

BERNARDS PUBLIC SCHOOLS

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

*Comprehensive Annual Financial Report
For the Year Ended
June 30, 2015*

Township of Bernards Board of Education

Basking Ridge, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Prepared by

Business Office

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Introductory Section

BERNARDS TOWNSHIP PUBLIC SCHOOLS

101 Peachtree Road
Basking Ridge, New Jersey 07920

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

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

December 15, 2015

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Bernards Township School District (District) as of and for the year ended June 30, 2015, 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, 2015, 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 Comprehensive Annual 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 the Single Audit Act of 1984 and Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non Profit Organizations," and the New Jersey State Treasury Circular Letter 15-08 OMB, "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 OMB Circular A-133 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 District-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 2014/2015 fiscal year with an average daily enrollment of 5,695 students, which is 67 students less than the previous year's average daily enrollment. The following details the changes in average daily enrollment in the District over the last five years.

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	5,695	(1.16)%
2013-14	5,762	1.14%
2012-13	5,697	0.21%
2011-12	5,685	0.39%
2010-11	5,663	(0.67)%

2. ECONOMIC CONDITIONS AND OUTLOOK:

Clearly, the School District has not been unaffected by the financial times. The immediate future would seem to hold continuing financial and budgeting challenges for the District, especially when anticipating increases in health insurance costs and the need to replace aging technological hardware and as such the Bernards Township School District is working under conservative assumptions with respect to the economic outlook. The Board of Education has resolved to create and fund capital and maintenance reserves in an effort to support this philosophy and as a way to anticipate fluctuations in future revenues

Current demographic data suggest that total student enrollment is expected to remain flat with the exception of a decline in the early elementary grades. The current trend is for slight growth at the high school, offset by small decreases at the elementary level while the middle school remains level. The decline in enrollment is consistent with the end of residential development. The uncertain factor is the possibility of a turnover in home ownership from aging residents to potential new families. In the event that enrollment does in fact begin to decline at a significant rate, there may be an opportunity to reevaluate the collection and allocation of resources. In fact the 2014-2015 school saw a decline in elementary classroom teachers of two which allowed for the hiring of two elementary teachers for the purpose of gifted instruction.

The district has and continues to refund its outstanding serial bond debt as bonds become callable and market conditions permit. During the past three years the district has refunded \$64,470,000 or 70.8% of outstanding debt as of July 1, 2012. These refundings have reduced the district's debt levy by 10%. Since 2013 the district's bond rating has been upgraded twice. Most recently, in January of 2015 the district's bond rating was upgraded to AAA. Among the factors cited by 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..." 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 June of 2014 the district specifically designated \$1 million in reserves for retirement of future debt. In April of 2016 the district anticipates a successful refunding of callable 2006 serial bonds amounting to \$9.8 million.

3. MAJOR INITIATIVES:

Below outlines a summary of major district activities and agendas of the 2014-2015 school year divided into the following areas: A. Goals, B. Finance, C. Curriculum, D. Facilities, E. Policy, and F. Human Resources.

A. Goals

- 1) Establish a policy for an in-district new board member mentoring program.
- 2) Establish procedures for policy number 0155, Board Committees.
- 3) Establish a procedure for determining Board priorities.

Progress was made on each of the above Board of Education goals. A manual of documents for new board members was created. A new regulation of procedures was put in place for policy 0155 Board Committees. Board committees were tasked with a goal for 2015-2016 of setting a focus goal for the year to set a top priority. The District goals for the 2014-2015 school year included:

- 1) Utilize a comprehensive staff evaluation system which collects data to enhance instructional practices that support student learning and guide staff professional development.
- 2) Promote Professional Learning Communities where staff collaborate to design assessments that generate data to be utilized for the purpose of setting S.M.A.R.T (Specific, Measurable, Attainable, Realistic, and Timely) goals and **designing instruction to meet the needs of all learners.**
- 3) Increase the district's ability to prepare students for college, career and 21st century success.

The district goals were also completed. The district implemented additional training through four additional early dismissal days in grades PK-5 in order to facilitate the accomplishment

of these goals. PLC time was designated at all the schools. The district implemented Google for Educators and Gmail to continue to advance efforts to assist students in their preparation for 21st century success. Additionally, the district supported this effort with the purchase of 600 Chromebook computers for student use.

B. FINANCE

All PowerPoint presentations regarding the preparation of the 2014-15 budget can be accessed on the District website. The District’s conservative approach to budgeting is reflected in this audit. Financing continues to be a burden due to the 2% tax levy cap and the inability of the State to fully fund the current formula.

The following compares our District’s 2014-2015 budgetary figures with the State Average for K-12 districts with enrollments greater than 3,501 students.

	Bernards Township	State Average
Classroom Instruction	\$8,587	\$8,880
Support Services	\$2,287	\$2,432
Administration	\$1,243	\$1,517
Extracurricular	\$304	\$275
Plant operations/maintenance	\$1,489	\$1,792
Total	\$13,910	14,896

District busing is administered by the Somerset County Educational Services Commission (SCESC). It is responsible for the management and daily operation of all transportation needs. This year there were over 100 routes servicing all regular, special education (including extended summer period), subscription and non-public students.

C. CURRICULUM

The District implemented new curriculum in the area of elementary gifted and talented programs. Elementary staff were repurposed so that each elementary school had one staff member dedicated to gifted and talented programming for identified students.

D. FACILITIES

The Business Administrator updated the Comprehensive Maintenance Plan incorporating the results of a Feasibility Study that was completed in 2011 by the Spiegle Architectural Group. Several of the major projects contained in the report were completed prior to 9-1-2015

- HVAC controls and Unit-ventilator replacements at Ridge High School and Cedar Hill Elementary School,
- Renovation of the high school fitness center
- Replacement of the high school turf field

Future major projects under consideration include:

- HVAC controls and Unit-ventilator replacements, the district has completed 4 of the secured 10 ROD grants to support this effort

E. POLICY

The district is vigilant in its policy and development efforts. The district works with Strauss Esmay in this regard. Regular policy alerts are received from Strauss Esmay and the district makes corresponding updates and changes to its policy manual in order to stay in compliance with current state statute and code. Major changes to the district policy manual were necessary in the 2014-2015 school year to accommodate graduation requirements associated with the Common Core Curriculum and the associated PARCC test.

F. HUMAN RESOURCES

Staffing remained largely stable during the 2014-2015 school year. The district did repurpose staff at the elementary level in correspondence to a decreased need for regular classroom teachers at the early primary grades where enrollment dipped.

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 philosophy:

- ❖ Education is our first priority.
- ❖ Intellectual, social, physical and emotional developments are essential to a student's education.
- ❖ Children learn in different ways; we have a responsibility to help all students maximize their potential. Students will benefit from a challenging curriculum with high standards.
- ❖ Individual student achievement is maximized by high expectations.
- ❖ Co-curricular and community service activities are important components of effective education.
- ❖ Education provides a foundation for life-long learning, critical and analytical thinking, problem solving, decision-making and respect for the individual.

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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as 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, 2015.

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

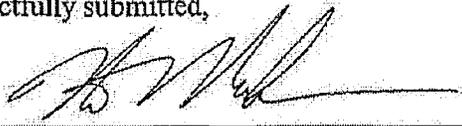
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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. For the 2014-2015 fiscal year, the District ended its participation in the Blue Cross / Blue Shield Minimum Premium Program for its health insurance that it commenced participation in the 2010-2011 fiscal year and enrolled in a traditional plan.

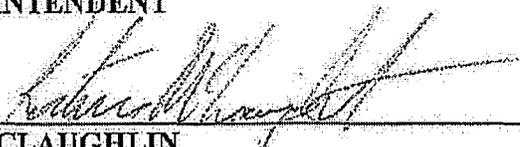
9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Wiss & Company, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and 1996 Amendments and the related OMB Circular A-133 and New Jersey State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

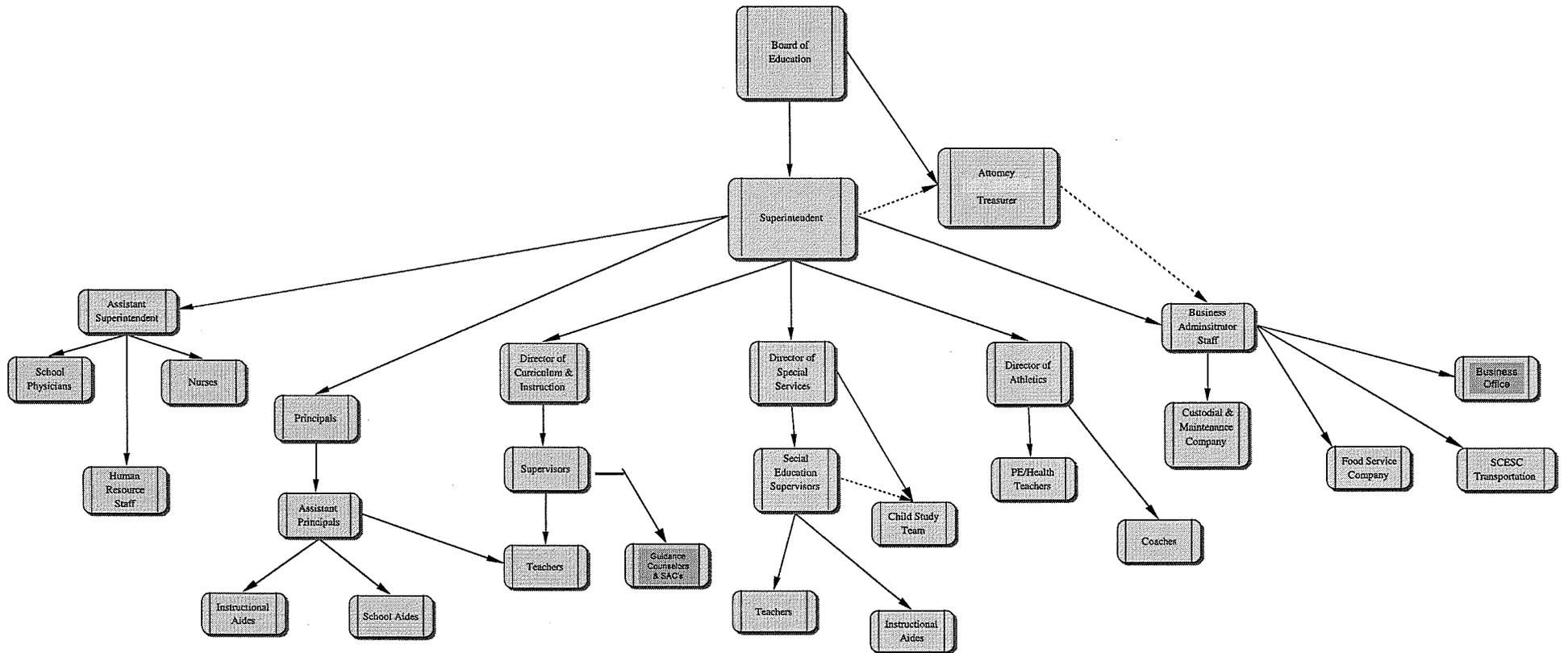


NICK MARKARIAN
SUPERINTENDENT



ROD MCLAUGHLIN
BUSINESS ADMINISTRATOR/BOARD SECRETARY

BERNARDS TOWNSHIP PUBLIC SCHOOLS
 ORGANIZATIONAL CHART
 JUNE 30, 2015



Township of Bernards Board of Education
Basking Ridge, New Jersey

Roster of Officials

June 30, 2015

Members of the Board of Education

Term

Robin McKeon, President	2013-2015
Elaine Kusel, Vice President	2014-2016
Michael Byrne	2014-2016
Beverly Darvin Cwerner	2013-2015
John Fry	2015-2017
Karen Gray	2015-2016
Karen Richman*	2015
Priti Shah	2015-2017
Linda Wooldridge	2015-2017

Other Officials

Nick Markarian, Superintendent

Sean Siet, Assistant Superintendent

Roderic McLaughlin, School Business Administrator/ Board Secretary

Michael Petrizzo, Treasurer

* appointed on 1/27/14 to fill a vacant position through 12/31/14 and re-appointed for final year of term for 2015

Township of Bernards Board of Education
Basking Ridge, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss & Company, LLP
485C Route 1 South
Iselin, NJ 08830

Attorney

Adams, Gutierrez, & Lattiboudere, LLC
744 Broad Street, Suite 1600
Newark, NJ 07102

Official Depository

Wells Fargo
59 South Finley Avenue
Basking Ridge, NJ 07920

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bernards Township School District, County of Somerset, New Jersey (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.S. to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which represents a change in accounting principle. As discussed in Note 17 to the financial statements, as of July 1, 2014, the District's net position was restated to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented

to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

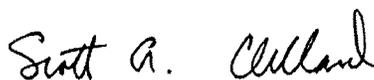
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049


WISS & COMPANY, LLP

December 15, 2015
Iselin, New Jersey

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, 2015 (Unaudited)

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, 2015. 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 year and the prior 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 all of 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).

The government-wide financial statements can be found on pages 26-27 of this report.

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

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-30 of this report.

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

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 36-75 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 76-105 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred outflows of resources by \$6,458,058 (net position) at the close of 2015.

Key financial highlights for the 2014-2015 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2015.
- The final approved extraordinary aid awarded to the District for 2014/2015 exceeded the amount budgeted for by the District.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$1,606,550, maintenance of \$1,108,907 and emergency of \$327,280.
- The District issued \$5,515,000 of refunding bonds to provide resources to advance refund the remaining portion of the District's 2004 outstanding debt of \$5,855,000 and to realize savings on future interest costs.
- The District implemented GASB Nos 68 and 71 during the 2015 fiscal year resulting in the recording of a net pension liability in the amount of \$20,506,364 at June 30, 2015. This resulted in the unrestricted net position being reduced during the year resulting in an unrestricted deficit at the government wide financial statements of \$18,323,304.

The following table provides a summary of net position relating to the District's governmental and business-type activities as of June 30, 2015 and 2014:

Township of Bernards Board of Education						
Net Position at June 30,						
2015			2014			
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Assets:						
Current and other assets	\$ 30,748,335	\$1,354,617	\$ 32,102,952	\$ 20,686,476	\$1,382,472	\$ 22,068,948
Capital assets, net	82,043,452	61,521	82,104,973	81,904,385	64,690	81,969,075
Total assets	<u>112,791,787</u>	<u>1,416,138</u>	<u>114,207,925</u>	<u>102,590,861</u>	<u>1,447,162</u>	<u>104,038,023</u>
Deferred Outflows of Resources	<u>6,330,257</u>		<u>6,330,257</u>	<u>4,422,955</u>		<u>4,422,955</u>
Liabilities:						
Current liabilities	9,532,299	239,949	9,772,248	8,278,107	342,854	8,620,961
Net pension liability	20,506,364		20,506,364			
Long-term liabilities outstanding	<u>74,195,978</u>		<u>74,195,978</u>	<u>76,152,348</u>	<u>310</u>	<u>76,152,658</u>
Total liabilities	<u>104,234,641</u>	<u>239,949</u>	<u>104,474,590</u>	<u>84,430,455</u>	<u>343,164</u>	<u>84,773,619</u>
Deferred Inflows of Resources	<u>9,605,534</u>		<u>9,605,534</u>	<u>126,482</u>		<u>126,482</u>
Net position:						
Net investment in Capital Assets	9,037,435	61,521	9,098,956	7,194,143	62,522	7,256,665
Restricted	15,682,406		15,682,406	13,238,125		13,238,125
Unrestricted (deficit)	<u>(19,437,972)</u>	<u>1,114,668</u>	<u>(18,323,304)</u>	<u>2,024,611</u>	<u>1,041,476</u>	<u>3,066,087</u>
Total net position	<u>\$ 5,281,869</u>	<u>\$1,176,189</u>	<u>\$ 6,458,058</u>	<u>\$ 22,456,879</u>	<u>\$1,103,998</u>	<u>\$ 23,560,877</u>

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 \$1,845,330, excess surplus-designated for subsequent year's expenditures of \$1,184,310, \$4,586,061 for a maintenance reserve, \$6,074,624 for a capital reserve, \$327,280 for emergency reserve and \$1,664,801 reserved for capital projects.

The increase in current and other assets is mainly attributable to the increase in cash that was generated from excess revenues received and unexpended appropriations due to conservative budget management, as well as the District receiving the first fiscal year 2015/16 tax levy payment in June, rather than subsequent to year end in July. This increase in cash also resulted in the increase in the deferred inflow of resources for the tax levy payment. The increase in capital assets, net is the result of current year additions exceeding the increase in depreciation expense in the current year. Additions comprised of additions to construction in progress related to various projects in the District that have not yet been completed as of year-end and thus have not been depreciated. The decrease in long-term liabilities is mainly the result of the pay down and refinancing of prior year bonds outstanding and payment of compensated absences for retired

employees. The increase in restricted net position is mainly attributable to the District generating an increased excess surplus in the current year, as well as approving the creation of the emergency reserve in the current year, of which the District approved a transfer of \$327,280 to this reserve.

The total net position of the District decreased \$17,102,819 during the current fiscal year, which was mostly attributable to the restatement of the prior year net position in the amount of \$20,822,890 as a result of the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of these GASB Statements also resulted in increases in deferred outflows of resources, deferred inflows of resources and net pension liability.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2015 and 2014 are as follows:

Township of Bernards Board of Education Changes in Net Position, Year ended June 30,						
2015			2014			
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,624,798	\$ 3,651,111	\$ 5,275,909	\$ 1,560,037	\$ 3,633,900	\$ 5,193,937
Operating grants and contributions	1,763,391	120,253	1,883,644	1,378,907	132,132	1,511,039
Capital grants and contributions	393,512		393,512	455,123		455,123
General revenues:						
Property taxes	84,005,871		84,005,871	82,878,808		82,878,808
Federal and State aid not restricted to specific purposes	23,047,087		23,047,087	13,192,149		13,192,149
Investment income	8,333		8,333	8,162		8,162
Miscellaneous	735,725		735,725	476,605		476,605
Total revenues	111,578,717	3,771,364	106,564,262	99,949,791	3,766,032	103,715,823
Expenses:						
Instructional services	68,885,507		68,885,507	58,189,189		58,189,189
Support services	36,324,935		36,324,935	35,618,377		35,618,377
Interest and other charges on Long term debt	2,720,395		2,720,395	3,081,435		3,081,435
Business-type activities		3,699,173	3,699,173		3,608,373	3,608,373
Total expenses	107,930,837	3,699,173	111,630,010	96,889,001	3,608,373	100,497,374
Changes in net position	3,647,880	72,191	3,720,071	3,060,790	157,659	3,218,449
Net position – beginning of year	22,456,879	1,103,998	23,560,877	19,396,089	946,339	20,342,428
Restatement	(20,822,890)		(20,822,890)			
Net position – beginning of year (as restated)	1,633,989	1,103,998	2,737,987			
Net position – end of year	\$ 5,281,869	\$ 1,176,189	\$ 6,458,058	\$ 22,456,879	\$ 1,103,998	\$ 23,560,877

The increase in governmental activities revenues of approximately \$2.8 million is mainly the result of the increase in the local tax levy of approximately \$1.5 million, as well as an increase in federal and state aid, not restricted for specific purposes of approximately \$1.07 million. The increase in revenues from operating grants and contributions is the mainly result of the additional revenue recognized in the current year for federal grant expenditures related to the IDEA grant as a result of the District using the majority of available funds during the current year for tuition whereas, there were less funds available for spending in the prior year due to the District's election to use the majority of the funding in fiscal year 2013 for classroom upgrades. The increase in unrestricted federal and state aid is mainly the result of approximately \$1.1 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2014/2015 than in the prior year, as well as an approximate \$100k for the PARCC Readiness and Per Pupil Growth State Aids in the current year.

