

**BEDMINSTER TOWNSHIP
SCHOOL DISTRICT**

**Bedminster Township School District
Bedminster, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

**Bedminster Township School District
Board of Education**

Bedminster, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Bedminster Township School District
Board of Education**

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal..... 1
Organizational Chart 6
Roster of Officials 7
Consultants and Advisors 8

FINANCIAL SECTION..... 9

Independent Auditors' Report 10

Required Supplementary Information 13
Management's Discussion and Analysis (Unaudited) 14

Basic Financial Statements (Sections A and B) 23

A. District-Wide Financial Statements 24

A-1 Statement of Net Position..... 25
A-2 Statement of Activities 26

B. Fund Financial Statements 28

B-1 Balance Sheet – Governmental Funds 29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds 30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 32
B-4 Statement of Net Position – Proprietary Funds 33
B-5 Statement of Revenue, Expenses and Changes in Fund Net
Position – Proprietary Funds..... 34
B-6 Statement of Cash Flows – Proprietary Funds 35
B-7 Statement of Fiduciary Net Position – Fiduciary Funds 36
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds 37

Notes to the Basic Financial Statements..... 38

Required Supplementary Information (Unaudited).....68

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)..... 69

L-1 Schedule of District's Proportionate Share of the Net Pension Liability –
Public Employees Retirement System 69
L-2 Schedule of District Contributions – Public Employees Retirement System..... 70
L-3 Schedule of State's Proportionate Share of the Net Pension Liability – Attributable to
the District - Teachers' Pension and Annuity Fund 71
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund..... 72
Notes to Required Supplementary Information 73

C. Budgetary Comparison Schedules 75

C-1 Budgetary Comparison Schedule – General Fund (Unaudited)..... 76
C-2 Budgetary Comparison Schedule - Special Revenue Fund (Unaudited)..... 86
C-3 Budgetary Comparison Schedule – Note to RSI (Unaudited)..... 87

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D. – I.)

D. School Level Schedules (Not Applicable)	89
E. Special Revenue Fund.....	90
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis	91
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund (Not Applicable).....	93
G. Proprietary Funds (Enterprise Fund).....	94
G-1 Statement of Net Position.....	95
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position	96
G-3 Statement of Cash Flows.....	97
H. Fiduciary Funds	98
H-1 Combining Statement of Net Position.....	99
H-2 Statement of Changes in Fiduciary Net Position.....	100
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	101
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	102
I. Long-Term Debt	103
I-1 Schedule of Serial Bonds	104
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	
I-3 Debt Service Fund Budgetary Comparison Schedule	105

STATISTICAL SECTION (Unaudited)

J. Statistical Section (Unaudited).....	106
J-1 Net Position by Component	107
J-2 Changes in Net Position	108
J-3 Fund Balances - Governmental Funds	110
J-4 Changes in Fund Balances - Governmental Funds	111
J-5 General Fund Other Local Revenue by Source.....	112
J-6 Assessed Value and Actual Value of Taxable Property.....	113
J-7 Direct and Overlapping Property Tax Rates	114
J-8 Principal Property Taxpayers, Current Year and Nine Years Ago	115
J-9 Property Tax Levies and Collections	116
J-10 Ratios of Outstanding Debt by Type.....	117
J-11 Ratios of Net General Bonded Debt Outstanding	118
J-12 Ratios of Overlapping Governmental Activities Debt	119
J-13 Legal Debt Margin Information	120
J-14 Demographic and Economic Statistics.....	121
J-15 Principal Employers, Current Year and Nine Years Ago	122
J-16 Full-time Equivalent District Employees by Function/Program	123
J-17 Operating Statistics	124
J-18 School Building Information.....	125
J-19 Schedule of Required Maintenance.....	126
J-20 Insurance Schedule.....	127

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

K.	SINGLE AUDIT SECTION	128
K-1	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	129
K-2	Independent Auditor’s Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance.....	131
K-3	Schedule of Expenditures of Federal Awards	133
K-4	Schedule of Expenditures of State Awards	134
K-5	Notes to the Schedules of Expenditures of Federal and State Awards.....	136
K-6	Schedule of Findings and Questioned Costs	138
K-7	Summary Schedule of Prior Audit Findings	139

