(114,504)	
Nonpublic School Transportation Costs	22-495-034-5120-014	109,720	7/1/2021	6/30/2022			109,720						(109,720)	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	3,455,411	7/1/2021	6/30/2023		(109,720)	3,287,275	(3,455,411)				(168,136)	(3,455,411)	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	3,330,420	7/1/2021	6/30/2022		(162,801)	162,801						(3,330,420)	
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	16,956,863	7/1/2021	6/30/2023			16,956,863	(16,956,863)					(16,956,863)	
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	22-495-034-5094-001	4,454,527	7/1/2021	6/30/2023			4,454,527	(4,454,527)					(4,454,527)	
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004	6,324	7/1/2021	6/30/2023			6,324	(6,324)					(6,324)	
Total General Fund						(5,053,844)	35,559,525	(35,972,081)			(4,821,293)	(645,107)	(44,944,341)	
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	21-100-034-5120-064	30,426	7/1/2021	6/30/2023			30,426	(29,839)				\$ 587	(29,839)	
Textbook Aid	22-100-034-5120-064	25,568	7/1/2021	6/30/2022										
Nursing Services	21-100-034-5120-373	51,632	7/1/2021	6/30/2023			\$ 1,978	(46,480)		\$ (1,978)		5,152	(46,480)	
Nursing Services	22-100-034-5120-070	47,712	7/1/2021	6/30/2022			5,860				(5,860)			
Technology	22-100-034-5120-373	19,362	7/1/2021	6/30/2023			19,362	(16,684)				2,678	(16,684)	
Technology	22-100-034-5120-373	17,892	7/1/2021	6/30/2022			209				(209)			
Security	21-100-034-5120-509	94,505	7/1/2021	6/30/2023			94,505	(77,147)				17,358	(77,147)	
Security	22-100-034-5120-509	74,550	7/1/2021	6/30/2022			19,663				(19,663)			
Auxiliary Services:														
Home Instruction	22-000-034-5120-067	3,290	7/1/2021	6/30/2022		(3,290)	3,290							
English as a Second Language	21-100-034-5120-067	2,105	7/1/2021	6/30/2023			2,105	(1,905)				200	(1,905)	
English as a Second Language	22-100-034-5120-067	8,222	7/1/2021	6/30/2022			8,222				(8,222)			
Compensatory Education	21-100-034-5120-067	75,902	7/1/2021	6/30/2023			75,902	(57,025)				18,877	(57,025)	
Compensatory Education	22-100-034-5120-067	68,977	7/1/2021	6/30/2022			18,722				(18,722)			
Handicapped Services:														
Supplemental Instruction	21-100-034-5120-066	30,727	7/1/2021	6/30/2023			30,727	(24,532)				6,195	(24,532)	
Supplemental Instruction	22-100-034-5120-066	23,375	7/1/2021	6/30/2022			1,321				(1,321)			
Examination and Classification	21-100-034-5120-066	55,544	7/1/2021	6/30/2023			55,544	(45,500)				10,044	(45,500)	
Examination and Classification	22-100-034-5120-066	39,056	7/1/2021	6/30/2022			380				(380)			
Corrective Speech	21-100-034-5120-066	28,830	7/1/2021	6/30/2023			28,830	(21,390)				7,440	(21,390)	
Corrective Speech	22-100-034-5120-066	23,901	7/1/2021	6/30/2022			6,138				(6,138)			
Total N.J. Nonpublic Aid						(3,290)	62,493	392,323	(320,502)		(62,493)	68,531	(290,663)	
NJSDA Grants:														
Emergent Needs and Capital Maintenance Grant	Not Available	130,170	04/01/21	03/31/23				(116,642)				(116,642)	(130,170)	
Total Special Revenue Fund						(3,290)	62,493	392,323	(437,144)		(62,493)	(116,642)	(420,833)	
NJSDA Grants:														
Capital Projects Fund:														
WAMS - Unit Ventilator Replacement	0350-050-14-G2NX	524,640	12/12/2014	Completion		(26,004)					(26,004)	(26,004)	(505,864)	
WAMS - HVAC Upgrades	0350-050-14-G2NW	401,720	12/12/2014	Completion		(11,960)					(11,960)	(19,348)	(393,438)	
Total Capital Projects Fund						(37,964)					(37,964)	(45,352)	(899,303)	

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
			From	To	(Accounts Receivable)	Due to Grantor	Cash Received				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Debt Service Fund:														
Debt Service Aid	495-034-5120-075	\$ 263,461	7/1/2022	6/30/2023			\$ 263,461	\$ (263,461)						\$ (263,461)
Total Debt Service Fund							263,461	(263,461)						(263,461)
Total Expenditures of State Financial Assistance					\$ (5,095,098)	\$ 62,493	\$ 36,215,309	\$ (36,672,686)	\$ -	\$ (62,493)	\$ (4,975,899)	\$ 68,531	\$ (690,459)	\$ (46,527,938)
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	16,956,863	7/1/2022	6/30/2023			\$ 16,956,863	\$ (16,956,863)						\$ (16,956,863)
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	495-034-5094-001	4,454,527	7/1/2022	6/30/2023			4,454,527	(4,454,527)						(4,454,527)
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	495-034-5094-004	6,324	7/1/2022	6/30/2023			6,324	(6,324)						(6,324)
Total On-Behalf State Financial Assistance							21,417,714	(21,417,714)						(21,417,714)
Total State Financial Assistance Subject to Single Audit Determination					\$ (5,095,098)	\$ 62,493	\$ 14,797,595	\$ (15,254,972)	\$ -	\$ (62,493)	\$ (4,975,899)	\$ 68,531	\$ (690,459)	\$ (25,110,224)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2023

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2023. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting is described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis of accounting except for the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2023

3. Relationship to Basic Financial Statements (continued)

For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$93,822 for the general fund and \$46,210 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 8,666	\$ 35,878,259	\$ 35,886,925
Special Revenue Fund	3,508,621	437,144	3,945,765
Debt Service Fund		263,461	263,461
Total financial award revenues	<u>\$ 3,517,287</u>	<u>\$ 36,578,864</u>	<u>\$ 40,096,151</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2023.

The post retirement pension medical benefits and long-term disability received on-behalf of the District for the year ended June 30, 2023 amounted to \$21,417,714. Since on-behalf post retirement pension medical and other long-term disability benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2023

5. Other (continued)

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$98,204, which have been included on the schedule of expenditures of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the third quarter of 2021) and therefore have been excluded from the District's basic financial statements.

6. Indirect Costs

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part I - Summary of Auditors' Results

Financial Statements

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

	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> _____	None Reported
Noncompliance material to the basic financial statements noted?	_____ Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major federal programs:

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

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

	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> _____	No

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
21.027	SLFRFDOE1SES	Compensatory Special Education and Related Services (ACSERS)
84.425D/84.425U	S425D210027/S425U210027	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Fund, American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)

Township of Bernards Board of Education
 Schedule of Findings and Questioned Costs (continued)
 Year ended June 30, 2023

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

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

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

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-044	Extraordinary Aid

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

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

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2023

Part II – Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Township of Bernards Board of Education

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

**Part III - Schedule of Federal Award and State Financial Assistance
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Financial Assistance Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.