Included in the State Aid number is the TPAF, Pension and Social Security Employer Share. The increase from 2013/14 to 2014/15 can be attributed to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. Under the new GASB Statements, the District records the on-behalf pension expense and revenue for contributions incurred by the State as calculated by an actuary.

The increase in instructional services expenses is mainly the result of the District receiving increases in some state aids awarded to the District (Extraordinary Aid, PARCC Readiness, Per Pupil Growth Aid, and Transportation Aid), allowing the District to re-reinstate certain positions and programs that they were forced to eliminate in the prior years due to budgetary cuts implemented during the previous years as well as the reallocation of prior year special education expenditures previously paid through use of operating grants and contributions into normal budget operations. The decrease in interest and other charges is mainly the result of the District's decisions to refund bonds over the past several years, thus reducing interest rates and current principal payments.

Business-type revenues increased 0.1% and expenses increased from the prior year by approximately 2.5%. The increase in expenditures was significantly driven by the increase in salaries and benefits for the Before and After School Care Program. The remainder of the fluctuations are minimal and current year activity is comparable to 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, 2015, and the increases and decreases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Local sources	\$ 86,636,562	84.6%	\$ 1,663,392	2.0%
State sources	14,485,294	14.1	1,087,205	8.1
Federal sources	1,320,815	1.3	(257,717)	(16.3)
Total	\$102,442,671	100.0 %	\$ 2,492,880	2.5%

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 help offset the increase in budgeted expenditures.

The increase in state sources is mainly the result of approximately \$1.1 million additional TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2014/2015 compared to the prior year. The increase also increased additional aid in the current year for PARCC Readiness and Per Pupil Growth Aid.

The decrease in federal sources is attributable to the District encumbering various carryover federal funds as of June 30, 2014 that were paid and charged in the 2013/14 year increasing the prior year recognized revenues, specifically related to the federal IDEA program funds in order to complete various classroom renovations.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the year ended June 30, 2015 and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 43,121,675	42.6 %	\$ 1,283,872	3.1 %
Undistributed	50,390,883	49.8	772,944	1.6
Capital outlay	1,994,248	2.0	1,258,583	171.1
Charter School	20,589	0.0	216	1.1
Debt service:				
Principal	2,750,000	2.7	(95,000)	(3.3)
Interest and other charges	2,942,945	2.9	41,286	1.4
Total	\$ 101,220,340	100.0 %	\$ 3,261,901	3.3%

The increase in instruction and undistributed expenditures is due to salary increases and related benefits and other costs associated with providing a thorough and efficient education to the students. The increase in capital outlay expenditures is mainly attributable to timing of funds

expended for capital purposes, such as the renovation of labs at William Annin Middle School, parking lot improvements at Liberty Corner School and driveway improvements at Ridge High School. The decrease in principal payments is attributed to the principal repayment schedule for outstanding debt and the overall reduction in the outstanding debt balances resulting from the current year debt payments and debt refunding. The remaining expenditures were comparable to the prior year.

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, 2015, and the increases and decreases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2014</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 3,651,111	96.8%	\$ 17,211	0.5%
State sources	6,548	0.2	(1,588)	(19.5)
Federal sources	113,705	3.0	(10,291)	(8.3)
Total	<u>\$ 3,771,364</u>	<u>100.0 %</u>	<u>\$ 5,332</u>	<u>0.1%</u>

Local and state revenues are comparable to the prior year. The decrease in revenues from federal sources is due to a decrease in meals served from the prior year for which the District receives partial reimbursement from the state and federal government.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2015, 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 2014</u>	<u>Percent of Increase (Decrease)</u>
Salaries	\$ 2,390,287	64.6 %	\$ 72,099	3.1 %
General insurance	155,799	4.2	134,721	639.2
Other purchased services	132,062	3.6	(64,230)	(32.7)
Supplies and materials	177,426	4.8	18,294	11.5
Depreciation	14,378	0.4	(12,311)	(46.1)
Cost of sales	685,839	18.5	(71,278)	(9.4)
Management fee	38,915	1.1	(22,274)	(36.4)
Miscellaneous expenses	104,467	2.8	35,779	52.1
Total	<u>\$ 3,699,173</u>	<u>100.0 %</u>	<u>\$ 90,800</u>	<u>2.5%</u>

The increase in salaries and general insurance is the result of an increase in staff and related benefits, including social security which had not previously been allocated to the Before and After School Program. The increase in supplies and materials is the result of several one-time expenses made during the current year which were required in order to maintain sufficient operations that were not necessary in the prior year. The decrease in depreciation was the result of several assets being fully depreciated in the prior year. The cost of sales decrease is the result of Aramark reducing their costs of food and beverages that are in turn charged to the District. The management fee has decreased from the prior year as Aramark reduced its management fee from the prior year. The increase in miscellaneous expenses was due to one-time expenses incurred in the current year, not required during the 2014 fiscal year, including equipment repairs and a ten month food service contract with another vendor to meet the needs of the District.

Capital Assets

Capital Assets. At June 30, 2015, the District’s governmental activities had capital assets of \$82,043,452 (net of accumulated depreciation), including land, 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, 2015 and 2014:

	June 30	
	2015	2014
Land	\$ 5,277,400	\$ 5,277,400
Construction in progress	1,177,487	-
Buildings and building improvements	74,516,901	75,552,121
Machinery, equipment and vehicles	1,071,664	1,074,864
Total capital assets, net	<u>\$ 82,043,452</u>	<u>\$ 81,904,385</u>

The increase in capital assets is mainly due to the construction in progress additions in the current year exceeding current year depreciation expense. Construction in progress at June 30, 2015 relates to the HVAC and unit ventilator upgrade projects at Ridge High School and Cedar Hill Elementary, as well as the Turf Field and Wellness Center. Business-type activity capital assets, net of accumulated depreciation were \$61,521 and \$64,690 at June 30, 2015 and 2014, respectively. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long Term Liabilities

At June 30, 2015 and 2014, the District’s governmental activity long-term liabilities consisted of:

	June 30	
	2015	2014
Bonds payable (net)	\$ 76,383,550	\$ 79,021,926
Obligations under capital leases	1,242,640	111,271
Compensated absences payable	482,998	343,833
Total long-term liabilities	<u>\$ 78,109,188</u>	<u>\$ 79,477,030</u>

During the 2015 fiscal year, the District issued \$5,515,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt resulting in a total reduction of the District's required debt service obligations over the next fifteen years of \$734,219.

Additional information on the District's long-term liabilities can be found in Note 5 to the basic financial statements.

General Fund Budgetary Highlights

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

- Regular education instruction – a decrease of \$281,771, Special education instruction – Resource Room/Resource Center – an increase of \$593,606, Special education instruction – Autism – an increase of \$104,482, Undistributed Instruction – Other Support Services – Speech, OT and Related Services – a decrease of \$210,116, Undistributed Instruction – Child Study Teams - an increase of \$116,773 and Undistributed Instruction – Education/Media Services / School Library – a decrease of \$104,623, Undistributed Instruction – Instructional Staff Training Services – an increase of \$123,010 - are the result of additional students enrolled in the Special Education programs than were originally anticipated caused by new students entering the District and the movement of students from various other programs as well as the reallocation of various special education costs previously funded by federal grants into the general fund budget.
- Instruction (tuition) – an increase of \$242,741 is the result of the out-of-District tuition related expenditures that were previously funded by a federal grant being included in the expenditures funded by the operating budget in the current year.
- Undistributed Expenditures – Required Maintenance for School Facilities – an increase of \$118,084, Undistributed Expenditures – Custodial Services – a decrease of \$479,417 are the result of conservative budgeting, based on prior year expenditures, which included one-time costs for certain maintenance. These expenses were not required in the current year. Additionally, the District was very conservative in budgeting for electricity, with the unknown of energy savings to be realized due to hiring Energy for America to monitor the electricity use across the schools.
- Unallocated benefits decreased by \$375,322 mainly due to a lower rate increase than was expected at the time the budget was approved.

Economic Factors and Next Year's Budget

- The District budgeted \$2,058,310 of its 2015 unassigned fund balance to partially fund 2015/2016 operations, a decrease of \$160,711 from the prior year.
- The 2015/2016 tax levy was increased in accordance with state regulations.

All of these factors were considered in preparing the District's budget for the 2015/2016 fiscal year.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2015.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 15,569,344	\$ 1,322,394	\$ 16,891,738
Receivables, Net	3,427,675	13,025	3,440,700
Inventories		19,198	19,198
Restricted assets:			
Cash and Cash Equivalents	10,987,965		10,987,965
Cash Held with Fiscal Agents	763,351		763,351
Capital Assets, Non-Depreciable	6,454,887		6,454,887
Capital Assets, Depreciable, Net	75,588,565	61,521	75,650,086
Total Assets	<u>112,791,787</u>	<u>1,416,138</u>	<u>114,207,925</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Defeasance of Debt	4,620,173		4,620,173
Pension Deferrals	1,710,084		1,710,084
Total Deferred Outflows of Resources	<u>6,330,257</u>		<u>6,330,257</u>
LIABILITIES			
Accounts Payable	3,917,920	142,112	4,060,032
Accrued Interest Payable	1,301,001		1,301,001
Payable to State Government	58,553		58,553
Unearned Revenue	341,615	97,837	439,452
Net Pension Liability	20,506,364		20,506,364
Noncurrent Liabilities:			
Due Within One Year	3,913,210		3,913,210
Due Beyond One Year	74,195,978		74,195,978
Total Liabilities	<u>104,234,641</u>	<u>239,949</u>	<u>104,474,590</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Tax Levy	8,383,466		8,383,466
Pension Deferrals	1,222,068		1,222,068
Total Deferred Inflows of Resources	<u>9,605,534</u>		<u>9,605,534</u>
NET POSITION			
Net Investment in Capital Assets	9,037,435	61,521	9,098,956
Restricted For:			
Capital Projects	1,664,801		1,664,801
Other Purposes	14,017,605		14,017,605
Unrestricted (deficit)	<u>(19,437,972)</u>	<u>1,114,668</u>	<u>(18,323,304)</u>
Total Net Position	<u>\$ 5,281,869</u>	<u>\$ 1,176,189</u>	<u>\$ 6,458,058</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 45,216,758	\$ 1,384,605	\$ 437,586		\$ (43,394,567)		\$ (43,394,567)
Special Education	19,374,066		1,160,287		(18,213,779)		(18,213,779)
Other Special	1,958,334				(1,958,334)		(1,958,334)
Other Instructional Programs	2,336,349				(2,336,349)		(2,336,349)
Support Services:							
Tuition	2,697,135				(2,697,135)		(2,697,135)
Student and Instruction Related Services	14,019,783		165,518	\$ 46,075	(13,808,190)		(13,808,190)
General Administrative Services	914,351				(914,351)		(914,351)
School Administrative Services	5,242,747				(5,242,747)		(5,242,747)
Central Administrative Services	958,597				(958,597)		(958,597)
Administrative Information Technology	839,648				(839,648)		(839,648)
Plant Operations and Maintenance	6,306,007			347,437	(5,958,570)		(5,958,570)
Pupil Transportation	5,346,667	240,193			(5,106,474)		(5,106,474)
Interest and Other Charges on Long-Term Debt	2,720,395				(2,720,395)		(2,720,395)
Total Governmental Activities	107,930,837	1,624,798	1,763,391	393,512	(104,149,136)		(104,149,136)
Business-type Activities:							
Food Service	2,309,728	2,199,301	120,253			\$ 9,826	9,826
After School Enrichment	102,696	126,920				24,224	24,224
Project Jump Start	90,088	105,007				14,919	14,919
Before and After School Care	1,196,661	1,219,883				23,222	23,222
Total Business-type Activities	3,699,173	3,651,111	120,253	-		72,191	72,191
Total Primary Government	\$ 111,630,010	\$ 5,275,909	\$ 1,883,644	\$ 393,512	(104,149,136)	72,191	(104,076,945)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					78,920,911		78,920,911
Property Taxes, Levied for Debt Service					5,084,960		5,084,960
State Aid Not Restricted					23,047,087		23,047,087
Interest on Investments					8,333		8,333
Miscellaneous					735,725		735,725
Total General Revenues					107,797,016		107,797,016
Changes in Net Position					3,647,880	72,191	3,720,071
Net Position - Beginning (as restated)					1,633,989	1,103,998	2,737,987
Net Position - Ending					\$ 5,281,869	\$ 1,176,189	\$ 6,458,058

Fund Financial Statements

Governmental Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 11,826,461	\$ 582,833	\$ 1,448,792	\$ 1,711,258	\$ 15,569,344
Intergovernmental Receivable - State	2,605,218	3,050	406,126		3,014,394
Intergovernmental Receivable - Federal		285,734			285,734
Intergovernmental Receivable - Local	42,559	748			43,307
Interfund Receivable	558,516				558,516
Other Accounts Receivable	71,656				71,656
Restricted assets:					
Cash and Cash Equivalents	10,987,965				10,987,965
Cash Held With Fiscal Agents			763,351		763,351
Total Assets	\$ 26,092,375	\$ 872,365	\$ 2,618,269	\$ 1,711,258	\$ 31,294,267
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,878,485	\$ 109,047	\$ 953,317		\$ 2,940,849
Interfund Payable	4,574	545,781	151		550,506
Payable to State Government		58,553			58,553
Unearned Revenue	182,631	158,984			341,615
Total Liabilities	2,065,690	872,365	953,468		3,891,523
Deferred Inflows of Resources	6,708,277			\$ 1,675,189	8,383,466
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,845,330				1,845,330
Excess Surplus - Designated for Subsequent Year's Expenditures	1,184,310				1,184,310
Capital Reserve	6,074,624				6,074,624
Emergency Reserve	327,280				327,280
Maintenance Reserve	4,586,061				4,586,061
Capital Projects			1,664,801		1,664,801
Debt Service				36,069	36,069
Assigned to:					
Designated for Subsequent Year's Expenditures	874,000				874,000
Other Purposes	79,179				79,179
Unassigned Reported In: General Fund	2,347,624				2,347,624
Total Fund Balances	17,318,408	-	1,664,801	36,069	19,019,278
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,092,375	\$ 872,365	\$ 2,618,269	\$ 1,711,258	

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 \$116,552,119 and the accumulated depreciation is \$34,508,667 (See Note 4).	82,043,452
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.	(1,301,001)
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.	4,620,173
Long-term liabilities, including bonds payable and related unamortized premiums, capital leases, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5).	(78,109,188)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	488,016
Accrued pension contributions for the June 30, 2015 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.	(972,497)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(20,506,364)
Net Position of Governmental Activities	\$ 5,281,869

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 78,920,911			\$ 5,084,960	\$ 84,005,871
Tuition from Other LEA's	1,336,604				1,336,604
Tuition from Individuals	48,001				48,001
Transportation Fees from Individuals	240,193				240,193
Interest Revenue	5,543		\$ 2,790		8,333
Miscellaneous	735,725	\$ 264,625			1,000,350
Total - Local Sources	81,286,977	264,625	2,790	5,084,960	86,639,352
State Sources	13,987,944	224,026	347,437	273,324	14,832,731
Federal Sources		1,320,815			1,320,815
Total Revenues	95,274,921	1,809,466	350,227	5,358,284	102,792,898
EXPENDITURES					
Current:					
Regular Instruction	27,005,826	437,586			27,443,412
Special Education Instruction	11,686,134	1,160,287			12,846,421
Other Special Instruction	1,314,366				1,314,366
Other Instructional Programs	1,517,476				1,517,476
Support Services and Undistributed Costs:					
Tuition	2,676,546				2,676,546
Student and Instruction Related Services	10,082,822	165,518			10,248,340
General Administrative Services	778,801				778,801
School Administrative Services	3,619,073				3,619,073
Central Administrative Services	696,289				696,289
Administrative Information Technology	648,290				648,290
Plant Operations and Maintenance	6,032,621				6,032,621
Pupil Transportation	5,169,310				5,169,310
Unallocated Benefits	12,324,941				12,324,941
On-behalf TPAF FICA and Pension	8,196,672				8,196,672
Debt Service:					
Principal				2,750,000	2,750,000
Interest				2,858,284	2,858,284
Cost of Issuance				84,661	84,661
Charter School	20,589				20,589
Capital Outlay	1,948,173	46,075	1,129,685		3,123,933
Total Expenditures	93,717,929	1,809,466	1,129,685	5,692,945	102,350,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,556,992	-	(779,458)	(334,661)	442,873
OTHER FINANCING SOURCES (USES)					
Payment to Refunding Bond Escrow Agent				(6,395,704)	(6,395,704)
Refunding Bonds Issued				5,515,000	5,515,000
Premium on Refunding Bonds Issued				965,365	965,365
Capital Leases (non-budgeted)	768,679		763,200		1,531,879
Transfers In	92,641		1,625,160		1,717,801
Transfers Out	(1,625,160)		(92,641)		(1,717,801)
Total Other Financing Sources (Uses)	(763,840)	-	2,295,719	84,661	1,616,540
Net Change in Fund Balances	793,152	-	1,516,261	(250,000)	2,059,413
Fund Balance - July 1	16,525,256		148,540	286,069	16,959,865
Fund Balance - June 30	\$ 17,318,408	\$ -	\$ 1,664,801	\$ 36,069	\$ 19,019,278

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, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 2,059,413
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 period.		
Depreciation Expense	\$ (2,412,461)	
Capital Asset Additions	<u>2,551,528</u>	139,067
The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.		
Refunding Bonds Issued	(5,515,000)	
Bonds refunded	<u>5,855,000</u>	340,000
Repayments of bond principal and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Serial Bonds Payable	2,750,000	
Obligations Under Capital Leases	<u>400,510</u>	3,150,510
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.		
Premium on Bond Issuance	(965,365)	
Amortization of Premium on Bonds	513,741	
Deferred Interest Costs on Bond Refunding	540,704	
Amortization of Deferred Interest Costs	<u>(343,486)</u>	(254,406)
Proceeds from lease purchase payables and capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; lease purchase payables and capital leases increase long-term liabilities in the statement of net assets.		
Lease Purchase Payable	(1,363,190)	
Obligations Under Capital Leases	<u>(168,689)</u>	(1,531,879)
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.		
		52,295
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 (+).		
		(139,165)
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>(167,955)</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 3,647,880</u>

Proprietary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2015

	Major Funds				Totals
	Food Service	After School Enrichment	Project Jump Start	Enterprise Funds Before and After School Care	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 673,467	\$ 66,260	\$277,445	\$305,222	\$ 1,322,394
Intergovernmental Accounts Receivable:					
Federal	5,616				5,616
State	682				682
Other Accounts Receivable	6,727				6,727
Inventories	19,198				19,198
Total Current Assets	705,690	66,260	277,445	305,222	1,354,617
Noncurrent Assets:					
Capital Assets:					
Furniture, Machinery and Equipment	295,018				295,018
Less: Accumulated Depreciation	(233,497)				(233,497)
Total Capital Assets, net	61,521	-	-	-	61,521
Total Assets	767,211	66,260	277,445	305,222	1,416,138
LIABILITIES					
Current Liabilities:					
Accounts Payable	133,988	49	3,991	4,084	142,112
Unearned Revenue	42	10,920	86,875		97,837
Total Current Liabilities	134,030	10,969	90,866	4,084	239,949
Total Liabilities	134,030	10,969	90,866	4,084	239,949
NET POSITION					
Net Investment in Capital Assets	61,521				61,521
Unrestricted	571,660	55,291	186,579	301,138	1,114,668
Total Net Position	\$ 633,181	\$ 55,291	\$186,579	\$301,138	\$ 1,176,189