INTRODUCTORY SECTION

BEDMINSTER TOWNSHIP PUBLIC SCHOOL DISTRICT

234 Somerville Road
Bedminster, NJ 07921
Telephone (908) 234-0768 Fax (908) 234-2318
www.bedminsterschool.org

Alicia Schauer
Business Administrator

Jennifer Giordano
Superintendent

Corby Swan
Principal

Dr. Jane Petrozzino
Supervisor of Student Services

Todd Saint Laurent
Assistant Principal/
Supervisor of Curriculum

September 7, 2017

The Honorable President and Members of the Board of Education
Township of Bedminster School District
County of Somerset
Bedminster, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Township of Bedminster School District (the "District") for the fiscal year ended June 30, 2017, 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 (the "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 basic financial statements and results of operations of the District. 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 statements, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Bedminster Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards board ("GASB") in codification section 2100. All funds of the District are included in this report. The Bedminster Township School District and its school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 8 and through a send-receive tuition relationship with Somerset Hills School District grades 9 through 12. Services include regular as

well as special education for handicapped students, charter school tuition, sending tuition, aid-in-lieu transportation and special education out of district placement. The District completed the 2016-2017 fiscal year with an enrollment of 532 students Pre-K through 8, an increase of 5 students from the previous year's enrollment. In grades 9 through 12, the year-end enrollment was 259, a decrease of 8 over the prior year.

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Bedminster, with approximately 8,165 residents (as of 2010 census) and 26.3 square miles, is one of Somerset County's oldest municipalities, chartered in 1749. The Township has been successful in maintaining the character and charm of its picturesque village neighborhoods, surrounded by open space and natural beauty. Its excellent public schools, very low taxes, safe streets, and preserved open space and parks are a great source of community pride.

Bedminster is blessed with country roads dotted with horse farms, colonial and Victorian farmhouses and other historical buildings for all to see and enjoy. Many paved and unpaved lanes are enjoyed by bicyclists, horseback riders, hikers, and our many dogs and their owners. Bedminster takes great pride in its efforts at preserving open space and farmland for future generations. With aggressive planning and 10-acre zoning in the western section of the township, the rural character will be retained. Over 1,000 acres have already been saved from development with more to follow. The Township is also home to many horse farms with numerous equestrian trails wandering through the open fields. Many equestrian trails cross through the open spaces in town, which also happens to be the proud home of the United States Equestrian Team representing our country at The Olympic Games and other major competitions both nationally and internationally.

3) MAJOR INITIATIVES: In addition to annually ensuring that each child has his/her educational needs met, the district plans to protect, enhance and expand the opportunities offered for future students. Progress is charted in the areas described below:

Monitoring

New Jersey Quality Single Accountability Continuum (QSAC) is the Department of Education's monitoring and evaluation system. Its primary purpose is to measure and improve school district performance in meeting State standards in the areas of Governance, Curriculum, Personnel, Finance, and Facilities. The school district was monitored by the State Department of Education during the 2015-2016 school year which included site visits, extensive interviews, and review of all district state and federal reporting. After which, the district was notified that it scored successfully in each of the five weighted areas of the QSAC review process and was designated as "high performing."

Facilities

In 1998-99 the district completed the latest phase of its building program, with a \$5.2 million project, providing additional space with the expansion of core facilities to provide a new multi-purpose room, a new science lab and a new media technology suite. The remaining debt payments related to this project will be completed during the 2017-2018 school year.

During the 2016-2017 fiscal year, all major systems and equipment were inspected and serviced, as needed. Comprehensive Maintenance Plan (CMP) activities were completed in accordance with this ongoing multi-year plan of the building's major sub-systems. Capital projects were completed in accordance with the Long Range Facilities Plan (LRFP) which plans and budgets the major infrastructure repairs/enhancements to the district owned assets. Together the ongoing funding and support of the CMP and the LRFP ensure that the value of the largest jointly owned asset in the community is preserved.

Student Achievement

The Board supports a curriculum that is comprehensive and challenging. Students enjoy provided offerings such as English Language Arts, Mathematics, Algebra, inquiry based Science, and Social Studies. Our curricula are aligned with the approved standards and our District continues to update this curriculum in accordance with these standards.

Pupils with additional needs and abilities have access to services including academic support improvement, English as a Second Language, guidance, special education programming, child study team services, occupational therapy, physical therapy, speech therapy, and adaptive physical education. To round out their preparation, students are offered visual and performing arts, applied technology and technology, world languages, library media services, health and physical education, and STE(A)M opportunities for college and career preparedness.

The District has made major strides in our special educations program by extending our inclusive model across the span of grades. In addition, we have an extended day Pre-K program to meet students' needs in-district. These priorities have been embraced in our annual school improvement goals and are reflected in ongoing professional staff development. Our website is www.bedminsterschool.org, which was developed to provide flexibility in use and opportunities to interact with the community.

Staff Development

Our faculty members are committed to the constant improvement of their instructional skill and the acquisition of new strategies that are supported by a professional development plan. Teachers benefit from opportunities for graduate study at colleges and universities, professional development seminars, and in-district workshops to support their needs and desire to grow professionally. Each school year, all of our teachers participate in at least twenty (20) hours of professional development via in-district workshops, academic coursework, professional learning communities (PLCs), staff meetings that incorporate professional development and workshop facilitation by turn-key trainers.

Technology

The District continues to implement the strategies for meeting the goals set forth in the technology plan. An updated technology plan was implemented during the 2016-2017 school year.

The technology education curriculum for Kindergarten through grade eight emphasizes the infusion of technology into all areas of the school curricula.

To improve communications with students and parents, we provide a web-based portal that enables parents and students to log on and view up-to-date attendance, grading and assignment information for each of their children. The system also has a web-based teacher grade book, which allows teachers to maintain grades and assignments electronically.

Community Outreach

The Board encourages community input to assist with the strategic planning and decision making about educational programming. In fact, stakeholders are well represented working with Bedminster Township on shared services, grant opportunities, the Bedminster Technology Committee, our newly formed Health and Wellness Committee (formerly the Food Advisory Committee), Somerset Hills Municipal Alliance Committee, the governor's Teacher Recognition committee, the District Evaluation Advisory Committee

(DEAC), School Improvement Panel (SciP), Green Team/Garden Committee, Read Across America, and the Parent Teacher Organization. The District also partners with the Bedminster non-public schools to offer educational opportunities for students. The District's commitment and emphasis on their importance of community volunteerism is demonstrated by the forty (40) hours of community service required by eighth grade students. The District continues to promote current fundraising opportunities with community stakeholders to fund student activities.

Tuition Revenues

The Bedminster Township School District provides special education programming and as a result of the program we have been able to extend to our resident Pre-K students opportunities to attend our school in a general Pre-K educational setting.

(4) INTERNAL ACCOUNTING CONTROLS: 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).

The District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to federal and state awards. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments, and assignments of fund balance at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds 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 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 commercial insurance, including, but not limited to, general liability, hazard and theft insurance on property and contents and fidelity bonds.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. The auditors’ report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