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2015

	Major Funds				Totals
	Business-type Activities - Enterprise Funds				
	Food Service	After School Enrichment	Project Jump Start	Before and After School Care	
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 2,098,906				\$ 2,098,906
Tuition and fees		\$ 126,920	\$ 105,007	\$ 1,219,883	1,451,810
Miscellaneous	100,395				100,395
Total Operating Revenues	<u>2,199,301</u>	<u>126,920</u>	<u>105,007</u>	<u>1,219,883</u>	<u>3,651,111</u>
Operating Expenses:					
Salaries	1,177,513	99,372	57,700	1,055,702	2,390,287
Employee Benefits	89,487			66,312	155,799
Other Purchased Services	103,948		28,114		132,062
Supplies and Materials	95,181	3,324	4,274	74,647	177,426
Depreciation	14,378				14,378
Cost of Sales	685,839				685,839
Management Fee	38,915				38,915
Miscellaneous	104,467				104,467
Total Operating Expenses	<u>2,309,728</u>	<u>102,696</u>	<u>90,088</u>	<u>1,196,661</u>	<u>3,699,173</u>
Total Operating Expenses	(110,427)	24,224	14,919	23,222	(48,062)
Operating (Loss) Income					
Nonoperating Revenues:					
State Sources:					
State School Lunch Program	6,548				6,548
Federal Sources:					
National School Lunch Program	64,341				64,341
National PB Lunch Program	9,361				9,361
Food Donation Program	40,003				40,003
Total Nonoperating Revenues	<u>120,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,253</u>
Change in Net Position	9,826	24,224	14,919	23,222	72,191
Total Net Position - Beginning	<u>623,355</u>	<u>31,067</u>	<u>171,660</u>	<u>277,916</u>	<u>1,103,998</u>
Total Net Position - Ending	<u>\$ 633,181</u>	<u>\$ 55,291</u>	<u>\$ 186,579</u>	<u>\$ 301,138</u>	<u>\$ 1,176,189</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Major Funds				Totals
	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	\$ 2,198,979	\$ 118,688	\$ 87,767	\$ 1,219,883	\$ 3,625,317
Payments to employees	(1,177,513)	(99,372)	(57,700)	(1,075,040)	(2,409,625)
Payments for general insurance	(89,487)			(66,312)	(155,799)
Payments to suppliers	(1,089,457)	(3,275)	(28,964)	(74,647)	(1,196,343)
Net cash (used for) provided by operating activities	<u>(157,478)</u>	<u>16,041</u>	<u>1,103</u>	<u>3,884</u>	<u>(136,450)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash received from state and federal reimbursements	92,797				92,797
Cash disbursed to other funds	(65,197)				(65,197)
Receipts from food donation program	40,003				40,003
Net cash provided by non-capital financing activities	<u>67,603</u>				<u>67,603</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment of purchase agreement payable	(2,168)				(2,168)
Purchases of capital assets	(11,210)				(11,210)
Net cash (used for) capital and related financing activities	<u>(13,378)</u>				<u>(13,378)</u>
Net (decrease) increase in cash and cash equivalents	(103,253)	16,041	1,103	3,884	(82,225)
Cash and cash equivalents, beginning of year	776,720	50,219	276,342	301,338	1,404,619
Cash and cash equivalents, end of year	<u>\$ 673,467</u>	<u>\$ 66,260</u>	<u>\$ 277,445</u>	<u>\$ 305,222</u>	<u>\$ 1,322,394</u>
Reconciliation of operating (loss) income to net cash (used for) provided by operating activities:					
Operating (loss) income	\$ (110,427)	\$ 24,224	\$ 14,919	\$ 23,222	\$ (48,062)
Adjustments to reconcile operating (loss) income to net cash (used for) provided by operating activities:					
Depreciation	14,378				14,378
Change in assets and liabilities:					
(Increase) in other accounts receivable	(322)				(322)
(Increase) in inventories	(1,554)				(1,554)
(Decrease) in unearned revenue		(8,232)	(17,240)		(25,472)
(Decrease) increase in accounts payable	(59,553)	49	3,424	(19,338)	(75,418)
Net cash (used for) provided by operating activities	<u>\$ (157,478)</u>	<u>\$ 16,041</u>	<u>\$ 1,103</u>	<u>\$ 3,884</u>	<u>\$ (136,450)</u>

Noncash noncapital financing activities:

The District received \$39,846 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2015.

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 405,363	\$ 483	\$ 738,310
Accounts Receivable	1,258		
Interfunds Receivable			4,574
Total Current Assets	406,621	483	\$ 742,884
LIABILITIES			
Interfunds Payable			\$ 12,584
Accounts Payable	662		
Due to Student Groups			717,799
Payroll Deductions and Withholdings Payable			12,501
Total Liabilities	662	-	\$ 742,884
NET POSITION			
Held in Trust for Unemployment Claims	\$ 405,959		
Held in Trust for Scholarship Awards		\$ 483	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 84,243	
Donations		\$ 2,284
Total Additions	<u>84,243</u>	<u>2,284</u>
DEDUCTIONS		
Payment of Unemployment Claims	40,482	
Payment of Scholarship Awards and Other Expenses		2,400
Total Deductions	<u>40,482</u>	<u>2,400</u>
Change in Net Position	43,761	(116)
Net Position - Beginning of the Year	<u>362,198</u>	<u>599</u>
Net Position - End of the Year	<u><u>\$ 405,959</u></u>	<u><u>\$ 483</u></u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2015

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund 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.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among school districts in the State of New Jersey.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, unfunded pension liabilities and postemployment healthcare benefits, are recorded only when payment is due.

Property taxes, interest and state equalization monies 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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.

Additionally, the District reports the following fiduciary fund types:

Trust Funds: The unemployment compensation trust fund is used to account for contributions from the District, employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private-purpose scholarship trust fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the Government-wide financial statements.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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 statement of net position. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or 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 voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be 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 (continued)

Year ended June 30, 2015

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. Unencumbered appropriations lapse at fiscal year-end.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

E. Interfund Receivables/Payables

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

F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2015, the District had inventories in the Food Service Enterprise Fund of \$19,198, of which, the portion of unused Food Donation Program commodities in the amount of \$42 is reported as unearned revenue.

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 2014-2015 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 estimated fair value on the date of donation.

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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (Continued)

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

<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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (Continued)

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.

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, 2015, a liability existed for compensated absences in the Government-wide financial statements in the amount of \$482,998 and there was no liability for compensated absences in the enterprise funds.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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 the food service enterprise fund represents the value of unused U.S.D.A. commodities.

K. Deferred Outflows / Inflows or Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. Currently, 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, deferred amounts related to pensions and the deferred tax levy. The deferred inflow of resources in the general and debt service funds in the amount of \$6,708,277 and \$1,675,189, respectively, represents cash received in advance of the period in which the tax levy funding can be utilized.

L. Deferred Loss on Defeasance of Debt

Deferred loss on refunding 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, 2015 amounted to \$343,486. As of June 30, 2015, the District has recorded an unamortized balance of \$4,620,173 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

M. Long-Term Obligations (continued)

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:

- 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.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances

- 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 \$17,318,408 of fund balances in the General Fund at June 30, 2015, \$79,179 of encumbrances are assigned to other purposes, \$1,845,330 has been restricted for excess surplus-current year, \$1,184,310 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$6,074,624 has been restricted for the capital reserve, \$4,586,061 has been restricted for the maintenance reserve, \$327,280 has been restricted for the emergency reserve, \$874,000 has been classified as assigned fund balance designated for subsequent years expenditures and \$2,347,624 is classified as unassigned. The District also has \$1,664,801 of fund balance in the Capital Projects Fund, which is restricted for capital projects and \$36,069 in the Debt Service Fund, which is restricted for debt service.

O. Net Position

Net position represents the difference between assets, deferred inflows, deferred outflows 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

O. Net Position (continued)

statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. Management Estimates

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

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$10,832,246 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, 2015 was \$3,029,640. Of this amount, \$1,184,310 has been appropriated in the 2015/16 budget and the remaining \$1,845,330 will be appropriated in the 2016/17 budget.

S. GASB Pronouncements

GASBs Implemented in the 2015 Fiscal Year

In June, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB No. 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and December 15, 2015, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

2. Reconciliation of Government-wide and Fund Financial Statements

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

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

2. Reconciliation of Government-wide and Fund Financial Statements (continued)

The details of this \$79,109,188 difference are as follows:

Bonds payable	\$ 70,365,000
Unamortized premium on bonds	6,018,550
Capital leases payable	1,242,640
Compensated absences payable	<u>482,998</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 79,109,188</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." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

3. Deposits and Investments (continued)

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 and the New Jersey Asset and Rebate Management Fund.

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, 2015, the carrying amount of the District's deposits for all funds was \$29,023,859 and the bank balance was \$29,238,185. Of the bank balances, \$500,000 of the District's cash deposits on June 30, 2015 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$27,818,189. \$919,996 held in the District agency accounts are not covered by GUDPA. In addition, there is cash held with Sterling National Bank related to the lease purchase in the amount of \$763,351, which is classified as cash held with fiscal agents.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

3. Deposits and Investments (continued)

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.

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

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2015, the District had no investments.

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, 2015.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,277,400			\$ 5,277,400
Construction in progress	-	\$ 1,177,487		1,177,487
Total capital assets, not being depreciated	<u>5,277,400</u>	<u>1,177,487</u>	<u>-</u>	<u>6,454,887</u>
Capital assets, being depreciated:				
Buildings and building improvements	105,628,659	1,073,112		106,701,771
Machinery, equipment and vehicles	6,007,219	300,929	\$ (2,912,687)	3,395,461
Total capital assets, being depreciated	<u>111,635,878</u>	<u>1,374,041</u>	<u>(2,912,687)</u>	<u>110,097,232</u>
Less accumulated depreciation for:				
Buildings and building improvements	(30,076,538)	(2,108,332)		(32,184,870)
Machinery, equipment and vehicles	(4,932,355)	(304,129)	2,912,687	(2,323,797)
Total accumulated depreciation	<u>(35,008,893)</u>	<u>(2,412,461)</u>	<u>2,912,687</u>	<u>(34,508,667)</u>
Total capital assets, being depreciated, net	<u>76,626,985</u>	<u>(1,038,420)</u>	<u>-</u>	<u>75,588,565</u>
Governmental activities capital assets, net	<u>\$ 81,904,385</u>	<u>\$ 139,067</u>	<u>\$ -</u>	<u>\$ 82,043,452</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2015 as follows:

Instruction:	
Regular	\$ 941,574
Special education	440,756
Other special instruction	45,095
School sponsored/ other instructional	52,064
Support Services:	
Student and instruction related services	351,617
General administrative services	26,720
School administrative services	124,169
Central administrative services	23,889
Administrative information technology	22,243
Plant operations and maintenance	206,977
Pupil transportation	177,357
Total	<u>\$ 2,412,461</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

4. Capital Assets (continued)

The following schedule is a summarization of the business-type changes in capital assets for the year ended June 30, 2015:

	Beginning Balance	Additions	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	\$ 283,808	\$ 11,210	\$ 295,018
Less accumulated depreciation for:			
Machinery and equipment	(219,118)	(14,379)	(233,497)
Total business-type activities capital assets, net	\$ 64,690	(\$ 3,169)	\$ 61,521

5. Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
School bonds	\$ 73,455,000	\$ 5,515,000	\$ 8,605,000	\$ 70,365,000	\$ 2,785,000
Unamortized premium on bonds	5,566,926	965,365	513,741	6,018,550	553,965
Obligations under capital leases	111,271	1,531,879	400,510	1,242,640	514,126
Compensated absences payable	343,833	832,799	693,634	482,998	60,119
Total governmental activity long-term liabilities	\$ 79,477,030	\$ 8,845,043	\$ 10,212,885	\$ 78,109,188	\$ 3,913,210
Business-Type Activities					
Purchase agreement payable	\$ 2,168	\$ -	\$ 2,168	\$ -	
Total Business-Type activity long-term liabilities	\$ 2,168	\$ -	\$ 2,168	\$ -	\$ -

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

Bonds Payable

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

5. Long-Term Liabilities (continued)

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

Year ending June 30,	Principal	Interest	Total
2016	\$ 2,785,000	\$ 2,764,108	\$ 5,549,108
2017	2,865,000	2,701,344	5,566,344
2018	2,975,000	2,586,394	5,561,394
2019	3,100,000	2,467,669	5,567,669
2020	3,220,000	2,344,769	5,564,769
2021-2025	20,335,000	9,164,381	29,499,381
2026-2030	28,575,000	4,053,775	32,628,775
2031	6,510,000	140,877	6,650,877
	<u>\$ 70,365,000</u>	<u>\$ 26,223,317</u>	<u>\$ 96,588,317</u>

All bonds outstanding are presented on schedule I-1 in this report. Bonds payable at June 30, 2015 are comprised of the following issues:

\$44,648,000, 2005 school bonds, \$365,000 due on July 15, 2015 at an interest rate of 4.00%.

\$10,000,000, 2006 refunding bonds, due in annual installments ranging from \$30,000 to \$5,695,000 through July 15, 2030 at interest rates ranging from 4.00% to 4.375%.

\$9,700,000, 2012 refunding bonds, due in annual installments ranging from \$60,000 to \$5,230,000 through July 15, 2029 at interest rates ranging from 2.00% to 4.00%.

\$23,745,000, 2013 refunding bonds, due in annual installments ranging from \$360,000 to \$4,620,000 through July 15, 2027 at interest rates ranging from 2.00% to 4.00%.

\$23,920,000, 2013 refunding bonds, due in annual installments ranging from \$2,330,000 to \$3,120,000 through January 1, 2023 at interest rates ranging from 3.00% to 5.00%.

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

Defeased Debt

In December 2006, the District issued \$10,000,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2015, \$9,273,000 of defeased debt remains outstanding, which is due July 15, 2015.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

5. Long-Term Liabilities (continued)

In April 2012, the District issued \$9,700,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2015, \$8,440,000 of defeased debt remains outstanding.

In February 2013, the District issued \$23,745,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2015, \$24,385,000 of defeased debt remains outstanding.

In September 2013, the District issued \$23,920,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2015, none of the defeased debt remains outstanding.

In February 2015, the District issued \$5,515,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As a result, \$5,855,000 of refunded bonds are considered defeased and the liability has been removed from the basic financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next fifteen years by \$734,219 and resulted in a net present value savings of \$613,670. As of June 30, 2015, \$5,855,000 of the defeased debt remains outstanding. The difference between the re-acquisition price of the defeased debt of \$6,395,704 and the net carrying value amount of the old bonds of \$5,855,000 is being amortized over the remaining life of the defeased debt.

Capital Leases Payable

The District is leasing several copiers and Chromebook computers, as well as participating in a lease purchase agreement for the construction of the Wellness Center and Turf Field, totaling \$1,242,640 under capital leases, with interest rates ranging from 0.85% to 16.89%. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2015:

	Principal	Interest	Total
Year ending June 30,			
2016	\$ 514,126	\$ 22,418	\$ 536,544
2017	193,397	14,510	207,907
2018	181,051	10,204	191,255
2019	185,194	6,212	191,406
2020	168,872	2,344	171,216
Total	\$ 1,242,640	\$ 55,688	\$ 1,298,328

All capital leases outstanding are presented on schedule I-2 in this report.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

5. Long-Term Liabilities (continued)

Assets capitalized through capital leases at June 30, 2015 are as follows:

Machinery, equipment and vehicles	\$ 474,358
Less accumulated depreciation	<u>(308,000)</u>
Total	<u>\$ 166,358</u>

Purchase Agreement Payable – Enterprise Fund

During the fiscal year ended June 30, 2009, the District contracted with Aramark, a third-party food management company, to operate the District's food service program. As part of the contract, Aramark agreed to expend up to \$125,000 for facility renovations and food service equipment to be used on the District's premises. After completion of the purchase of the renovations and equipment, the District is required to reimburse Aramark monthly, on a straight line basis for a term of five years interest free. The District has paid this off in full in the current year.

6. Pension Plans

Description of Systems

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

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 full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

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,

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2015, the State of New Jersey contributed \$5,295,131 to the TPAF for on-behalf medical 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 \$2,901,541 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the Government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2015, 2014 and 2013 were \$893,254, \$812,941 and \$793,924, respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employee's Retirement System (PERS)

At June 30, 2015, the District reported a liability of \$20,506,364 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30,

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

2014, the District's proportion was 0.1095265402 percent, which was an increase of 0.0005745490 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized full accrual pension expense of \$1,070,876 in the government-wide financial statements. At June 30, 2015, 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
Changes of assumptions	\$ 644,830	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 1,222,068
Changes in proportion and differences between District contributions and proportionate share of contributions	92,757	-
District contributions subsequent to the measurement date	972,497	-
	<u>\$ 1,710,084</u>	<u>\$ 1,222,068</u>

\$972,497 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (169,931)
2017	(169,931)
2018	(169,931)
2019	(169,931)
2020	135,586
Thereafter	59,657
	<u>\$ (484,481)</u>

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2014 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 25,797,704	\$ 20,506,364	\$ 16,062,985

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 at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 1,452,705,538
Collective deferred inflows of resources	\$ 2,146,719,012
Collective net pension liability - Local Group	\$ 18,722,735,003
District's Proportion	0.1095265402%

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

Teachers Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2014 was \$201,307,735. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3766510631 percent, which was an increase of 0.0141276050 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$10,832,246 for contributions incurred by the State.

Actuarial assumptions

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Fund / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	At 1% Decrease (3.68%)	At Current Discount Rate (4.68%)	At 1% Increase (5.68%)
State's proportionate share of the net pension liability associated with the District	\$ 242,120,325	\$ 201,307,735	\$ 167,362,336

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 at June 30, 2014 are as follows:

Collective deferred inflows of resources	\$ 1,846,540,800
Collective net pension liability - Local Group	\$ 53,813,067,539
State's proportionate share associated with the District	0.3766510631%

Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786.

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

Post-Retirement Benefits

Plan Description

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2015, 2014 and 2013 were \$3,248,704, \$2,612,558, and \$2,648,737 respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

7. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 558,516	\$ 4,574
Special Revenue Fund		545,781
Capital Projects Fund		151
Payroll Agency Fund	4,574	12,584
	<u>\$ 563,090</u>	<u>\$ 563,090</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 a pooled cash deficit. 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. The interfund between the Payroll Agency Fund and the General Fund represents employee deductions withheld for employee health benefit claims during the year that were not transferred over to 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 (continued)

Year ended June 30, 2015

8. 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.

9. 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, 2015 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, 2015 may be impaired.

In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

10. Capital Reserve Account

A capital reserve account was established by the Township of Bernards Board of Education by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

10. Capital Reserve Account (continued)

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$ 6,092,234
Deposits:	
Interest Earned on Investments	1,000
Approved by Resolution at the June 15, 2015 meeting	1,606,550
Withdrawals:	
Transfer to Capital Projects Fund by resolution	<u>(1,625,160)</u>
Ending balance, June 30, 2015	<u>\$ 6,074,624</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

11. 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 pass 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, 2014 to June 30, 2015 fiscal year is as follows:

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

11. Maintenance Reserve Account (continued)

Beginning balance, July 1, 2014	\$ 4,586,061
Deposits:	
Approved by Resolution at the June 15, 2015 meeting	1,108,907
Withdrawals:	
Appropriated in the 2014/15 Budget	<u>(1,108,907)</u>
Ending balance, June 30, 2015	<u>\$ 4,586,061</u>

The District has included \$292,178 of this balance in its 2015-16 adopted budget.