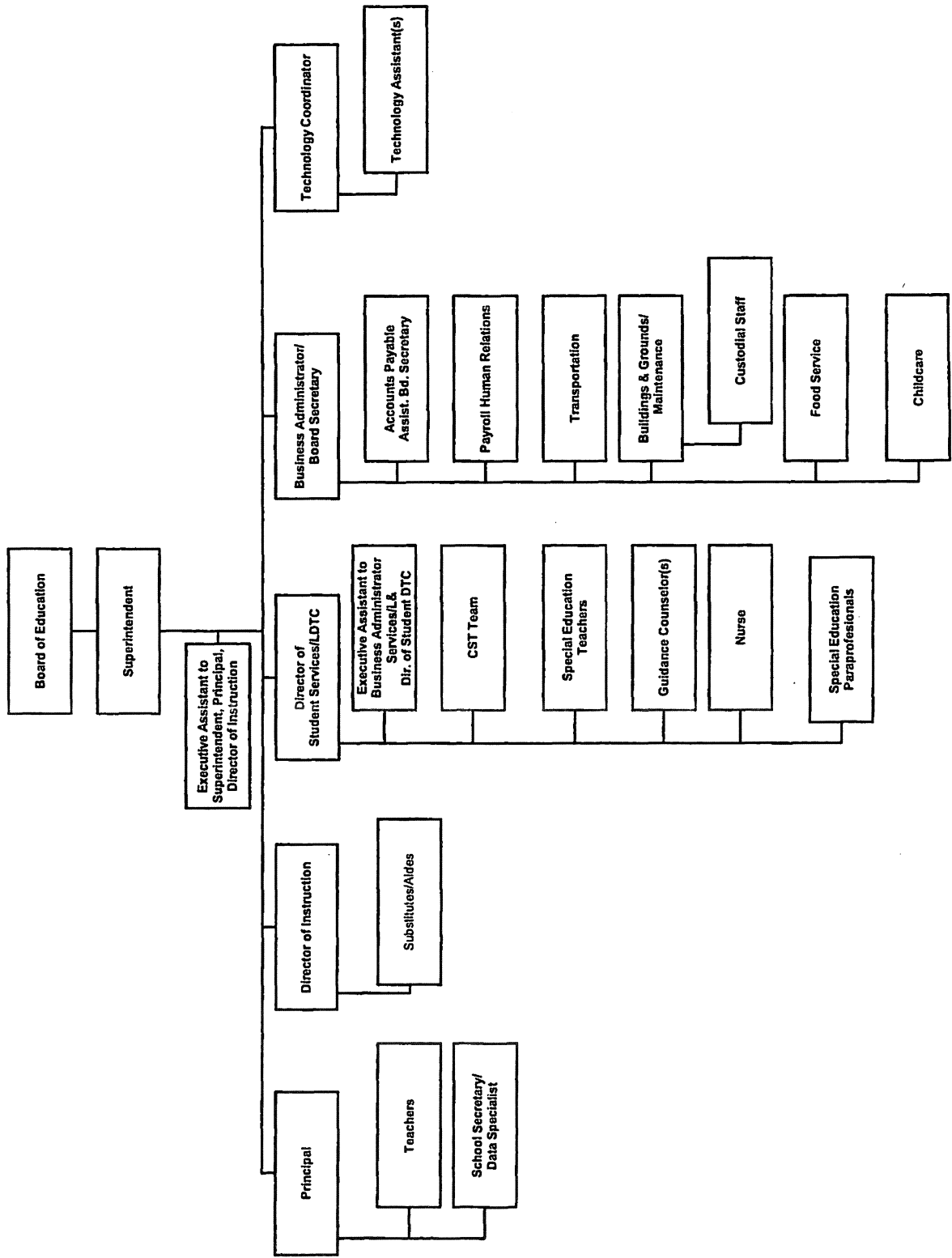
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bedminster Township School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report was accomplished with the efficient and dedicated services of our Board Office staff.

Respectfully submitted,

Signed: 
Title: Superintendent

Signed: 
Title: Business Administrator

Bedminster Township School District



**BEDMINSTER TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jeff Reaves, President	2018
Lou Casella, Vice-President	2017
Michael Allegra	2017
Monica Burch	2019
Judy Creelman	2019
Suzie Stevinson	2019
Brian Haggerty	2018
Jennifer Johansson	2018
Howard Wolkow	2017

<u>Other Officials</u>	<u>Title</u>
Jennifer Giordano	Superintendent
Alicia M. Schauer	School Business Administrator/Board Secretary
Marilyn McClintick	Treasurer
Nicholas Celso, III, Esq.	Board Attorney

Bedminster Township School District
Consultants and Advisors

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Attorney

Schwartz, Simon, Edelstein, Celso & Kessler LLP
10 James Street
Florham Park, NJ 07932

Architect of Record

Parette Somjen Architects, LLC
439 Route 46 East
Rockaway, NJ 07866

Official Depository

Peapack-Gladstone Bank
Far Hills Branch
Dumont Road
Far Hills, NJ 07931

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Bedminster Township School District
County of Somerset, 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 Board of Education of the Township of Bedminster Township School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2017, 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Board of Education of the Bedminster Township School District, in the County of Somerset, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year fiscal then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Bedminster Township School District
Page 3

The accompanying other information such as the introductory and statistical sections 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 September 7, 2017 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.

September 7, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

This section of Bedminster Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position increased by \$540,522 or 8.76% over the previous year.
- Overall revenue was \$21.70 million.
- Overall expenses were \$21.16 million.