12. Emergency Reserve Account

On June 15, 2015, 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 a maintenance reserve account between June 1 and June 30 of each budget year.

The activity of the emergency reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$ -
Deposits:	
Approved by Resolution at the June 15, 2015 meeting	<u>327,280</u>
Ending balance, June 30, 2015	<u>\$ 327,280</u>

13. 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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

13. Risk Management (continued)

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.

Health Insurance

The District participated in a Cash Management/Minimum Premium Program, which provided for the District's employees health benefits. The District and the health care provider terminated this agreement effective at June 30, 2014 and the remaining funds due to the health care provider as of that date was \$872,612, which is reported as a component of accounts payable in the general fund.

14. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2015 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 92,641	\$1,625,160
Capital Projects Fund	1,625,160	92,641
	<u>\$ 1,717,801</u>	<u>\$1,717,801</u>

The transfer from the capital projects fund to the general fund represents the close-out of unexpended local project funds in the capital projects fund due to the original funding source within the General fund, as well as interest earned on cash allocated to Capital Projects Fund. The transfer from General Fund to the Capital Projects Fund is a transfer from the Capital Reserve to fund the local portion of the new SDA projects which commenced in the 2015 fiscal year.

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

Township of Bernards Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

15. Deferred Compensation (continued)

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, 2015 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$79,179 and in the Capital Projects Fund as restricted for capital projects in the amount of \$1,895,744 which is offset by an unrestricted deficit of \$ 230,943.

17. Change in Accounting Principle / Restatement

Effective in the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*.

The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

	Governmental Activities
Beginning Net Position - June 30, 2014	<u>\$ 22,456,879</u>
Adjustments:	
Recognition of Net Pension Liability	(20,822,890)
Deferred outflow for PERS FY2015 Pension Payment	902,921
Accounts Payable for PERS FY2015 Pension Payment	<u>(902,921)</u>
Adjustment	<u>(20,822,890)</u>
Beginning Net Position - June 30, 2014 (as restated)	<u><u>\$ 1,633,989</u></u>

Required Supplementary Information – Part II

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

Last Ten Fiscal Years*

	Year Ended June 30, 2015
District's proportion of the net pension liability (asset) - Local Group	0.1095265402%
District's proportionate share of the net pension liability (asset)	\$ 20,506,364
District's covered-employee payroll	\$ 7,952,090
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	257.87%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	52.08%

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.

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

Last Ten Fiscal Years *

	Year Ended June 30, 2015
Contractually required contribution	\$ 972,497
Contributions in relation to the contractually required contribution	(972,497)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 7,952,090
Contributions as a percentage of covered-employee payroll	12.23%

* 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.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
 Schedule of the State's Proportionate Share of the Net Pension
 Liability Associated with the District
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30, 2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	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	\$ 142,195,918
Total proportionate share of the net pension liability (asset) associated with the District	\$ 142,195,918
Plan fiduciary net position as a percentage of the total pension liability	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.

TOWNSHIP OF BERNARDS BOARD OF EDUCATION

Notes to Required Supplementary Information

Year ended June 30, 2015

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014.

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, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues					
Local Sources					
Local Tax Levy	\$ 78,920,911		\$ 78,920,911	\$ 78,920,911	
Tuition from Other LEA's	1,134,349		1,134,349	1,336,604	\$ 202,255
Tuition from Individuals	45,060		45,060	48,001	2,941
Transportation Fees from Individuals	220,000		220,000	240,193	20,193
Private Contributions	125,000		125,000		(125,000)
Interest Earned on Capital Reserve Funds	1,000		1,000	1,000	
Interest Revenue				4,543	4,543
Miscellaneous	269,001		269,001	735,725	466,724
Total - Local Sources	80,715,321		80,715,321	81,286,977	571,656
State Sources					
Special Education Aid	2,579,730		2,579,730	2,579,730	
Security Aid	88,737		88,737	88,737	
Transportation Aid	388,999		388,999	388,999	
Extraordinary Aid	1,700,000		1,700,000	2,561,871	861,871
Parcc Readiness Aid	57,590		57,590	57,590	
Per Pupil Growth Aid	57,590		57,590	57,590	
Additional Nonpublic Transportation Aid				71,138	71,138
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				5,295,131	5,295,131
TPAF Social Security (Reimbursed - Non-Budgeted)				2,901,541	2,901,541
Total - State Sources	4,872,646		4,872,646	14,002,327	9,129,681
Total Revenues	85,587,967		85,587,967	95,289,304	9,701,337
Expenditures					
Current Expenditures:					
Instruction - Regular Programs:					
Salaries of Teachers					
Preschool	57,661		57,661	57,661	
Kindergarten	1,108,326	\$ (130,047)	978,279	978,279	
Grades 1-5	8,473,058	116,989	8,590,047	8,590,047	
Grades 6-8	7,043,520	(497,060)	6,546,460	6,546,460	
Grades 9-12	8,177,633	167,377	8,345,010	8,345,010	
Home Instruction:					
Salaries of Teachers	52,000	73,656	125,656	125,656	
Purchased Professional-Educational Services	29,323	(747)	28,576	25,671	2,905
Undistributed Instruction:					
Other Salaries for Instruction	26,300	7,590	33,890	33,890	
Purchased Professional-Educational Services	27,545	1,841	29,386	13,645	15,741
Other Purchased Services	270,445	4,521	274,966	238,198	36,768
General Supplies	1,830,385	(23,671)	1,806,714	1,669,451	137,263
Textbooks	497,839	(2,220)	495,619	381,858	113,761
Total Regular Programs - Instruction	27,594,035	(281,771)	27,312,264	27,005,826	306,438
Special Education:					
Cognitive - Moderate:					
Salaries of Teachers	264,225	75,942	340,167	340,167	
Other Salaries for Instruction	215,275	42,148	257,423	257,423	
General Supplies	14,000	(2,545)	11,455	11,308	147
Textbooks	4,000	(3,738)	262	262	
Total Cognitive - Moderate	497,500	111,807	609,307	609,160	147
Learning and/or Language Disabilities:					
Salaries of Teachers	596,123	(199,323)	396,800	396,800	
Other Salaries for Instruction	618,319	(95,316)	523,003	523,003	
General Supplies	20,758	(989)	19,769	19,509	260
Textbooks	1,500	(1,018)	482	329	153
Total Learning and/or Language Disabilities	1,236,700	(296,646)	940,054	939,641	413
Auditory Impairments:					
Salaries of Teachers		74,611	74,611	74,611	
General Supplies		1,500	1,500	849	651
Total Auditory Impairments		76,111	76,111	75,460	651
Behavioral Disabilities:					
Salaries of Teachers	53,027	(1,821)	51,206	51,206	
Other Salaries for Instruction	70,040	(70,040)			
General Supplies	20,000	(1,500)	18,500	16,158	2,342
Total Behavioral Disabilities	143,067	(73,361)	69,706	67,364	2,342
Resource Room/Resource Center:					
Salaries of Teachers	4,273,951	165,761	4,439,712	4,439,712	
Other Salaries for Instruction	174,505	430,547	605,052	605,052	
General Supplies	50,263	(2,702)	47,561	46,530	1,031
Total Resource Room/Resource Center	4,498,719	593,606	5,092,325	5,091,294	1,031

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued)					
Autism:					
Salaries of Teachers	\$ 1,522,189	\$ (194,123)	\$ 1,328,066	\$ 1,328,066	
Other Salaries for Instruction	2,983,443	302,244	3,285,687	3,285,687	
General Supplies	29,508	(3,797)	25,711	25,711	
Other Objects		158	158	158	
Total Autism	4,535,140	104,482	4,639,622	4,639,622	
Preschool Disabilities-Part-Time:					
Salaries of Teachers	121,637	(1,280)	120,357	120,357	
Other Salaries for Instruction	138,995	(12,584)	126,411	126,411	
General Supplies	6,000	(1,000)	5,000	4,499	\$ 501
Total Preschool Disabilities-Part-Time	266,632	(14,864)	251,768	251,267	501
Preschool Disabilities-Full-Time:					
General Supplies	15,000	(1,732)	13,268	12,326	942
Total Preschool Disabilities-Full-Time	15,000	(1,732)	13,268	12,326	942
Total Special Education - Instruction	11,192,758	499,403	11,692,161	11,686,134	6,027
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	746,490	(54,903)	691,587	691,587	
General Supplies	11,000	(11,000)			
Total Basic Skills/Remedial - Instruction	757,490	(65,903)	691,587	691,587	
Bilingual Education - Instruction:					
Salaries of Teachers	171,797	14,198	185,995	185,995	
Other Salaries for Instruction		1,644	1,644	1,644	
Other Purchased Services		508	508	508	
General Supplies	1,490	(438)	1,052	1,052	
Total Bilingual Education - Instruction	173,287	15,912	189,199	189,199	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	280,000	31,036	311,036	311,036	
Supplies and Materials	38,698	8,746	47,444	38,449	8,995
Total School-Sponsored Cocurricular Activities - Instruction	318,698	39,782	358,480	349,485	8,995
School-Sponsored Athletics - Instruction:					
Salaries	752,801	85,793	838,594	838,594	
Purchased Services	76,600	22,000	98,600	72,259	26,341
Supplies and Materials	140,200	(1,000)	139,200	131,816	7,384
Other Objects	50,167	1,000	51,167	50,322	845
Transfers to Cover Deficit (Agency Funds)	134,885	(30,000)	104,885	75,000	29,885
Total School-Sponsored Athletics - Instruction	1,154,653	77,793	1,232,446	1,167,991	64,455
Other Supplemental / At-Risk Programs - Instruction:					
Salaries of Reading Specialists	447,386	(7,894)	439,492	433,580	5,912
Total Other Supplemental / At Risk Programs - Instruction	447,386	(7,894)	439,492	433,580	5,912
Total Instruction	41,638,307	277,322	41,915,629	41,523,802	391,827
Undistributed Expenditures - Instruction					
Instruction:					
Tuition To Other LEAs Within the State - Regular		7,186	7,186	7,186	
Tuition To Other LEAs Within the State - Special	1,267,720	(972,137)	295,583	234,093	61,490
Tuition to County Vocational School Districts - Regular		10,800	10,800	10,800	
Tuition to County Vocational School Districts - Special		5,000	5,000	5,000	
Tuition To Private Schools for the Disabled Within State	783,532	981,184	1,764,716	1,742,435	22,281
Tuition To Private Schools for the Disabled and Other LEAs	466,758	210,708	677,466	677,032	434
Total Undistributed Instruction	2,518,010	242,741	2,760,751	2,676,546	84,205
Health Services:					
Salaries	673,228	(19,570)	653,658	653,658	
Purchased Professional and Technical Services	16,130		16,130	10,297	5,833
Other Purchased Services	2,250	7	2,257	1,757	500
Supplies and Materials	58,549	(7)	58,542	30,241	28,301
Total Health Services	750,157	(19,570)	730,587	695,953	34,634
Other Support Services Students - Speech, OT & Related Services:					
Salaries	1,085,843	(65,904)	1,019,939	1,019,939	
Purchased Professional-Educational Services	202,619	(144,351)	58,268	47,368	10,900
Supplies and Materials	7,136	139	7,275	6,940	335
Total Other Support Services Students - Speech, OT and Related Services	1,295,598	(210,116)	1,085,482	1,074,247	11,235

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Undistributed Expenditures (continued):					
Other Support Services Students - Extra Services:					
Salaries	\$ 552,333	\$ 75,076	\$ 627,409	\$ 627,409	
Purchased Professional-Educational Services	252,840	(26,689)	226,151	174,314	\$ 51,837
Supplies and Materials	6,000	136	6,136	3,736	2,400
Total Other Support Services Students - Extra Services	811,173	48,523	859,696	805,459	54,237
Guidance:					
Salaries of Other Professional Staff	1,507,203	94,960	1,602,163	1,602,163	
Salaries of Secretarial and Clerical Assistants	496,418	(43,354)	453,064	453,064	
Purchased Professional-Educational Services	31,900		31,900	30,325	1,575
Other Purchased Prof. and Tech. Services	150,050		150,050	142,458	7,592
Other Purchased Services	2,740		2,740	656	2,084
Supplies and Materials	21,300		21,300	8,258	13,042
Other Objects	1,719		1,719	394	1,325
Total Guidance	2,211,330	51,606	2,262,936	2,237,318	25,618
Child Study Teams:					
Salaries of Other Professional Staff	1,904,655	111,665	2,016,320	1,994,324	21,996
Salaries of Secretarial and Clerical Assistants	263,035	850	263,885	263,885	
Other Purchased Professional and Technical Services	84,000	(19,244)	64,756	62,364	2,392
Other Purchased Services	8,000	3,040	11,040	10,621	419
Supplies and Materials	45,520	21,162	66,682	66,436	246
Other Objects	2,500	(700)	1,800	1,728	72
Total Child Study Teams	2,307,710	116,773	2,424,483	2,399,358	25,125
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	519,278	44,916	564,194	564,194	
Salaries of Secretarial and Clerical Assistants	157,870	(51,947)	105,923	105,923	
Other Salaries	207,455	41,231	248,686	248,686	
Other Purchased Services	300		300		300
Supplies and Materials	6,000	5,183	11,183	10,860	323
Other Objects	8,665	1,820	10,485	10,432	53
Total Improvement of Instructional Services	899,568	41,203	940,771	940,095	676
Educational Media Serv./School Library:					
Salaries	634,712	(101,394)	533,318	533,318	
Salaries of Technology Coordinators	69,563		69,563	69,358	205
Purchased Professional and Technical Services	193,470	(9,008)	184,462	165,870	18,592
Supplies and Materials	51,710	5,779	57,489	52,841	4,648
Total Educational Media Serv./School Library	949,455	(104,623)	844,832	821,387	23,445
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	600,637	43,739	644,376	644,376	
Salaries of Secretarial and Clerical Assistants	221,643	76,111	297,754	297,754	
Other Salaries	41,500	6,075	47,575	45,325	2,250
Purchased Professional-Educational Services	25,000	(722)	24,278	17,721	6,557
Other Purchased Prof. and Tech. Services	46,200		46,200	38,643	7,557
Other Purchased Services	26,991	(2,915)	24,076	15,072	9,004
Supplies and Materials	48,145	833	48,978	47,761	1,217
Other Objects	2,725	(111)	2,614	2,353	261
Total Instructional Staff Training Services	1,012,841	123,010	1,135,851	1,109,005	26,846
Support Services - General Administration:					
Salaries	345,619	31,000	376,619	348,700	27,919
Professional Services	169,700	29,652	199,352	162,594	36,758
Other Purchased Prof Services	42,600	25,597	68,197	68,197	
Communications/Telephone	78,000	(29,940)	48,060		48,060
BOE Other Purchased Services	9,000	1,101	10,101	9,927	174
Miscellaneous Purchased Services	133,454	15,715	149,169	149,169	
General Supplies	13,450	(2,421)	11,029	10,144	885
Miscellaneous Expenditures	61,070	5,000	66,070	30,070	36,000
Total Support Services - General Administration	852,893	75,704	928,597	778,801	149,796

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Undistributed Expenditures (continued):					
Support Services - School Administration:					
Salaries of Principals/Asst. Principals	\$ 2,190,692	\$ 84,688	\$ 2,275,380	\$ 2,207,012	\$ 68,368
Salaries of Other Professional Staff	289,483	27,000	316,483	291,883	24,600
Salaries of Secretarial and Clerical Assistants	951,567	87,000	1,038,567	988,457	50,110
Other Purchased Services	188,333		188,333	98,400	89,933
Supplies and Materials	20,860	(505)	20,355	13,118	7,237
Other Objects	23,100	905	24,005	20,203	3,802
Total Support Services - School Administration	3,664,035	199,088	3,863,123	3,619,073	244,050
Central Services:					
Salaries	623,906	41,760	665,666	577,636	88,030
Purchased Professional Services	60,952	17,225	78,177	78,177	
Miscellaneous Purchased Services	19,784	2,182	21,966	21,693	273
Supplies and Materials	14,000	1,212	15,212	15,212	
Miscellaneous Expenditures	1,450	2,421	3,871	3,571	300
Total Central Services	720,092	64,800	784,892	696,289	88,603
Admin. Info. Tech.:					
Salaries	530,890	31,000	561,890	541,858	20,032
Purchased Technical Services	63,235	25,694	88,929	86,728	2,201
Supplies and Materials	20,000	721	20,721	19,704	1,017
Total Admin. Info. Tech.	614,125	57,415	671,540	648,290	23,250
Required Maint. For School Facilities:					
Salaries	125,460	33,010	158,470	158,470	
Cleaning, Repair, and Maintenance Services	2,418,198	77,523	2,495,721	1,546,117	949,604
General Supplies	195,132	7,551	202,683	194,035	8,648
Total Required Maint. For School Facilities	2,738,790	118,084	2,856,874	1,898,622	958,252
Custodial Services:					
Salaries		9,115	9,115	9,115	
Salaries of Non-Instructional Aides	332,627	(7,326)	325,301		325,301
Purchased Profession and Technical Services	116,600		116,600	84,441	32,159
Cleaning, Repair, and Maintenance Services	2,422,350	(197,019)	2,225,331	1,706,891	518,440
Other Purchased Property Services	216,000	12,221	228,221	226,942	1,279
Insurance	354,507	14,786	369,293	369,293	
General Supplies	210,000	(500)	209,500	197,895	11,605
Energy (Natural Gas)	392,000	103,882	495,882	331,335	164,547
Energy (Electricity)	1,006,454	(414,576)	591,878	558,956	32,922
Total Custodial Services	5,050,538	(479,417)	4,571,121	3,484,868	1,086,253
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	575,950	26,000	601,950	593,111	8,839
General Supplies	7,500	3,330	10,830	10,826	4
Total Care and Upkeep of Grounds	583,450	29,330	612,780	603,937	8,843
Security:					
Salaries	44,000	3,024	47,024	45,194	1,830
Total Security	44,000	3,024	47,024	45,194	1,830
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Prog.	136,000	73,562	209,562	207,585	1,977
Cleaning, Repair and Maint. Services	1,020	3,000	4,020	3,237	783
Contracted Services-Aid in Lieu of Payments	170,000		170,000	149,838	20,162
Contracted Services (Between Home and School)-Vendors	2,800,000	(76,562)	2,723,438	2,711,726	11,712
Contracted Services (Other Than Between Home and School) - Vendors	291,068	2,325	293,393	248,894	44,499
Contracted Services (Spec. Ed. Students)-Vendors	10,200		10,200	2,771	7,429
Contracted Services (Spec. Ed. Students)-ESCs and CTSA	1,980,000	(10,255)	1,969,745	1,837,616	132,129
Miscellaneous Purchased Services-Transportation	15,594	(5,481)	10,113		10,113
Other Objects	2,162	5,481	7,643	7,643	
Total Student Transportation Services	5,406,044	(7,930)	5,398,114	5,169,310	228,804
Unallocated Benefits:					
Social Security Contributions	952,000	78,280	1,030,280	1,025,407	4,873
Other Retirement Contributions - Regular	941,000		941,000	889,524	51,476
Workmen's Compensation	270,524		270,524	258,008	12,516
Health Benefits	10,907,289	(488,701)	10,418,588	9,747,864	670,724
Tuition Reimbursement	360,511	(1,189)	359,322	280,000	79,322
Other Employee Benefits	180,136	36,288	216,424	124,138	92,286
Total Unallocated Benefits	13,611,460	(375,322)	13,236,138	12,324,941	911,197
On-Behalf TPAF Pension Contributions					
Reimbursed TPAF Social Security Contributions				5,295,131	(5,295,131)
Total On-Behalf and Reimbursed Contributions				2,901,541	(2,901,541)
				8,196,672	(8,196,672)
Total Undistributed Expenditures	46,041,269	(25,677)	46,015,592	50,225,365	(4,209,773)
Total Current Expenditures	87,679,576	251,645	87,931,221	91,749,167	(3,817,946)