Overview of the Financial Statements

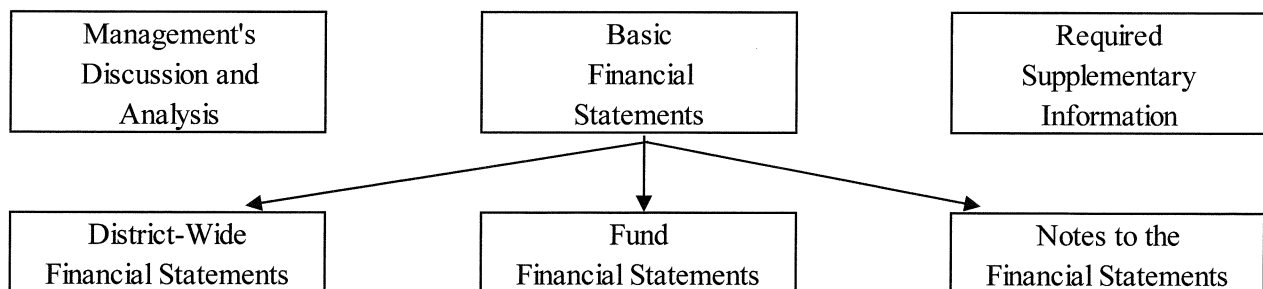
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

Figure A-1

Organization of the School District's Financial Report



**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

District-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$540,522. Net position from governmental activities increased by \$558,129, and net position from business-type activities decreased by \$17,607. Net investment in capital assets increased by \$484,688, restricted net position increased by \$566,580, and unrestricted net position decreased by \$510,476.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change 2016/17
Current and							
Other Assets	\$ 1,603,049	\$ 1,129,671	\$ 17,816	\$ 16,437	\$ 1,620,865	\$ 1,146,108	41.42%
Capital Assets, Net	9,237,236	9,581,650	19,130	25,028	9,256,366	9,606,678	-3.65%
Total Assets	<u>10,840,285</u>	<u>10,711,321</u>	<u>36,946</u>	<u>41,465</u>	<u>10,877,231</u>	<u>10,752,786</u>	1.16%
Deferred Outflows of Resources	<u>1,892,223</u>	<u>851,625</u>			<u>1,892,223</u>	<u>851,625</u>	122.19%
Long-Term							
Liabilities	5,583,638	4,983,240			5,583,638	4,983,240	12.05%
Other Liabilities	178,716	38,173	20,982	7,894	199,698	46,067	333.49%
Total Liabilities	<u>5,762,354</u>	<u>5,021,413</u>	<u>20,982</u>	<u>7,894</u>	<u>5,783,336</u>	<u>5,029,307</u>	13.04%
Deferred Inflows of Resources	<u>278,186</u>	<u>407,694</u>			<u>278,186</u>	<u>407,694</u>	-31.77%
Net Position:							
Net Investment in							
Capital Assets	8,367,236	7,876,650	19,130	25,028	8,386,366	7,901,678	6.13%
Restricted	1,267,640	701,060			1,267,640	701,060	80.82%
Unrestricted/(Deficit)	<u>(2,942,908)</u>	<u>(2,443,871)</u>	<u>(3,166)</u>	<u>8,543</u>	<u>(2,946,074)</u>	<u>(2,435,328)</u>	-20.97%
Total Net Position	<u>\$ 6,691,968</u>	<u>\$ 6,133,839</u>	<u>\$ 15,964</u>	<u>\$ 33,571</u>	<u>\$ 6,707,932</u>	<u>\$ 6,167,410</u>	8.76%

Changes in Net Position. The District's combined net position was \$6,707,932 on June 30, 2017 an increase of \$540,522 or 8.76% more than it was the year before (See Figure A-3). Net Investment in Capital Assets increased by \$484,688 or 6.13% due to the payment of \$835,000 in bond principal and capital additions of \$98,594; offset by \$448,906 in depreciation. Restricted net position increased by \$566,580 or 80.82% due to a \$7,821 increase in the Capital Reserve account, a \$200,050 increase in the Maintenance Reserve Account, and a \$465,059 increase in excess surplus, offset by a net decrease of \$106,350 in the Capital Reserve Account. Unrestricted net position decreased by \$510,746 or 20.97% due to a decrease in accrued interest of \$11,134, an increase in deferred outflows of \$897,598, and a decrease in deferred outflows of \$129,508, offset by a \$95,981 net decrease in unassigned and assigned (including encumbrances) General Fund fund balance, an increase of \$54,392 in Compensated Absences Payable, an increase in net pension liability of \$1,381,006, and a decrease in food service net position of \$17,607.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2016/17	Business- Type Activities 2016/17	Governmental Activities 2015/16	Business- Type Activities 2015/16	Total School District 2016/17	Total School District 2015/16	Percentage Change 2016/17
Revenue:							
Program Revenue:							
Charges for Services		\$ 149,571		\$ 162,390	\$ 149,571	\$ 162,390	-7.89%
Operating Grants and Contributions	\$ 4,470,366	33,742	\$ 3,632,468	36,653	4,504,108	3,669,121	22.76%
General Revenue:							
Property Taxes	16,685,776		16,294,472		16,685,776	16,294,472	2.40%
Tuition Charges	19,500		39,336		19,500	39,336	-50.43%
Other	151,457	10	217,156	10	151,467	217,166	-30.25%
Total Revenue	<u>21,327,099</u>	<u>183,323</u>	<u>20,183,432</u>	<u>199,053</u>	<u>21,510,422</u>	<u>20,382,485</u>	5.53%
Expenses:							
Instruction	9,354,962		8,633,100		9,354,962	8,633,100	8.36%
Pupil and Instruction Services	7,893,372		7,503,267		7,893,372	7,503,267	5.20%
Administrative and Business	1,114,191		1,053,238		1,114,191	1,053,238	5.79%
Maintenance and Operations	874,006		886,362		874,006	886,362	-1.39%
Transportation	1,045,359		1,192,445		1,045,359	1,192,445	-12.33%
Other	487,080	200,930	601,790	209,171	688,010	810,961	-15.16%
Total Expenses	<u>20,768,970</u>	<u>200,930</u>	<u>19,870,202</u>	<u>209,171</u>	<u>20,969,900</u>	<u>20,079,373</u>	4.44%
Increase/(Decrease) in Net Position							
	<u>\$ 558,129</u>	<u>\$ (17,607)</u>	<u>\$ 313,230</u>	<u>\$ (10,118)</u>	<u>\$ 540,522</u>	<u>\$ 303,112</u>	-78.32%

Revenue Sources. The District's total revenue for the 2016 - 2017 school year was \$21,510,422. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$16,685,776 of the total, or 77.57 percent. (See Figure A-5). Another 20.93 percent came from state and federal aid and the remainder from miscellaneous sources, tuition and charges for services.

Figure A-5

Sources of Revenue for Fiscal Year 2017

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 16,685,776	77.57%
Federal and State Categorical Grants	4,504,108	20.93%
Charges for Services	149,571	0.70%
Tuition	19,500	0.09%
Other	151,467	0.70%
	<u>\$ 21,510,422</u>	<u>100.00%</u>

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

The total cost of all programs and services was \$20,969,900. The District's expenses are predominantly related to instructing and providing pupil services (87.24 percent). (See Figure A-6). The District's administrative and business activities accounted for 5.31 percent of total costs. It is important to note that \$448,906 of depreciation is included in expenses for the year.

Figure A-6

Expenses for Fiscal Year 2017

Expense Category:	Amount	Percentage
Instruction	\$ 9,354,962	44.61%
Pupil and Instruction Services	7,893,372	37.64%
Administrative and Business	1,114,191	5.31%
Maintenance and Operations	874,006	4.17%
Transportation	1,045,359	4.99%
Other	688,010	3.28%
	<u>\$ 20,969,900</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by \$540,762. Maintaining existing programs with a small decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, has placed great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented/continued during the year were:

- Participation in an insurance pool operated by New Jersey School's Insurance Group resulting in low cost property, liability and workers compensation insurance.
- Participation in Joint Transportation Agreements.
- Participation in Joint Purchasing Agreements.
- Participation in the ACT Program for electricity and telecommunications.
- Participation in the natural gas consortium with Middlesex Regional Educational Services Commission.
- Shared services with the Township which provides snowplowing, mowing, painting and minor paving services.

It is crucial that the District examine its expenditures carefully. Increasing staff, parental and student demands for activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016/17	2016/17	2015/16	2015/16
Instruction	\$ 9,354,962	\$ 5,309,365	\$ 8,633,100	\$ 5,344,003
Pupil and Instruction Services	7,893,372	7,813,578	7,503,267	7,443,215
Administrative and Business	1,114,191	897,624	1,053,238	890,904
Maintenance and Operations	874,006	874,006	886,362	886,362
Transportation	1,045,359	916,951	1,192,445	1,071,460
Other	487,080	487,080	601,790	601,790
	<u>\$ 20,768,970</u>	<u>\$ 16,298,604</u>	<u>\$ 19,870,202</u>	<u>\$ 16,237,734</u>

- The cost of all governmental activities this year was \$20.96 million.
- The federal and state governments subsidized certain programs with grants and aid (\$4.66 million).
- Most of the District's costs, however, were financed by District taxpayers (\$16.69 million).
- A portion of the governmental activities was financed with approximately \$678,160 in state aid based on the SFRA Formula, which is included in the \$4.66 million above.
- The remainder of the funding came from miscellaneous revenue, charges for services and investment earnings.