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
General Fund
Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Expenditures (continued)					
Current Expenditures (continued):					
Capital Outlay:					
Equipment:					
Instruction Expenditures					
Grade 6-8	\$ 6,000	\$ (2,000)	\$ 4,000	\$ 4,000	
Grade 9-12	65,366	23,749	89,115	22,911	\$ 66,204
Undistributed Expenditures					
Administrative Information Technology		4,973	4,973	4,973	
Required Maintenance	59,000		59,000	56,914	2,086
Student Transportation		24,907	24,907	24,907	
Total Equipment	130,366	51,629	181,995	113,705	68,290
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	49,705	166,197	215,902	70,757	145,145
Other Purchased Prof. and Tech. Services	10,000	(10,000)			
Construction Services	1,217,180	(194,659)	1,022,521	995,032	27,489
Total Facilities Acquisition and Construction Services	1,276,885	(38,462)	1,238,423	1,065,789	172,634
Interest Deposit to Capital Reserve	1,000		1,000		1,000
Assets Acquired Under Capital Leases (non-budgeted)				768,679	(768,679)
Total Expenditures - Capital Outlay	1,408,251	13,167	1,421,418	1,948,173	(526,755)
Transfer of funds to Charter Schools	20,373	216	20,589	20,589	
Total Expenditures	89,108,200	265,028	89,373,228	93,717,929	(4,344,701)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,520,233)	(265,028)	(3,785,261)	1,571,375	5,356,636
Other Financing Sources (Uses):					
Capital Lease Proceeds (non-budgeted)				768,679	768,679
Transfers In - Capital Projects Fund	145,209		145,209	92,641	(52,568)
Transfers Out - Capital Reserve Transfer to Capital Projects		(1,625,160)	(1,625,160)	(1,625,160)	
Total Other Financing Sources (Uses)	145,209	(1,625,160)	(1,479,951)	(763,840)	716,111
(Deficiency) Excess of Revenues and Other Financing Sources (Uses) (Under) Over Expenditures	(3,375,024)	(1,890,188)	(5,265,212)	807,535	6,072,747
Fund Balances, July 1	16,823,813	-	16,823,813	16,823,813	
Fund Balances, June 30	\$ 13,448,789	\$ (1,890,188)	\$ 11,558,601	\$ 17,631,348	6,072,747
Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures					
Budgeted Fund Balance	\$ (2,219,021)	\$ (265,028)	\$ (2,484,049)	\$ 3,588,698	\$ 6,072,747
Budgeted Fund Balance - Maintenance Reserve	(1,108,907)		(1,108,907)	(1,108,907)	
Withdrawal From Capital Reserve		(1,625,160)	(1,625,160)	(1,625,160)	
Adjustment for Prior Year Encumbrances	(47,096)		(47,096)	(47,096)	
Total	\$ (3,375,024)	\$ (1,890,188)	\$ (5,265,212)	\$ 807,535	6,072,747
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 1,184,310	
Reserved - Excess Surplus - Current Year				1,845,330	
Capital Reserve				6,074,624	
Maintenance Reserve				4,586,061	
Emergency Reserve				327,280	
Assigned Fund Balance:					
Year End Encumbrances				79,179	
Designated for Subsequent Year's Expenditures				874,000	
Unassigned Fund Balance				2,660,564	
				17,631,348	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis					
				(312,940)	
Fund Balance per Governmental Funds (GAAP)				\$ 17,318,408	

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Budgetary Comparison Schedule
Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources	\$ 129,401	\$ 294,206	\$ 423,607	\$ 280,132	\$ (143,475)
State Sources		282,579	282,579	224,026	(58,553)
Federal Sources	1,389,740	53,860	1,443,600	1,320,815	(122,785)
Total Revenues	<u>1,519,141</u>	<u>630,645</u>	<u>2,149,786</u>	<u>1,824,973</u>	<u>(324,813)</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers		\$ 35,000	\$ 35,000	\$ 35,000	
Purchased Professional and Educational Services		253,146	253,146	195,342	\$ 57,804
Other Purchased Services	\$ 1,241,985	(81,664)	1,160,321	1,160,321	
General Supplies	14,845	164,700	179,545	178,526	1,019
Textbooks		29,433	29,433	28,684	749
Total Instruction	<u>1,256,830</u>	<u>400,615</u>	<u>1,657,445</u>	<u>1,597,873</u>	<u>59,572</u>
Support Services:					
Salaries	101,497	(53,497)	48,000	48,000	
Personal Services - Employee Benefits		14,791	14,791	12,036	2,755
Purchased Professional and Technical Services	90,870	70,277	161,147	41,365	119,782
Other Purchased Services		2,106	2,106	2,106	
Supplies and Materials	16,073	111,087	127,160	67,898	59,262
Total Support Services	<u>208,440</u>	<u>144,764</u>	<u>353,204</u>	<u>171,405</u>	<u>181,799</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment	5,027	18,760	23,787	23,787	
Instructional Equipment	48,844	66,506	115,350	31,908	83,442
Total Facilities Acquisition and Construction Services	<u>53,871</u>	<u>85,266</u>	<u>139,137</u>	<u>55,695</u>	<u>83,442</u>
Total Expenditures	<u>1,519,141</u>	<u>630,645</u>	<u>2,149,786</u>	<u>1,824,973</u>	<u>324,813</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2015

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)	\$ 95,289,304	\$ 1,824,973
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		(15,507)
Prior Year (net of cancellations)		
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	298,557	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(312,940)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (B-2)	<u>\$ 95,274,921</u>	<u>\$ 1,809,466</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 93,717,929	\$ 1,824,973
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		(15,507)
Prior Year (net of Cancellations)		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 93,717,929</u>	<u>\$ 1,809,466</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, 2015

	NJ Nonpublic Auxiliary Services, Ch. 192			NJ Nonpublic Handicapped Services, Ch. 193			Nonpublic Nursing Services	Nonpublic Technology	
	Nonpublic Textbooks	Nonpublic Comp. Education	E.S.L.	Nonpublic Home Instruction	Nonpublic Exam and Class.	Nonpublic Corrective Speech			Nonpublic Suppl. Instruction
REVENUES:									
State Sources	\$ 28,684	\$ 46,671	\$ 2,010	\$ 3,050	\$ 32,417	\$ 48,770	\$ 19,539	\$ 37,451	\$ 5,434
Federal Sources									
Other Sources									
Total Revenues	<u>\$ 28,684</u>	<u>\$ 46,671</u>	<u>\$ 2,010</u>	<u>\$ 3,050</u>	<u>\$ 32,417</u>	<u>\$ 48,770</u>	<u>\$ 19,539</u>	<u>\$ 37,451</u>	<u>\$ 5,434</u>
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Prof. - Educ. Services		\$ 46,671	\$ 2,010	\$ 3,050	\$ 32,417	\$ 48,770	\$ 19,539	\$ 37,451	\$ 5,434
Other Purchased Services									
General Supplies									
Textbooks	\$ 28,684								
Total Instruction	<u>28,684</u>	<u>46,671</u>	<u>2,010</u>	<u>3,050</u>	<u>32,417</u>	<u>48,770</u>	<u>19,539</u>	<u>37,451</u>	<u>5,434</u>
Support Services:									
Personal Svcs. - Employee Benefits									
Other Purchased Services									
Supplies and Materials									
Total Support Services									
Facilities Acquisition and Construction Services:									
Noninstructional Equipment									
Total Facilities Acquisition and Construction Services									
Total Expenditures	<u>\$ 28,684</u>	<u>\$ 46,671</u>	<u>\$ 2,010</u>	<u>\$ 3,050</u>	<u>\$ 32,417</u>	<u>\$ 48,770</u>	<u>\$ 19,539</u>	<u>\$ 37,451</u>	<u>\$ 5,434</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2015

	Local Grants	I.D.E.A. Part B	I.D.E.A. Part B Preschool	Title III	Title III Immigrant	Title IIA	Totals
REVENUES:							
State Sources							\$ 224,026
Federal Sources		\$ 1,160,444	\$ 41,208	\$ 15,122	\$ 43,720	\$ 60,321	1,320,815
Other Sources	\$ 280,132						280,132
Total Revenues	<u>\$ 280,132</u>	<u>\$ 1,160,444</u>	<u>\$ 41,208</u>	<u>\$ 15,122</u>	<u>\$ 43,720</u>	<u>\$ 60,321</u>	<u>\$ 1,824,973</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers					\$ 35,000		\$ 35,000
Purchased Prof.- Educ. Services							195,342
Other Purchased Services		\$ 1,119,079	\$ 41,208		34		1,160,321
General Supplies	\$ 167,568			\$ 4,950	6,008		178,526
Textbooks							28,684
Total Instruction	<u>167,568</u>	<u>1,119,079</u>	<u>41,208</u>	<u>4,950</u>	<u>41,042</u>		<u>1,597,873</u>
Support Services:							
Salaries				2,000		\$ 46,000	48,000
Personal Svcs-Employee Benefits				153	2,678	9,205	12,036
Purchased Prof. and Tech. Svcs.		41,365					41,365
Other Purchased Services				573		1,533	2,106
Supplies and Materials	56,869			7,446		3,583	67,898
Total Support Services	<u>56,869</u>	<u>41,365</u>		<u>10,172</u>	<u>2,678</u>	<u>60,321</u>	<u>171,405</u>
Facilities Acquisition and Construction Services:							
Noninstructional Equipment	23,787						23,787
Instructional Equipment	31,908						31,908
Total Facilities Acquisition and Construction Services	<u>55,695</u>						<u>55,695</u>
Total Expenditures	<u>\$ 280,132</u>	<u>\$ 1,160,444</u>	<u>\$ 41,208</u>	<u>\$ 15,122</u>	<u>\$ 43,720</u>	<u>\$ 60,321</u>	<u>\$ 1,824,973</u>

Capital Projects Fund

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

Summary Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis

Year Ended June 30, 2015

REVENUES

State Sources	
SDA Grants	\$ 1,024,751
Local Sources	
Interest Earned on Investments	<u>2,790</u>
Total Revenues	<u>1,027,541</u>

EXPENDITURES AND OTHER FINANCING USES

Other Purchased Professional and Technical Services	133,912
Construction Services	<u>995,773</u>
Total Expenditures	<u>1,129,685</u>

(Deficiency) of Revenues (under) Expenditures (102,144)

OTHER FINANCING SOURCES (USES)

Capital Lease Proceeds	763,200
Transfers In - Withdrawal from Capital Reserve	1,625,160
Transfers Out - Interest Earned to General Fund	(2,790)
Transfers Out - Transfer to General Fund	<u>(89,851)</u>

Total Other Financing Sources (Uses) 2,295,719

Net Change in Fund Balances 2,193,575

Fund Balance - July 1 148,540

Fund Balance - June 30 \$ 2,342,115

Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2015 - budgetary- basis	\$ 2,342,115
GAAP Basis Revenues not recognized	<u>(677,314)</u>
Fund balance, June 30, 2015 - GAAP Basis	<u>\$ 1,664,801</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - Turf Field Replacement
Year Ended June 30, 2015

	<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				
Transfer from Capital Reserve				
Capital Lease Proceeds		\$ 301,200	\$ 301,200	\$ 301,200
Total Revenues and other financing sources		301,200	301,200	301,200
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services				
Construction Services		59,375	59,375	301,200
Total Expenditures and Other Financing Uses		59,375	59,375	301,200
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 241,825	\$ 241,825	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-050-15-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	301,200		
Additional Authorized Cost				
Revised Authorized Cost	\$	301,200		
Percentage (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	19.71%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	9/30/15			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - Wellness Center
Year Ended June 30, 2015

	<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				
Transfer from Capital Reserve				
Capital Lease Proceeds		\$ 462,000	\$ 462,000	\$ 462,000
Total Revenues		462,000	462,000	462,000
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services				
Construction Services		54,996	54,996	462,000
Total Expenditures and Other Financing Uses		54,996	54,996	462,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 407,004	\$ 407,004	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-050-15-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	462,000		
Additional Authorized Cost				
Revised Authorized Cost	\$	462,000		
Percentage (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	11.90%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	9/30/15			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - Unit Ventilator Replacement
Year Ended June 30, 2015

	<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		\$ 221,400	\$ 221,400	\$ 221,400
Transfer from Capital Reserve		332,100	332,100	332,100
Lease Purchase Agreements				
Total Revenues		<u>553,500</u>	<u>553,500</u>	<u>553,500</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		30,210	30,210	50,750
Construction Services		165,056	165,056	502,750
Total Expenditures and Other Financing Uses		<u>195,266</u>	<u>195,266</u>	<u>553,500</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 358,234	\$ 358,234	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	0350-050-14-1002
Grant Date	12/12/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 553,500
Additional Authorized Cost	
Revised Authorized Cost	\$ 553,500
Percentage (Decrease) over Original Authorized Cost	0.00%
Percentage Completed	35.28%
Original Target Completion Date	9/30/15
Revised Target Completion Date	9/30/15

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Ridge High School - HVAC Upgrades
Year Ended June 30, 2015

	<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		\$ 164,400	\$ 164,400	\$ 164,400
Transfer from Capital Reserve		246,600	246,600	246,600
Lease Purchase Agreements				
Total Revenues		411,000	411,000	411,000
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		22,657	22,657	35,250
Construction Services		161,529	161,529	375,750
Total Expenditures and Other Financing Uses		184,186	184,186	411,000
Excess (deficiency) of revenues over (under) expenditures		\$ -	\$ 226,814	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-050-14-1003			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	411,000		
Additional Authorized Cost				
Revised Authorized Cost	\$	411,000		
Percentage (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	44.81%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	9/30/15			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Cedar Hill Elementary School - Unit Ventilator Replacement
Year Ended June 30, 2015

	<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		\$ 427,800	\$ 427,800	\$ 427,800
Transfer from Capital Reserve		641,700	641,700	641,700
Lease Purchase Agreements				
Total Revenues		<u>1,069,500</u>	<u>1,069,500</u>	<u>1,069,500</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		49,425	49,425	100,300
Construction Services		306,495	306,495	969,200
Total Expenditures and Other Financing Uses		<u>355,920</u>	<u>355,920</u>	<u>1,069,500</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 713,580	\$ 713,580	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-070-14-1009			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	1,069,500		
Additional Authorized Cost				
Revised Authorized Cost	\$	1,069,500		
Percentage (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	33.28%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	9/30/15			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Cedar Hill Elementary School - HVAC Upgrades
Year Ended June 30, 2015

	<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		\$ 269,840	\$ 269,840	\$ 269,840
Transfer from capital reserve		404,760	404,760	404,760
Lease Purchase Agreements				
Total Revenues	-	674,600	674,600	674,600
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		31,620	31,620	55,000
Construction Services		248,322	248,322	619,600
Total Expenditures and Other Financing Uses		279,942	279,942	674,600
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 394,658	\$ 394,658	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-070-14-1008			
Grant Date	12/12/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	674,600		
Additional Authorized Cost				
Revised Authorized Cost	\$	674,600		
Percentage (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	41.50%			
Original Target Completion Date	9/30/15			
Revised Target Completion Date	9/30/15			

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Liberty Corner Elementary School - Window Replacement
Year Ended June 30, 2015

	<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	\$ 145,939	\$ (58,689)	\$ 87,250	\$ 87,250
Transfer from capital reserve	220,725		220,725	130,874
Lease Purchase Agreements				
Total Revenues	<u>366,664</u>	<u>(58,689)</u>	<u>307,975</u>	<u>218,124</u>
EXPENDITURES AND OTHER FINANCING USES				
Transfer out		89,851	89,851	
Other Purchased Professional and Technical Services				
Construction Services	218,124		218,124	218,124
Total Expenditures and Other Financing Uses	<u>218,124</u>	<u>89,851</u>	<u>307,975</u>	<u>218,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 148,540</u>	<u>\$ (148,540)</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	0350-08-05-2000			
Grant Date	4/3/07			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 409,940			
Additional Authorized Cost	(191,816)			
Revised Authorized Cost	\$ 218,124			
Percentage (Decrease) over Original Authorized Cost	-46.79%			
Percentage Completed	41.19%			
Original Target Completion Date	Complete			
Revised Target Completion Date	Complete			

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

**Summary Schedule of Project Expenditures
Year Ended June 30, 2015**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations 6/30/2015</u>
			<u>Prior Years</u>	<u>Current Years</u>	
Ridge High School - Turf Field Replacement	4/9/2015	\$ 301,200		\$ 59,375	\$ 241,825
Ridge High School - Wellness Center	4/9/2015	462,000		54,996	407,004
Ridge High School - Unit Ventilator Replacement	12/12/2014	553,500		195,266	358,234
Ridge High School - HVAC Upgrades	12/12/2014	411,000		184,186	226,814
Cedar Hill E.S. - Unit Ventilator Replacement	12/12/2014	1,069,500		355,920	713,580
Cedar Hill E.S. - HVAC Upgrades	12/12/2014	674,600		279,942	394,658
Totals		<u>\$ 3,471,800</u>	<u>\$ -</u>	<u>\$ 1,129,685</u>	<u>\$ 2,342,115</u>
Lease Purchase Agreements		\$ 763,200			
State Grant (SDA)		1,083,440			
Transfer From Capital Reserve		1,625,160			
Total		<u>\$ 3,471,800</u>			

Fiduciary Funds

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	<u>Trust</u>			<u>Agency</u>		
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Total Trust	Student Activity	Payroll	Total Agency
ASSETS						
Cash and Cash Equivalents	\$ 405,363	\$ 483	#####	\$ 713,225	\$ 25,085	\$ 738,310
Accounts Receivable	1,258		1,258			
Interfund Receivable				4,574		4,574
Total Current Assets	<u>406,621</u>	<u>483</u>	<u>407,104</u>	<u>\$ 717,799</u>	<u>\$ 25,085</u>	<u>\$ 742,884</u>
LIABILITIES						
Accounts Payable	662		662			
Interfund Payable					\$ 12,584	\$ 12,584
Due to Student Groups				\$ 717,799		717,799
Payroll Deductions and Withholdings Payable					12,501	12,501
Total Liabilities	<u>662</u>	<u>-</u>	<u>662</u>	<u>\$ 717,799</u>	<u>\$ 25,085</u>	<u>\$ 742,884</u>
NET POSITION						
Held in Trust for Unemployment Claims	<u>\$ 405,959</u>					
Held in Trust for Scholarship Awards		<u>\$ 483</u>				

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 84,243	
Donations		\$ 2,284
Total Additions	<u>84,243</u>	<u>2,284</u>
DEDUCTIONS		
Payment of Unemployment Claims	40,482	
Payment of Scholarship Awards and Other Expenses		2,400
Total Deductions	<u>40,482</u>	<u>2,400</u>
Change in Net Position	43,761	(116)
Net Position - Beginning of the Year	<u>362,198</u>	<u>599</u>
Net Position - End of the Year	<u><u>\$ 405,959</u></u>	<u><u>\$ 483</u></u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2015

	<u>Balance June 30,2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30,2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 695,369	\$ 1,530,259	\$ 1,512,403	\$ 713,225
Interfund Receivable		<u>4,574</u>		<u>4,574</u>
Total Assets	<u>\$ 695,369</u>	<u>\$ 1,534,833</u>	<u>\$ 1,512,403</u>	<u>\$ 717,799</u>
LIABILITIES:				
Due to Student Groups	<u>\$ 695,369</u>	<u>\$ 1,534,833</u>	<u>\$ 1,512,403</u>	<u>\$ 717,799</u>
Total Liabilities	<u>\$ 695,369</u>	<u>\$ 1,534,833</u>	<u>\$ 1,512,403</u>	<u>\$ 717,799</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Student Activity Agency Fund
Year Ended June 30, 2015

	<u>Balance</u> <u>June 30,2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30,2015</u>
Elementary Schools:				
Liberty Corner	\$ 14,780	\$ 67,635	\$ 63,142	\$ 19,273
Oak Street	30,479	34,839	41,304	24,014
Cedar Hill	54,846	58,475	40,967	72,354
Mount Prospect	<u>12,913</u>	<u>17,604</u>	<u>13,427</u>	<u>17,090</u>
Total Elementary Schools	<u>113,018</u>	<u>178,553</u>	<u>158,840</u>	<u>132,731</u>
Middle School:				
William Annin	<u>79,698</u>	<u>266,572</u>	<u>265,284</u>	<u>80,986</u>
High School:				
Athletic Fund	14,717	128,566	124,074	19,209
Performing Arts	44,700	136,878	129,944	51,634
Ridge High School	<u>443,236</u>	<u>819,690</u>	<u>834,261</u>	<u>428,665</u>
Total High School	<u>502,653</u>	<u>1,085,134</u>	<u>1,088,279</u>	<u>499,508</u>
Totals	<u>\$ 695,369</u>	<u>\$ 1,530,259</u>	<u>\$ 1,512,403</u>	<u>\$ 713,225</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Fiduciary Funds
Schedule of Cash Receipts and Disbursements
Payroll Agency Fund
Year Ended June 30, 2015

	<u>Balance June 30,2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30,2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 29,686	\$58,781,439	\$58,786,040	\$ 25,085
Total Assets	<u>\$ 29,686</u>	<u>\$58,781,439</u>	<u>\$58,786,040</u>	<u>\$ 25,085</u>
LIABILITIES:				
Interfund Payable	\$ 12,408	\$ 110,005	\$ 109,829	\$ 12,584
Payroll Deductions and Withholdings Payable	<u>17,278</u>	<u>58,671,434</u>	<u>58,676,211</u>	<u>12,501</u>
Total Liabilities	<u>\$ 29,686</u>	<u>\$58,781,439</u>	<u>\$58,786,040</u>	<u>\$ 25,085</u>

Long-Term Debt

**TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2015**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
School Bonds	12/01/05	\$ 44,648,000	07/15/15	\$ 365,000	4.000 %	\$ 720,000		\$ 355,000	\$ 365,000
Refunding School Bonds	12/1/06	10,000,000	07/15/15	30,000	4.000	9,925,000		30,000	9,895,000
			07/15/16	35,000	4.000				
			07/15/17	35,000	4.000				
			07/15/18	35,000	4.000				
			07/15/19	35,000	4.000				
			07/15/20	40,000	4.000				
			07/15/21	40,000	4.000				
			07/15/22	40,000	4.000				
			07/15/23	45,000	4.000				
			07/15/24	45,000	4.000				
			07/15/25	50,000	4.000				
			07/15/26	50,000	4.000				
			07/15/27	50,000	4.000				
			07/15/28	55,000	4.000				
			07/15/29	3,615,000	4.000				
			07/15/30	5,695,000	4.375				
School Bonds	7/31/08	6,500,000				5,855,000	5,855,000		
Refunding School Bonds	5/22/12	9,700,000	07/15/15	60,000	2.000	9,480,000		60,000	9,420,000
			7/15/16-7/15/17	65,000	3.000				
			7/15/18-7/15/19	70,000	3.000				
			07/15/20	70,000	4.000				
			07/15/21	75,000	4.000				
			07/15/22	80,000	4.000				
			07/15/23	80,000	2.375				
			07/15/24	85,000	2.500				
			07/15/25	85,000	2.750				
			07/15/26	90,000	3.000				
			07/15/27	1,455,000	3.000				
			07/15/28	5,230,000	3.000				
			07/15/29	1,840,000	3.000				
			Refunding School Bonds	2/6/13	23,745,000		07/15/16	360,000	
07/15/17	375,000	4.000							
07/15/18	390,000	4.000							
07/15/19	405,000	4.000							
07/15/20	425,000	4.000							
07/15/21	430,000	2.000							
07/15/22	440,000	4.000							
07/15/23	4,090,000	4.000							
07/15/24	4,260,000	4.000							
07/15/25	4,435,000	4.000							
07/15/26	4,620,000	4.000							
07/15/27	3,435,000	4.000							
Refunding School Bonds	9/17/13	23,920,000				01/01/16	2,330,000	3.000	23,810,000
			01/01/17	2,405,000	4.000				
			01/01/18	2,500,000	4.000				
			01/01/19	2,605,000	4.000				
			01/01/20	2,710,000	5.000				
			01/01/21	2,845,000	5.000				
			01/01/22	2,990,000	4.000				
			01/01/23	3,120,000	5.000				
			Refunding School Bonds	2/25/15	5,515,000	07/15/23	840,000	4.000	
07/15/24	295,000	4.000							
07/15/25	795,000	4.000							
07/15/26	630,000	4.000							
07/15/27	700,000	4.000							
07/15/28	700,000	4.000							
07/15/29	740,000	4.000							
07/15/30	815,000	4.000							
						<u>\$ 73,455,000</u>	<u>\$ 5,515,000</u>	<u>\$ 8,605,000</u>	<u>\$ 70,365,000</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2015

Series	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	
			Principal	Interest						
2010 Savin Copier - William Annin Middle School	7/1/2010	5 Years	\$ 153,873	\$ 20,264	13.20 %	\$ 42,122		\$ 33,487	\$ 8,635	
2010 Savin Copier - Oak Street School	7/1/2010	5 Years	13,911	2,352	17.00	3,144		3,144		
2010 Savin Copier - Ridge High School	7/1/2010	5 Years	14,026	2,369	17.00	3,169		3,169		
2010 Savin Copier - William Annin Middle School	7/1/2010	5 Years	14,378	2,429	17.00	3,250		3,250		
2010 Savin Copier - Cedar Hill School	7/1/2010	5 Years	12,892	2,181	17.00	2,914		2,914		
2012 Savin Copier - Ridge High School	3/7/2012	5 Years	26,300	4,156	15.80	15,421		5,320	10,101	
2012 Savin Copier - Ridge High School Guidance	3/7/2012	5 Years	15,458	2,611	16.89	9,100		3,128	5,972	
2012 Savin Copier - Board of Education Office	3/7/2012	5 Years	28,244	4,463	15.80	16,561		5,713	10,848	
2012 Savin Copier - Board of Education Office	3/7/2012	5 Years	26,587	4,201	15.80	15,590		5,378	10,212	
2011 Savin Copier - William Annin Middle School	1/8/2011	5 Years	29,950	4,730	5.93		\$ 10,981	6,458	4,523	
2011 Savin Copier - Liberty Corner School	1/8/2011	5 Years	153,870	20,267	5.93		18,643	10,986	7,657	
2015 Savin Copiers - Various Schools	11/30/2014	5 Years	139,065	13,545	5.34		139,065	17,084	121,981	
2015 Chrome Books - Various Schools	7/7/2014	2 Years	599,990	4,094	0.85		599,990	300,479	299,511	
2015 Construction Projects - Wellness Center and Turf Field	4/20/2015	5 Years	763,200	40,472	1.90					
							<u>763,200</u>		<u>763,200</u>	
							<u>\$ 111,271</u>	<u>\$ 1,531,879</u>	<u>\$ 400,510</u>	<u>\$ 1,242,640</u>

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,084,960		\$ 5,084,960	\$ 5,084,960	
Total Local Source Revenues	5,084,960		5,084,960	5,084,960	
State Sources-Debt Service Aid	<u>273,324</u>		<u>273,324</u>	<u>273,324</u>	
Total Revenue	<u>5,358,284</u>		<u>5,358,284</u>	<u>5,358,284</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,858,284	\$ (108,284)	2,750,000	2,750,000	
Interest on Bonds	2,750,000	108,284	2,858,284	2,858,284	
Cost of Issuance				84,661	\$ (84,661)
Total Expenditures	<u>5,608,284</u>	<u>-</u>	<u>5,608,284</u>	<u>5,692,945</u>	<u>(84,661)</u>
(Deficiency) of Revenues (under) Expenditures	(250,000)		(250,000)	(334,661)	(84,661)
OTHER FINANCING SOURCES (USES)					
Payment to Refunding Bond Escrow Agent				(6,395,704)	(6,395,704)
Refunding Bonds Issued				5,515,000	5,515,000
Premium on Bond Refunding				965,365	965,365
Total Other Financing Sources (Uses)	<u>-</u>		<u>-</u>	<u>84,661</u>	<u>84,661</u>
Net Change in Fund Balances	(250,000)		(250,000)	(250,000)	
Fund Balance, July 1	<u>286,069</u>		<u>286,069</u>	<u>286,069</u>	
Fund Balance, June 30	<u>\$ 36,069</u>		<u>\$ 36,069</u>	<u>\$ 36,069</u>	<u>\$ -</u>

**Statistical Section
(Unaudited)**

**Statistical Section
Unaudited**

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,045	\$ 2,569,015	\$ 2,812,148	\$ 4,996,379	\$ 4,504,723	\$ 4,266,351	\$ 4,428,832	\$ 5,971,475	\$ 7,194,143	\$ 9,037,435
Restricted	2,767,502	4,501,931	4,229,149	2,934,632	3,780,705	3,899,177	8,047,536	12,188,654	13,238,125	15,682,406
Unrestricted (deficit)	(922,252)	(372,787)	1,606,902	1,375,005	1,835,740	4,284,762	2,547,097	1,235,960	2,024,611	(19,437,972)
Total Governmental Activities Net Position	\$ 1,856,295	\$ 6,698,159	\$ 8,648,199	\$ 9,306,016	\$ 10,121,168	\$ 12,450,290	\$ 15,023,465	\$ 19,396,089	\$ 22,456,879	\$ 5,281,869
Business-type Activities:										
Net Investment in Capital Assets	\$ 73,287	\$ 77,357	\$ 69,094	\$ 52,700	\$ 54,958	\$ 56,950	\$ 64,559	\$ 72,266	\$ 62,522	\$ 61,521
Unrestricted	179,670	225,616	323,954	407,256	737,189	951,881	918,635	874,073	1,041,476	1,114,668
Total Business-type Activities Net Position	\$ 252,957	\$ 302,973	\$ 393,048	\$ 459,956	\$ 792,147	\$ 1,008,831	\$ 983,194	\$ 946,339	\$ 1,103,998	\$ 1,176,189
Government-wide:										
Net Investment in Capital Assets	\$ 84,332	\$ 2,646,372	\$ 2,881,242	\$ 5,049,079	\$ 4,559,681	\$ 4,323,301	\$ 4,493,391	\$ 6,043,741	\$ 7,256,665	\$ 9,098,956
Restricted	2,767,502	4,501,931	4,229,149	2,934,632	3,780,705	3,899,177	8,047,536	12,188,654	13,238,125	15,682,406
Unrestricted (deficit)	(742,582)	(147,171)	1,930,856	1,782,261	2,572,929	5,236,643	3,465,732	2,110,033	3,066,087	(18,323,304)
Total Government Net Position	\$ 2,109,252	\$ 7,001,132	\$ 9,041,247	\$ 9,765,972	\$ 10,913,315	\$ 13,459,121	\$ 16,006,659	\$ 20,342,428	\$ 23,560,877	\$ 6,458,058

Source: District CAFR A-1

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

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

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

	Year ended June 30,									
	2006	2007	2008	2009	2010	2011	2011	2013	2014	2015
Expenses										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 28,741,378	\$ 30,534,516	\$ 32,110,702	\$ 33,905,897	\$ 34,797,822	\$ 33,204,783	\$ 35,050,837	\$ 36,921,273	\$ 37,740,692	\$ 45,216,758
Special Education Instruction	8,975,858	10,102,520	11,336,917	11,539,915	13,146,006	12,209,009	12,941,908	15,643,646	16,458,289	19,374,066
Other Special Instruction	947,528	1,320,658	1,309,818	1,280,227	1,753,775	1,711,885	1,684,511	2,005,530	1,429,424	1,958,334
Other Instruction	1,537,578	1,416,919	1,711,342	1,963,708	1,668,722	1,669,936	1,813,227	1,945,703	2,560,784	2,336,349
Support Services:										
Tuition	2,029,238	2,199,570	2,362,867	2,303,699	2,680,778	3,109,736	3,477,234	2,420,182	2,782,496	2,697,135
Related Services	9,984,617	11,058,793	11,098,225	11,776,754	13,480,530	12,125,105	12,811,041	13,157,717	13,511,813	14,019,783
General Administration Services	983,963	1,113,947	1,088,805	1,101,854	1,078,925	986,457	1,036,011	877,443	956,971	914,351
School Administration Services	3,697,976	3,787,151	3,740,792	3,749,775	4,170,456	4,268,077	4,391,229	4,601,249	4,812,384	5,242,747
Central Services	637,512	678,965	626,904	641,946	692,996	706,896	734,577	845,125	966,214	958,597
Administrative Information Technology	423,631	551,973	504,806	669,800	754,135	772,235	771,620	800,194	813,294	839,648
Plant Operations and Maintenance	7,372,857	7,794,911	9,205,253	8,950,358	7,444,538	8,107,321	8,824,096	6,898,263	6,376,143	6,306,007
Pupil Transportation	3,686,570	4,012,105	4,212,269	5,049,825	4,112,652	4,972,228	5,275,700	5,445,939	5,399,062	5,346,667
Capital outlay		265,159								
Interest and other charges on Long-Term Debt	1,941,100	3,696,376	4,051,794	4,009,003	3,926,665	3,845,737	3,585,293	3,368,504	3,081,435	2,720,395
Total Governmental Activities Expenses	70,959,806	78,268,404	83,625,653	86,942,761	89,708,000	87,689,405	92,397,284	94,930,768	96,889,001	107,930,837
Business-type Activities:										
Food Service	1,703,726	1,788,270	1,972,075	1,962,215	1,911,960	1,944,455	2,184,302	2,069,346	2,413,043	2,309,728
After School Enrichment	163,693	148,688	216,126	210,271	258,311	204,180	162,681	139,716	116,740	102,696
Project Jump Start	63,326	50,325	52,215	76,115	91,640	82,501	98,082	85,069	90,065	90,088
Camp Bridge	10,096	20,611	43,783							
Before and After School Care	358,657	446,502	434,770	545,341	1,034,402	1,085,360	1,233,364	1,277,769	988,525	1,196,661
Total Business-type Activities Expense	2,299,498	2,454,396	2,718,969	2,793,942	3,296,313	3,316,496	3,678,429	3,571,900	3,608,373	3,699,173
Total District Expenses	\$ 73,259,304	\$ 80,722,800	\$ 86,344,622	\$ 89,736,703	\$ 93,004,313	\$ 91,005,901	\$ 96,075,713	\$ 98,502,668	\$ 100,497,374	\$ 111,630,010
Program Revenues										
Governmental Activities:										
Changes for Services:										
Instruction (Tuition)	\$ 499,848	\$ 860,467	\$ 502,434	\$ 748,296	\$ 691,186	\$ 1,020,789	\$ 1,268,721	\$ 1,203,364	\$ 1,328,285	\$ 1,384,605
Pupil Transportation	273,825	205,974	251,257	235,341	272,498	229,278	222,716	223,270	231,752	240,193
Operating Grants and Contributions	5,101,146	1,486,333	1,536,043	1,489,669	2,706,434	1,446,222	1,698,237	2,324,645	1,378,907	1,763,391
Capital Grants and Contributions				145,287	-	1,765		3,226	455,123	393,512
Total Governmental Activities Program Revenues	5,874,819	2,552,774	2,289,734	2,618,593	3,670,118	2,698,054	3,189,674	3,754,505	3,394,067	3,781,701
Business-type Activities:										
Charges for Services:										
Food Service	1,561,470	1,581,523	1,749,572	1,876,347	2,007,314	1,970,688	2,140,832	2,109,131	2,192,147	2,199,301
After School Enrichment	150,855	161,235	231,969	216,580	233,410	186,759	171,084	153,863	127,127	126,920
Project Jump Start	72,370	52,448	120,604	119,946	112,687	112,105	106,760	105,189	109,857	105,007
Camp Bridge	10,450	48,319	1,075							
Before and After School Care	359,065	483,347	534,432	648,639	1,155,211	1,128,752	1,109,200	1,054,213	1,204,769	1,219,883
Operating Grants and Contributions	135,533	123,447	131,197	118,668	119,882	134,876	124,916	100,101	132,132	120,253
Total Business-type Activities Program Revenues	2,289,743	2,450,319	2,768,849	2,980,180	3,628,504	3,533,180	3,652,792	3,522,497	3,766,032	3,771,264
Total District Program Revenues	\$ 8,164,562	\$ 5,003,093	\$ 5,058,583	\$ 5,598,773	\$ 7,298,622	\$ 6,231,234	\$ 6,842,466	\$ 7,277,002	\$ 7,160,099	\$ 7,553,065
Net (Expense) Revenue										
Governmental Activities	\$(65,084,987)	\$(75,715,630)	\$(81,335,919)	\$(84,324,168)	\$(86,037,882)	\$(84,991,351)	\$(89,207,610)	\$(91,176,263)	\$(93,494,934)	\$(104,149,136)
Business-type Activities	(9,755)	(4,077)	49,880	186,238	332,191	216,684	(25,637)	(49,403)	157,659	72,191
Total Government-wide Net Expense	\$(65,094,742)	\$(75,719,707)	\$(81,286,039)	\$(84,137,930)	\$(85,705,691)	\$(84,774,667)	\$(89,233,247)	\$(91,225,666)	\$(93,337,275)	\$(104,076,945)