Business-Type Activities

Net position from the District's business-type activity decreased by \$17,607. (Refer to Figure A-4).

- The decrease was a result of decrease in the School Food Service Fund operations of \$11,709 and depreciation expense of \$5,898.

Financial Analysis of the District's Funds

Significant changes in the student population and difficult economic times have added pressure to the District's budget. As the demographics of our geographic area change, additional student needs and expenditures arise. Difficult economic times have had a direct impact upon the District's revenue sources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Capital Asset and Long-Term Liabilities Administration

Capital Assets

The District's capital assets decreased \$350,312, or 3.65% – the result of \$98,594 of current year additions offset by current year depreciation expense of \$448,906 (\$443,008 from its governmental and \$5,898 from its business-type activities).

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change 2016/17
Sites and Site Improvements	\$ 48,736	\$ 62,550			\$ 48,736	\$ 62,550	-22.08%
Buildings and Building Improvements	8,839,582	9,239,581			8,839,582	9,239,581	-4.33%
Machinery and Equipment	348,918	279,519	\$ 19,130	\$ 25,028	368,048	304,547	20.85%
Total Capital Assets (Net of Depreciation)	\$ 9,237,236	\$ 9,581,650	\$ 19,130	\$ 25,028	\$ 9,256,366	\$ 9,606,678	-3.65%

Long-term Liabilities

At year-end, the District had \$870,000 in general obligation bonds outstanding – a decrease of \$835,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2016/17	2015/16	Change 2015/16
General Obligation Bonds (Financed with Property Taxes)	\$ 870,000	\$ 1,705,000	-48.97%
Other Long-Term Liabilities	307,369	252,977	21.50%
Net Pension Liability - PERS	4,406,269	3,025,263	45.65%
	\$ 5,583,638	\$ 4,983,240	12.05%

The District continued to pay down its bonded debt, retiring \$835,000 of outstanding bonds. In fiscal year 2016 - 2017 compensated absences increased by \$54,392 due to the number of days accrued by employees exceeding the number of days used, and there was a net increase of \$1,381,006 in net pension liability.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstance that could significantly affect its financial health in the future.