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

	Year ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 58,065,146	\$ 61,313,765	\$ 63,779,923	\$ 66,837,438	\$ 70,156,926	\$ 72,910,723	\$ 74,368,937	\$ 75,856,316	\$ 77,373,442	\$ 78,920,911
Taxes Levied for Debt Service	3,361,148	5,661,267	5,461,181	5,243,925	5,500,706	5,591,242	5,766,182	5,761,929	5,505,366	5,084,960
Unrestricted Grants and Contributions	13,368,307	10,488,375	10,878,874	12,539,127	10,864,349	8,622,247	11,210,045	13,446,943	13,192,149	23,047,087
Investment Earnings	978,574	3,040,622	1,036,083	129,895	63,067	42,182	13,873	8,805	8,162	8,333
Miscellaneous Income	452,088	53,466	2,799,935	231,600	267,986	154,079	421,748	474,894	476,605	735,725
Transfers			(40,195)							
Total Governmental Activities	76,225,263	80,557,495	83,915,801	84,981,985	86,853,034	87,320,473	91,780,785	95,548,887	96,555,724	107,797,016
Business-type Activities:										
Miscellaneous Income		54,093						12,548		
Transfers			40,195							
Total Business-type Activities	-	54,093	40,195	-	-	-	-	12,548	-	-
Total Government-wide	\$ 76,225,263	\$ 80,611,588	\$ 83,955,996	\$ 84,981,985	\$ 86,853,034	\$ 87,320,473	\$ 91,780,785	\$ 95,561,435	\$ 96,555,724	\$ 107,797,016
Change in Net Position										
Governmental Activities	\$ 11,140,276	\$ 4,841,865	\$ 2,579,882	\$ 657,817	\$ 815,152	\$ 2,329,122	\$ 2,573,175	\$ 4,372,624	\$ 3,060,790	\$ 3,647,880
Business-type Activities	(9,755)	50,016	90,075	186,238	332,191	216,684	(25,637)	(36,855)	157,659	72,191
Total District	\$ 11,130,521	\$ 4,891,881	\$ 2,669,957	\$ 844,055	\$ 1,147,343	\$ 2,545,806	\$ 2,547,538	\$ 4,335,769	\$ 3,218,449	\$ 3,720,071

Source: District CAFR A-2

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

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

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 1,543,118	\$ 4,771,640	\$ 4,250,314	\$ 3,192,027	\$ 3,985,240					
Unreserved	1,529,902	1,538,095	3,947,427	3,156,914	3,265,329					
Restricted for										
Assigned to						\$ 3,333,862	\$ 7,480,823	\$ 11,574,851	\$ 13,089,585	\$ 14,017,605
Unassigned						4,793,453	2,471,993	695,042	1,039,137	953,179
						<u>1,714,905</u>	<u>1,880,382</u>	<u>1,913,623</u>	<u>2,396,534</u>	<u>2,347,624</u>
Total General Fund	<u>\$ 3,073,020</u>	<u>\$ 6,309,735</u>	<u>\$ 8,197,741</u>	<u>\$ 6,348,941</u>	<u>\$ 7,250,569</u>	<u>\$ 9,842,220</u>	<u>\$ 11,833,198</u>	<u>\$ 14,183,516</u>	<u>\$ 16,525,256</u>	<u>\$ 17,318,408</u>
All Other Governmental Funds:										
Reserved			\$ 2,839,671	\$ 4,000						
Unreserved, Reported In:										
Capital Projects Fund ^a	\$ 51,014,766	\$ 24,207,584	237,506	563,549	\$ 563,549					
Debt Service Fund	1	1	1							
Restricted for:										
Capital Projects Fund ^a						\$ 565,314	\$ 565,314	\$ 568,540	\$ 148,540	\$ 1,664,801
Debt Service Fund						1	1,399	45,263	286,069	36,069
Total All Other Governmental Funds	<u>\$ 51,014,767</u>	<u>\$ 24,207,585</u>	<u>\$ 3,077,178</u>	<u>\$ 567,549</u>	<u>\$ 563,549</u>	<u>\$ 565,315</u>	<u>\$ 566,713</u>	<u>\$ 613,803</u>	<u>\$ 434,609</u>	<u>\$ 1,700,870</u>

Source: District CAFR B-1

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

GASB # 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1.N. in the basic financial statements). Prior years have not been restated above.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 61,426,294	\$ 66,975,032	\$ 69,241,104	\$ 72,081,363	\$ 75,657,632	\$ 78,501,965	\$ 80,135,119	\$ 81,618,245	\$ 82,878,808	\$ 84,005,871
Tuition Charges	499,848	860,467	502,434	748,296	691,186	1,020,789	1,268,721	1,203,364	1,328,285	1,336,604
Interest Earnings	978,574	3,040,622	1,036,083	129,895	63,067	42,182	13,873	8,805	8,162	48,001
Miscellaneous	650,371	327,757	3,184,338	565,167	632,321	514,882	782,344	771,371	757,915	1,248,876
State Sources	17,534,132	10,723,172	11,131,142	12,931,937	11,093,362	8,862,302	11,206,655	13,657,525	13,398,089	14,832,731
Federal Sources	935,321	1,183,219	1,150,629	1,143,920	2,385,584	1,076,407	1,563,747	1,989,628	1,578,532	1,320,815
Total Revenues	82,024,540	83,110,269	86,245,730	87,600,578	90,523,152	90,018,527	94,970,459	99,248,938	99,949,791	102,792,898
Expenditures										
Instruction:										
Regular Instruction	22,032,344	22,365,402	23,763,583	25,112,992	24,835,229	24,070,737	25,436,003	25,817,557	26,920,848	27,443,412
Special Education Instruction	6,724,715	7,312,819	8,471,628	8,659,776	9,453,524	8,893,940	9,479,261	11,473,971	11,998,460	12,846,421
Other Special Instruction	708,573	943,809	926,385	931,147	1,221,772	1,217,099	1,187,619	1,364,300	993,832	1,314,366
School-sponsored/Other Instructional	1,245,086	1,103,475	1,386,510	1,542,525	1,275,094	1,290,187	1,405,440	1,493,450	1,924,663	1,517,476
Support Services:										
Tuition	2,029,238	2,152,476	2,313,922	2,303,699	2,680,778	3,109,736	3,467,469	2,400,432	2,762,123	2,676,546
Student and Instruction Related Service:	7,732,169	8,359,544	8,351,266	9,326,920	10,470,913	9,259,142	9,961,962	10,096,439	10,257,890	10,248,340
General Administrative Services	882,112	969,360	942,838	977,098	926,229	832,971	888,616	750,997	821,333	778,801
School Administrative Services	2,802,219	2,723,995	2,659,460	2,835,015	3,011,454	3,137,486	3,229,189	3,300,578	3,486,554	3,619,073
Central Services	514,769	561,064	508,263	501,705	516,161	532,298	558,173	632,848	728,026	696,289
Admin. Information Technology	316,558	414,537	365,946	511,976	550,664	571,542	578,041	606,420	625,303	648,290
Plant Operations and Maintenance	7,287,982	7,633,494	9,282,058	8,442,915	7,101,641	7,287,634	8,324,895	6,536,556	6,140,155	6,032,621
Pupil Transportation	3,685,264	3,926,203	4,125,016	4,946,968	3,976,834	4,784,527	5,097,286	5,262,726	5,219,548	5,169,310
Other Support Services										
Employee Benefits	11,555,745	14,905,089	15,277,194	15,312,735	17,421,783	15,868,492	16,918,257	19,629,935	19,577,007	20,521,613
Charter Schools							9,765	19,750	20,373	20,589
Capital Outlay	4,709,789	18,108,798	28,075,456	4,270,907	315,596	860,359	425,472	1,468,161	735,665	3,123,933
Cost of Issuance							107,095	176,244	171,194	84,661
Debt Service:										
Principal	1,430,000	1,500,000	1,655,000	2,155,000	1,940,000	2,075,000	2,380,000	2,645,000	2,845,000	2,750,000
Interest and Other Charges	1,941,100	4,112,475	3,843,411	4,127,629	3,927,852	3,843,040	3,727,224	3,406,864	2,730,465	2,858,284
Total Expenditures	75,597,663	97,092,540	111,947,936	91,959,007	89,625,524	87,634,190	93,181,767	97,082,228	97,958,439	102,350,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,426,877	(13,982,271)	(25,702,206)	(4,358,429)	897,628	2,384,337	1,788,692	2,166,710	1,991,352	442,873
Other Financing Sources (Uses)										
Proceeds from Borrowing	44,648,000		6,500,000							1,531,879
Capital Leases (Non-budgeted)	75,542					209,080	96,589			(6,395,704)
Payments to Escrow Agent		(10,113,265)					(9,651,344)	(26,930,622)	(26,384,529)	
Refunding Bonds Issued		10,000,000					9,700,000	23,745,000	23,920,000	5,515,000
Premium on Bonds Refunded		64,473					58,439	3,361,866	2,635,723	965,365
Insurance Proceeds								54,454		
Transfers In	664,304	2,607,177	658,508	38,787	209	82	137	254	420,000	1,717,801
Transfers Out	(664,304)	(2,607,177)	(698,703)	(38,787)	(209)	(82)	(137)	(254)	(420,000)	(1,717,801)
Total Other Financing Sources (Uses)	44,723,542	(48,792)	6,459,805	-	-	209,080	203,684	230,698	171,194	1,616,540
Net Change in Fund Balances	\$ 51,150,419	\$ (14,031,063)	\$ (19,242,401)	\$ (4,358,429)	\$ 897,628	\$ 2,593,417	\$ 1,992,376	\$ 2,397,408	\$ 2,162,546	\$ 2,059,413
Debt service as a percentage of noncapital expenditures	4.70%	7.11%	6.56%	7.16%	6.57%	6.82%	6.58%	6.33%	5.73%	5.65%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Annual Totals</u>
2006	\$ 273,825		\$ 90,885	\$ 285,661	\$ 650,371
2007	205,974			53,466	259,440
2008	251,257		2,699,612	100,323	3,051,192
2009	235,341	\$ 76,557	49,366	196,785	558,049
2010	272,498	96,413	131,706	102,725	603,342
2011	229,278	69,618		84,461	383,357
2012	222,716	170,110	202,894	48,744	644,464
2013	223,270	83,056	106,720	230,664	643,710
2014	231,752	104,128	265,891	106,586	708,357
2015	240,193	129,594	401,932	209,742	981,461

Source: District Records

Note:

The significant increase in 2008 represents a refund of prior year expenditures from amounts overcharged by a vendor.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2006	\$ 29,299,400	\$ 6,195,479,100	\$ 23,636,500	\$ 344,100	\$ 752,979,125	\$ 7,620,900	\$ 8,283,200	\$ 7,017,642,325	\$ 6,813,032	\$ 7,024,455,357	\$ 6,479,272,097	\$ 1
2007	38,810,400	6,211,176,500	23,098,000	336,800	848,521,100	7,748,900	8,540,100	7,138,231,800	7,347,852	7,145,579,652	7,103,135,463	0.957
2008	45,096,900	6,186,564,700	22,422,300	312,600	864,983,780	8,168,700	9,399,600	7,136,948,580	8,309,100	7,145,257,680	7,260,742,618	0.992
2009	36,643,900	5,849,444,900	20,329,100	870,200	884,170,700	11,490,000	9,301,900	6,812,250,700	11,324,300	6,823,575,000	7,145,967,376	1.083
2010	33,184,300	5,524,809,100	23,254,300	354,700	816,560,311	11,184,000	8,205,800	6,417,552,511	10,219,966	6,427,772,477	7,009,122,445	1.199
2011	26,355,000	5,531,687,400	23,808,100	354,000	776,172,100	11,044,500	7,876,400	6,377,297,500	7,963,597	6,385,261,097	6,863,212,979	1.243
2012	25,561,600	5,499,098,700	23,782,900	321,200	740,862,500	5,446,500	7,988,200	6,303,061,600	7,736,493	6,310,798,093	7,006,100,933	1.282
2013	21,252,500	5,599,386,300	24,226,100	319,000	727,722,100	5,260,000	7,892,000	6,386,058,000	8,607,710	6,394,665,710	6,745,571,062	1.286
2014	22,851,600	5,817,633,500	24,930,300	322,100	710,308,200	5,260,000	7,946,000	6,589,251,700	7,863,173	6,597,114,873	6,730,668,212	1.265
2015	18,465,900	6,029,535,000	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

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	
2006	\$ 0.864	\$ 0.051	\$ 0.915	\$ 0.276	\$ 0.299	\$ 1.490
2007	0.878	0.079	0.957	0.268	0.305	1.530
2008	0.914	0.078	0.992	0.264	0.306	1.562
2009	1.004	0.079	1.083	0.274	0.319	1.676
2010	1.113	0.086	1.199	0.298	0.331	1.828
2011	1.154	0.089	1.243	0.306	0.333	1.882
2012	1.190	0.092	1.282	0.318	0.341	1.941
2013	1.198	0.088	1.286	0.318	0.349	1.953
2014	1.185	0.080	1.265	0.317	0.352	1.934
2015	1.171	0.075	1.246	0.316	0.354	1.916

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value
Verizon Corporate Services Group, Inc.	\$ 200,590,692	1	2.95%	\$ 126,368,700	1	1.80%
Fellowship Village, Inc.	49,841,200	2	0.73%	50,254,800	3	0.72%
AREP Westgate I, LLC	31,120,100	3	0.46%			
Ashford Basking Ridge LLP / CNL Hotel MI-4	23,500,000	4	0.35%	24,888,000	8	0.35%
Mt Airy Rd Investors LLC	22,560,000	5	0.33%			
131 Morristown Rd c/o UBS Realty Inv.	21,166,200	6	0.31%	32,796,000	6	0.47%
110 Allen Road LLC / Realty Assoc Fund	20,178,100	7	0.30%	33,920,000	5	0.48%
KBSII Mountainview LLC /Mountainview Rlty Hldg Co	20,732,800	8	0.30%			
150 Allen Rd LLC / The Realty Assoc Fund VII,LP	19,131,900	9	0.28%			
Affinity Federal Credit Union	18,322,200	10	0.27%			
Avaya Inc./CB R. Ellis/German				47,960,000	4	0.68%
OTR / Mack-Cali Realty Corp				51,958,700	2	0.74%
Pharmacia & Upjohn Co.				26,850,600	7	0.38%
Mountain View Rlty Hldg Co/Gale Co				23,265,000	9	0.33%
73 Mountain View Hldg CORP				23,000,000	10	0.33%
Total	<u>\$ 427,143,192</u>		<u>6.27%</u>	<u>\$ 441,261,800</u>		<u>6.28%</u>

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	
2006	\$61,426,294	\$61,426,294	100.00%	
2007	66,975,032	66,975,032	100.00%	
2008	69,241,104	69,241,104	100.00%	
2009	72,081,363	72,081,363	100.00%	
2010	75,657,632	75,657,632	100.00%	
2011	78,501,965	78,501,965	100.00%	
2012	80,135,119	80,135,119	100.00%	
2013	81,618,245	81,618,245	100.00%	
2014	82,878,808	82,878,808	100.00%	
2015	84,005,871	84,005,871	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.

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Other Leases			
2006	\$ 84,743,000	\$ 367,267	\$ 767,327	\$ 85,877,594	4.94%	\$ 68,181
2007	83,900,000	226,347	519,368	84,645,715	4.59%	71,677
2008	88,745,000	239,959	247,815	89,232,774	4.74%	73,011
2009	86,590,000	21,242		86,611,242	4.79%	69,406
2010	84,650,000	869		84,650,869	4.53%	69,906
2011	82,575,000	178,670		82,753,670	4.25%	72,704
2012	81,455,000	231,913		81,686,913	3.94%	76,918
2013	78,170,000	173,261		78,343,261	3.74%	77,685
2014	73,455,000	111,271		73,566,271	Not Available	Not Available
2015	70,365,000	1,242,640		71,607,640	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

<u>General Bonded Debt Outstanding</u>				
<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2006	\$ 84,743,000	\$ 84,743,000	1.21%	\$ 68,181
2007	83,900,000	83,900,000	1.17%	71,677
2008	88,745,000	88,745,000	1.24%	73,011
2009	86,590,000	86,590,000	1.27%	69,406
2010	84,650,000	84,650,000	1.32%	69,906
2011	82,575,000	82,575,000	1.28%	72,704
2012	81,455,000	81,455,000	1.28%	76,918
2013	78,170,000	78,170,000	1.22%	76,918
2014	73,455,000	73,455,000	1.16%	77,685
2015	70,365,000	70,365,000	1.10%	Not Available

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

^a See J-6 for property tax data.

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

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
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	\$ 8,110,088	100.000%	\$ 8,110,088
Somerset County General Obligation Debt	170,821,882	12.010%	<u>20,515,708</u>
Subtotal, Overlapping Debt			28,625,796
Bernards School District Direct Debt			<u>70,365,000</u>
Total Direct and Overlapping Debt			<u>\$ 98,990,796</u>

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

Debt outstanding data provided by each governmental unit.

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

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

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

Legal Debt Margin Calculation for Fiscal Year 2015

<u>Year</u>	<u>Equalized Valuation Basis</u>
2014	\$ 6,896,718,944
2013	6,730,668,212
2012	<u>6,745,571,062</u>
	<u>\$ 20,372,958,218</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 6,790,986,073</u>
Debt Limit (4% of Average Equalization Value)	
	\$ 271,639,443 ^a
Total Net Debt Applicable to Limit	
	<u>70,365,000</u>
Legal Debt Margin	
	<u>\$ 201,274,443</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 235,292,668	\$ 274,258,157	\$ 285,996,501	\$ 285,885,713	\$ 290,748,866	\$ 283,579,726	\$ 278,379,151	\$ 274,865,133	\$ 273,097,869	\$ 271,639,443
Total Net Debt Applicable to Limit	<u>84,743,000</u>	<u>83,900,000</u>	<u>88,745,000</u>	<u>86,590,000</u>	<u>84,650,000</u>	<u>82,575,000</u>	<u>81,455,000</u>	<u>78,170,000</u>	<u>73,455,000</u>	<u>70,365,000</u>
Legal Debt Margin	<u>\$ 150,549,668</u>	<u>\$ 190,358,157</u>	<u>\$ 197,251,501</u>	<u>\$ 199,295,713</u>	<u>\$ 206,098,866</u>	<u>\$ 201,004,726</u>	<u>\$ 196,924,151</u>	<u>196,695,133</u>	<u>199,642,869</u>	<u>201,274,443</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.91%	19.21%	36.02%	30.29%	29.11%	29.12%	29.26%	28.44%	26.90%	25.90%

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> ^d
2006	25,508	\$ 1,739,160,948	\$ 68,181	2.60%
2007	25,714	1,843,102,378	71,677	2.20%
2008	25,785	1,882,588,635	73,011	3.20%
2009	26,034	1,806,915,804	69,406	5.90%
2010	26,703	1,866,699,918	69,906	5.90%
2011	26,810	1,949,194,240	72,704	5.50%
2012	26,976	2,074,939,968	76,918	5.80%
2013	26,944	2,093,144,640	77,685	4.80%
2014	26,857	Not Available	Not Available	4.40%
2015	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept. of Labor and Workforce Development and is reported as of July 1 of the identified year.
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^c Per capita personal income by municipality estimated based upon the November 2013 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**

	2015		2006	
<u>Employer</u>	<u>Employees</u>	Percentage of Total Municipal Employment	<u>Employees</u>	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Teachers - General Fund	416.8	449.0	450.5	482.6	469.8	442.8	440.6	450.0	467.0	482.7
Classroom Aides - General Fund	83.0	92.8	100.5	116.5	123.0	96.5	109.0	120.0	116.8	122.3
Athletic									2.0	2.0
Health Services	8.0	10.0	10.5	11.9	11.9	11.0	11.0	10.0	10.0	12.0
Related Services	10.0	8.0	9.0	12.0	11.6	11.6	12.0	13.0	13.5	13.5
Extraordinary Services	-	2.0	5.0	5.2	6.0	8.4	11.0	9.0	9.5	7.6
Guidance - Professional	18.0	18.2	19.2	22.0	20.2	19.2	21.2	21.0	20.2	20.0
Guidance - Support	5.0	5.0	5.2	7.0	6.0	8.0	8.0	8.0	9.0	8.0
Child Study Team	17.0	15.8	15.8	17.2	17.2	16.4	17.8	21.0	20.8	21.6
Child Study Team - Support	5.0	2.0	2.0	2.0	2.0	2.0	2.0	6.0	5.0	5.0
Supervisors and Other Professionals	5.0	4.5	4.5	4.6	4.0	3.5	9.8	5.0	4.5	4.5
Improvement of Instruction - Support	3.0	2.0	2.0	2.0	3.0	2.0	4.0	3.0	2.0	3.0
Media Services/Technology	6.0	15.0	14.0	14.0	13.0	10.0	10.0	10.0	10.0	9.0
Professional Development - Professionals	6.0	5.0	4.5	5.5	5.5	5.0	5.5	-	-	-
Professional Development - Support	3.0	4.0	4.8	6.0	6.0	5.0	5.0	5.0	5.0	4.0
General District Administrators	1.0	1.5	-	-	-	-	-	3.0	5.0	5.5
General Administration - Professional	-	-	1.5	1.5	1.5	1.5	2.5	3.0	2.0	2.0
General Administration - Support	1.0	1.0	1.0	1.0	1.0	1.0	-	6.0	0.5	1.0
Principals/Assistant Professionals	15.0	17.0	16.0	16.0	17.0	17.0	16.0	17.0	17.0	17.0
School Administration - Support	19.0	19.0	18.0	19.0	18.0	19.0	21.0	19.0	19.0	19.0
Central Services - Administrators	1.0	1.0	1.0	1.0	1.0	1.0	7.0	1.0	7.5	9.0
Central Services - Support	5.0	6.6	2.5	5.6	5.6	4.6	-	-	-	-
Administration Information Technology Services	6.0	5.5	5.3	9.0	9.0	8.0	9.0	11.0	9.5	9.0
Operation and Maintenance									2.0	3.0
Support Staff - Special Revenue	-	7.6	1.8	3.0	3.0	3.0	6.0	-	-	-
Total	633.8	692.5	694.6	764.6	755.3	696.5	728.4	741.0	757.9	780.8

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				
2006	5,346	\$ 67,516,774	\$ 12,629	3.77%	511	10.7	10.4	10.8	5,307	5,111	2.08%	96.31%
2007	5,529	69,266,377	12,528	-0.80%	515	10.8	10.5	10.7	5,466	5,263	3.00%	96.29%
2008	5,519	70,425,155	12,760	1.86%	530	11.7	10.3	10.8	5,517	5,310	0.93%	96.25%
2009	5,640	81,405,471	14,434	13.11%	524	11.3	9.8	10.7	5,632	5,413	2.08%	96.11%
2010	5,725	83,442,076	14,575	0.98%	548	10.7	9.5	10.7	5,701	5,490	1.23%	96.30%
2011	5,671	80,855,788	14,258	-2.18%	443	10.8	10.0	11.0	5,663	5,444	-0.67%	96.13%
2012	5,705	86,541,976	15,169	6.39%	454	14.7	9.9	12.6	5,685	5,481	0.39%	96.41%
2013	5,765	89,385,959	15,505	2.21%	450	12.9	11.6	13.6	5,697	5,461	0.21%	95.86%
2014	5,720	91,476,115	15,992	3.14%	450	12.9	11.6	13.6	5,762	5,458	1.14%	94.72%
2015	5,677	93,533,147	16,476	3.02%	483	12.9	11.6	13.6	5,695	5,449	-1.16%	95.68%

Source: District Records.

Note: Enrollment based on annual October District count.

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

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

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary:</u>										
Cedar Hill Elementary School										
Square Feet	59,500	59,500	59,500	59,500	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	650	649	649	614	624	607	604	593	612	610
Liberty Corner Elementary School										
Square Feet	82,200	82,200	82,200	82,200	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	610	626	626	608	575	561	570	598	581	556
Mount Prospect Elementary School										
Square Feet	87,000	87,000	87,000	87,000	97,708	97,708	97,708	97,708	97,708	103,440
Capacity (students)	625	625	625	625	839	839	839	839	839	839
Enrollment	687	713	713	780	761	719	715	707	680	672
Oak Street Elementary School										
Square Feet	65,470	65,470	65,470	65,470	69,272	69,272	69,272	69,272	69,272	75,927
Capacity (students)	686	686	686	686	686	686	686	686	686	686
Enrollment	593	623	623	607	623	627	636	607	616	579
<u>Middle School:</u>										
William Anin Middle School										
Square Feet	146,000	146,000	146,000	146,000	162,713	162,713	162,713	162,713	162,713	162,713
Capacity (students)	1,460	1,460	1,460	1,460	1,471	1,471	1,471	1,471	1,471	1,471
Enrollment	1,260	1,277	1,277	1,348	1,399	1,433	1,406	1,405	1,366	1,382
<u>High School:</u>										
Ridge High School										
Square Feet	209,500	209,500	209,500	209,500	297,158	297,158	297,158	297,158	297,158	312,939
Capacity (students)	1,831	1,831	1,831	1,831	1,976	1,976	1,976	1,976	1,976	1,976
Enrollment	1,525	1,604	1,604	1,695	1,715	1,724	1,774	1,815	1,865	1,878
<u>Other:</u>										
Administration Building										
Square Feet	5,200	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076	7,076

Number of Schools at June 30, 2015:

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

Source: District Facilities Office

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

N/A - Not Available

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

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

*School Facilities	<u>Ridge H.S.</u>	<u>William Aninn M.S.</u>	<u>Cedar Hill E.S.</u>	<u>Liberty Corner E.S.</u>	<u>Mount Prospect E.S.</u>	<u>Oak Street E.S.</u>	<u>Total</u>
Project # (s)	SP201527, SP202749, <u>0350-050-05-100</u>	0350-055-04-1000, <u>0350-055-05-1000</u>	0350-070-02-1005, <u>0350-070-05-1000</u> , <u>0350-070-05-2000</u>	0350-080-02-0816, <u>0350-080-04-1000</u> , <u>0350-080-05-1000</u>		0350-060-03-0947, <u>0350-060-05-1000</u> , <u>0350-060-05-2000</u>	
2006	\$ 237,971	\$ 89,517	\$ 66,160	\$ 68,748	\$ 62,789	\$ 76,815	\$ 602,000
2007	896,847	616,748	252,089	344,521	411,746	279,038	2,800,989
2008	2,224,072	637,354	230,235	299,848	374,319	330,047	4,095,875
2009	1,200,629	574,109	260,651	298,627	409,919	276,833	3,020,768
2010	660,922	361,897	151,291	182,914	217,317	154,070	1,728,411
2011	660,846	361,855	151,273	182,892	217,291	154,053	1,728,210
2012	1,281,483	701,694	293,342	354,657	421,362	298,733	3,351,271
2013	677,259	370,842	155,030	187,434	222,688	157,879	1,771,132
2014	646,721	354,120	148,039	178,983	212,646	150,760	1,691,269
2015	<u>726,010</u>	<u>397,536</u>	<u>166,189</u>	<u>200,926</u>	<u>238,717</u>	<u>169,244</u>	<u>1,898,622</u>
Total School Facilities	<u>\$ 9,212,760</u>	<u>\$ 4,465,672</u>	<u>\$ 1,874,299</u>	<u>\$ 2,299,550</u>	<u>\$ 2,788,794</u>	<u>\$ 2,047,472</u>	<u>\$ 22,688,547</u>

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

Source: District Records

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Insurance Schedule
June 30, 2015

School Package Policy - NJSBAIG:	<u>Coverage</u>	<u>Deductible</u>
Blanket Building and Contents	\$ 156,701,638	\$ 5,000
Electronic Data Processing	1,000,000	1,000
Boiler and Machinery	100,000,000	5,000
Crime	1,000,000	1,000
Comprehensive General Liability	11,000,000	-
Automobile	11,000,000	1,000
Commercial Excess	Included	-
Workers' Compensation	2,000,000	-
School Leaders Errors and Omissions	11,000,000	5,000
Environmental Liability - NJSBAIG	1,000,000	25,000
 N.J. Cap Program - Fireman's Fund Insurance Co.	 50,000,000	 -
 Public Official's Bonds - Selective Insurance Co.		
Board Secretary	369,000	-
Treasurer	400,000	-
 Student Accident - Bollinger Insurance	 1,000,000	 -

Source: Bernards Township Board of Education.

Single Audit Section

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K-1

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bernards Township School District, in the County of Somerset, New Jersey (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2015.

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.

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

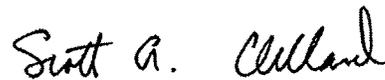
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Scott A. Clelland

Licensed Public School Accountant

No. 1049


WISS & COMPANY, LLP

December 15, 2015
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by
OMB Circular A-133 and New Jersey OMB Circular 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Bernards Township School District, 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, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of*

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Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

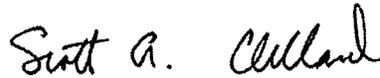
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

December 15, 2015
Iselin, New Jersey

TOWNSHIP OF BERNARDS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2015	Unearned Revenue June 30, 2015	Due to Grantor at June 30, 2015
			From	To								
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title II - Part A	84.367A	63,106	07/01/14	06/30/15			\$ 53,494	\$ 60,321		\$ (6,827)		
Title II - Part A	84.367A	60,863	09/01/12	08/31/13	\$ 4,356				\$ (4,356)			
Title III	84.365A	16,157	07/01/14	06/30/15			13,683	15,122		(1,439)		
Title III	84.365A	13,130	09/01/11	08/31/12	(4,708)				4,708			
Title III Immigrant	84.365A	43,766	07/01/14	06/30/15			30,504	43,720		(13,216)		
I.D.E.A., Part B, Basic	84.027	1,276,609	07/01/14	06/30/15			896,192	1,160,444		(264,252)		
I.D.E.A., Part B, Basic	84.027	1,220,162	07/01/13	06/30/14	(725,906)		640,022		85,884			
I.D.E.A., Part B, Preschool	84.173	43,962	07/01/14	06/30/15			41,208	41,208				
I.D.E.A., Part B, Preschool	84.173	41,041	07/01/13	06/30/14	(22,342)		22,342					
Total Special Revenue Fund					(748,600)	-	1,697,445	1,320,815	86,236	(285,734)	-	-
U.S. Department of Agriculture												
Passed-through State Department of Education												
Enterprise Fund:												
Food Donation Program (NC)	10.555	40,003	07/01/14	06/30/15			39,846	39,804			\$ 42	
Food Donation Program (NC)	10.555	40,544	07/01/13	06/30/14	199			199				
National PBJ Lunch Program	10.555	9,361	07/01/14	06/30/15			8,636	9,361		(725)		
National PBJ Lunch Program	10.555	11,356	07/01/13	06/30/14	(2,248)		2,248					
National School Lunch Program	10.555	64,341	07/01/14	06/30/15			59,450	64,341		(4,891)		
National School Lunch Program	10.555	72,202	07/01/13	06/30/14	(14,621)		14,621					
Total Enterprise Fund					(16,670)	-	124,801	113,705	-	(5,616)	42	-
Total Expenditures of Federal Awards					\$ (765,270)	\$ -	\$ 1,822,246	\$ 1,434,520	\$ 86,236	\$ (291,350)	\$ 42	\$ -

NC - non cash expenditures.

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, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014			Carryover/ (Walkover) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO			
			From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures		
State Department of Education																			
General Fund:																			
Special Education Aid	15-495-034-5120-089	\$ 2,579,730	7/1/2014	6/30/2015					\$ 2,325,273	\$ 2,579,730						\$ (254,457)	\$ 2,579,730		
Special Education Aid	14-495-034-5120-089	2,579,730	7/1/2013	6/30/2014	\$ (251,907)				251,907								88,737		
Security Aid	15-495-034-5120-084	88,737	7/1/2014	6/30/2015					79,984	88,737							88,737		
Security Aid	14-495-034-5120-084	88,737	7/1/2013	6/30/2014	(8,665)				8,665										
Transportation Aid	15-495-034-5120-014	388,999	7/1/2014	6/30/2015					350,629	388,999							388,999		
Transportation Aid	14-495-034-5120-014	388,999	7/1/2013	6/30/2014	(37,985)				37,985										
PARCC Readiness Aid	15-495-034-5120-098	57,590	7/1/2014	6/30/2015					51,910	57,590							57,590		
Per Pupil Growth Aid	15-495-034-5120-097	57,590	7/1/2014	6/30/2015					51,910	57,590							57,590		
Extraordinary Aid	15-100-034-5120-473	2,561,871	7/1/2014	6/30/2015					27,791	2,561,871		\$ (2,534,080)					2,561,871		
Extraordinary Aid	14-100-034-5120-473	2,661,682	7/1/2013	6/30/2014	(2,661,682)				2,661,682										
Nonpublic School Transportation Costs	n/a	71,138	7/1/2014	6/30/2015						71,138			(71,138)				71,138		
Nonpublic School Transportation Costs	n/a	67,709	7/1/2013	6/30/2014	(67,709)				67,709										
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	2,901,541	7/1/2014	6/30/2015					2,901,541	2,901,541							2,901,541		
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	2,886,789	7/1/2013	6/30/2014	(140,851)				140,851										
On Behalf TPAF Pension and Medical	15-495-034-5094-001/006/007	5,295,131	7/1/2014	6/30/2015					5,295,131	5,295,131							5,295,131		
Total General Fund					(3,168,799)				14,252,968	14,002,327			(2,605,218)				(312,940)	14,002,327	
Special Revenue Fund:																			
N.J. Nonpublic Aid:																			
Textbook Aid	15-100-034-5120-064	29,433	7/1/2014	6/30/2015					29,433	28,684								28,684	
Textbook Aid	14-100-034-5120-064	31,430	7/1/2013	6/30/2014		\$ 1,047					\$ 1,047								
Nursing Services	15-100-034-5120-070	46,857	7/1/2014	6/30/2015					46,857	37,451								37,451	
Nursing Services	14-100-034-5120-070	44,236	7/1/2013	6/30/2014			8,567				8,567							9,406	
Technology	15-100-034-5120-373	15,808	7/1/2014	6/30/2015					15,808	5,434								5,434	
Technology	14-100-034-5120-373	11,460	7/1/2013	6/30/2014			941											10,374	
Auxiliary Services:																			
English as a Second Language	15-100-034-5120-067	3,654	7/1/2014	6/30/2015					3,654	2,010								2,010	
English as a Second Language	14-100-034-5120-067	2,619	7/1/2013	6/30/2014			349				349								
Home Instruction	15-100-034-5120-067	3,050	7/1/2014	6/30/2015						3,050			(3,050)					3,050	
Compensatory Education	15-100-034-5120-067	51,240	7/1/2014	6/30/2015					51,240	46,671								46,671	
Compensatory Education	14-100-034-5120-067	33,383	7/1/2013	6/30/2014			6,077				6,077							4,569	
Handicapped Services:																			
Supplemental Instruction	15-100-034-5120-066	29,034	7/1/2014	6/30/2015					29,034	19,539								9,495	
Supplemental Instruction	14-100-034-5120-066	23,036	7/1/2013	6/30/2014			4,165				4,165							19,539	
Examination and Classification	15-100-034-5120-066	44,308	7/1/2014	6/30/2015					44,308	32,417								11,891	
Examination and Classification	14-100-034-5120-066	43,628	7/1/2013	6/30/2014			2,391				2,391							32,417	
Corrective Speech	15-100-034-5120-066	59,195	7/1/2014	6/30/2015					59,195	48,770								10,425	
Corrective Speech	14-100-034-5120-066	50,153	7/1/2013	6/30/2014			10,468				10,468							48,770	
Total Special Revenue Fund							34,005			279,529	224,026		34,005	(3,050)			58,553		224,026
NJSDA Grants:																			
Capital Projects Fund:																			
Liberty Corner E.S. - Window Replacement	0350-080-05-OC60	145,939	4/3/2007	Completion	(145,209)				\$ 58,689	86,520									86,520
Ridge High School - Unit Ventilator Replacement	0350-050-14-G2NU	221,400	12/12/2014	Completion						78,107			(78,107)						78,107
Ridge High School - HVAC Upgrades	0350-050-14-G2NV	164,400	12/12/2014	Completion						73,674			(73,674)						73,674
Cedar Hill E.S. - Unit Ventilator Replacement	0350-070-14-G2OC	427,800	12/12/2014	Completion						142,367			(142,367)						142,368
Cedar Hill E.S. - HVAC Upgrades - LC	0350-070-14-G2OB	269,840	12/12/2014	Completion						111,978			(111,978)						111,977
Total Capital Projects Fund					(145,209)				58,689	86,520			(406,126)					(1,083,440)	492,646
Debt Service Fund:																			
Debt Service Aid																			
Debt Service Aid	15-495-034-5120-017	273,324	7/1/2014	6/30/2015					273,324	273,324									273,324
Total Debt Service Fund									273,324	273,324									273,324
State Department of Agriculture																			
Enterprise Fund:																			
National School Lunch Program (State Share)	15-100-010-3350-023	6,548	7/1/2014	6/30/2015					5,866	6,548				(682)					6,548
National School Lunch Program (State Share)	14-100-010-3350-023	8,136	7/1/2013	6/30/2014	(1,976)				1,976										
Total Enterprise Fund					(1,976)				7,842	6,548			(682)					(682)	6,548
Total Expenditures of State Financial Assistance					\$ (3,315,984)	\$ -	\$ 34,005	\$ -	\$ 58,689	\$ 14,900,183	\$ 14,912,351	\$ 34,005	\$ (3,015,076)	\$ -	\$ 58,553	\$ (1,397,062)	\$ -	\$ 14,998,871	
State Financial Assistance Not Subject to Single Audit Determinations:																			
On Behalf TPAF Pension and Medical	15-495-034-5094-001/006/007	5,295,131	7/1/2014	6/30/2015					5,295,131	5,295,131									5,295,131
Total State Financial Assistance Subject to Single Audit Determination					\$ (3,315,984)	\$ -	\$ 34,005	\$ -	\$ 58,689	\$ 9,605,052	\$ 9,617,220	\$ 34,005	\$ (3,015,076)	\$ -	\$ 58,553	\$ (1,397,062)	\$ -	\$ 9,703,740	

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, 2015

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. 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.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance 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. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.

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.

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year Ended June 30, 2015

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$14,383 for the general fund and \$15,507 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		\$ 13,987,944	\$ 13,987,944
Special Revenue Fund	\$1,320,815	224,026	1,544,841
Capital Projects Fund		347,437	347,437
Debt Service Fund		273,324	273,324
Enterprise Food Service Fund	113,705	6,548	120,253
Total financial award revenues	<u>\$ 1,434,520</u>	<u>\$ 14,839,279</u>	<u>\$ 16,273,799</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.

Township of Bernards Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2015

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. 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, 2015.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2015 amounted to \$5,295,131. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Adjustments

The adjustment presented on exhibit K-3 and K-4 represents the cancellation of a prior year receivables and unearned revenue.

Township of Bernards Board of Education
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I - Summary of Auditors' Results

Financial Statement Section

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

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u>	No
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u>	None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u> </u> Yes	<u> X </u>	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 , 84.173	IDEA Part B, Basic and Preschool Cluster

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

Year ended June 30, 2015

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

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

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

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? Yes X No

Identification of major programs:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5094-003	Reimbursed TPAF Social Security Contributions
0350-050-14-G2NU, 0350-050-14-G2NV, 0350-070-14-G2OC, 0350-070-14-G2OB	NJSDA Grants

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

Year ended June 30, 2015

Part II – Schedule of Financial Statement Findings

No financial statement 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, 2015

**Part III - Schedule of Federal and State Award 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 programs, as required by U.S. OMB Circular A-133 and major state programs as required by New Jersey State Circular 15-08.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133.

State Award Programs

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

Township of Bernards Board of Education
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2015

Not Applicable