- Budget development will continue to be challenging to maintain existing programs given the economic climate, an aging building, rising employee benefits and utility costs, and the State mandated restriction on Unassigned General Fund fund balance of no more than two percent (2%), which has had a substantial impact on the District when unanticipated expenditures occur.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 234 Somerville Road, Bedminster, NJ 07921.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 556,761	\$ 14,371	\$ 571,132
Receivables from State Government	180,924	121	181,045
Receivables from Federal Government	20,960	1,935	22,895
Receivables from Other Governments	3,000		3,000
Other Receivables	42,823		42,823
Inventories		1,389	1,389
Restricted Cash and Cash Equivalents	798,581		798,581
Capital Assets, Net			
Sites (Land)	7,444		7,444
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	9,229,792	19,130	9,248,922
Total Assets	<u>10,840,285</u>	<u>36,946</u>	<u>10,877,231</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	912,744		912,744
Changes in Proportion - Pensions	586,521		586,521
Net Difference Between Projected and Actual Investment			
Earnings - Pensions	168,015		168,015
Difference Between Expected and Actual Experience- Pensions	81,943		81,943
Contribution Subsequent to Measurement Date	143,000		143,000
Total Deferred Outflows of Resources	<u>1,892,223</u>	<u> </u>	<u>1,892,223</u>
LIABILITIES			
Accrued Interest Payable	11,600		11,600
Accounts Payable	143,000	13,375	156,375
Payable to State Government	4,565		4,565
Unearned Revenue	19,551	7,607	27,158
Noncurrent Liabilities:			
Due Within One Year	870,000		870,000
Due Beyond One Year	4,713,638		4,713,638
Total Liabilities	<u>5,762,354</u>	<u>20,982</u>	<u>5,783,336</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	278,186		278,186
Total Deferred Inflows of Resources	<u>278,186</u>	<u> </u>	<u>278,186</u>
NET POSITION			
Net Investment in Capital Assets	8,367,236	19,130	8,386,366
Restricted for:			
Capital Projects	399,203		399,203
Maintenance Reserve	399,378		399,378
Excess Surplus	465,059		465,059
Debt Service Fund	4,000		4,000
Unrestricted/(Deficit)	(2,942,908)	(3,166)	(2,946,074)
Total Net Position	<u>\$ 6,691,968</u>	<u>\$ 15,964</u>	<u>\$ 6,707,932</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,938,204		\$ 2,508,247	\$ (4,429,957)		\$ (4,429,957)
Special Education	2,056,929		1,463,501	(593,428)		(593,428)
Other Special Instruction	213,734		73,849	(139,885)		(139,885)
Other Instruction	146,095			(146,095)		(146,095)
Support Services:						
Tuition	5,682,761			(5,682,761)		(5,682,761)
Student & Instruction Related Services	2,210,611		79,794	(2,130,817)		(2,130,817)
General Administrative Services	449,799		120,371	(329,428)		(329,428)
School Administrative Services	298,195		96,196	(201,999)		(201,999)
Central Services	366,197			(366,197)		(366,197)
Plant Operations and Maintenance	874,006			(874,006)		(874,006)
Pupil Transportation	1,045,359		128,408	(916,951)		(916,951)
Interest on Long-Term Debt	57,066			(57,066)		(57,066)
Transfer of Funds to Charter School	30,554			(30,554)		(30,554)
Unallocated Depreciation	399,460			(399,460)		(399,460)
Total Governmental Activities	<u>20,768,970</u>		<u>4,470,366</u>	<u>(16,298,604)</u>		<u>(16,298,604)</u>
Business-Type Activities:						
Food Service	200,930	\$ 149,571	33,742		\$ (17,617)	(17,617)
Total Business-Type Activities	<u>200,930</u>	<u>149,571</u>	<u>33,742</u>		<u>(17,617)</u>	<u>(17,617)</u>
Total Primary Government	<u>\$ 20,969,900</u>	<u>\$ 149,571</u>	<u>\$ 4,504,108</u>	<u>(16,298,604)</u>	<u>(17,617)</u>	<u>(16,316,221)</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 15,782,576		\$ 15,782,576
Taxes Levied for Debt Service	903,200		903,200
Tuition Charges	19,500		19,500
Miscellaneous Income	151,457	\$ 10	151,467
Total General Revenue	16,856,733	10	16,856,743
Change in Net Position	558,129	(17,607)	540,522
Net Position - Beginning	6,133,839	33,571	6,167,410
Net Position - Ending	\$ 6,691,968	\$ 15,964	\$ 6,707,932

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 553,605	\$ 3,156		\$ 556,761
Interfund Receivable			\$ 4,000	4,000
Receivables From State Government	180,924			180,924
Receivables From Federal Government		20,960		20,960
Receivables From Other Governments	3,000			3,000
Other Receivables	42,823			42,823
Restricted Cash and Cash Equivalents	798,581			798,581
Total Assets	<u>\$ 1,578,933</u>	<u>\$ 24,116</u>	<u>\$ 4,000</u>	<u>\$ 1,607,049</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 4,000			\$ 4,000
Payable to State Government		\$ 4,565		4,565
Unearned Revenue		19,551		19,551
Total Liabilities	<u>4,000</u>	<u>24,116</u>		<u>28,116</u>
Fund Balances:				
Restricted:				
Capital Reserve	\$ 399,203			399,203
Maintenance Reserve	399,378			399,378
Excess Surplus	465,059			465,059
Debt Service Fund			\$ 4,000	4,000
Assigned for:				
Year-End Encumbrances	41,097			41,097
Subsequent Year's Expenditures	1,005			1,005
Unassigned:				
General Fund	269,191			269,191
Total Fund Balances	<u>1,574,933</u>		<u>4,000</u>	<u>1,578,933</u>
Total Liabilities and Fund Balances	<u>\$ 1,578,933</u>	<u>\$ 24,116</u>	<u>\$ 4,000</u>	<u>\$ 1,607,049</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances from above	\$ 1,578,933
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$19,025,010 and the Accumulated Depreciation is \$9,787,774.	9,237,236
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure when Due.	(11,600)
Long-Term Liabilities, including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(1,177,369)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,406,269)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	912,744
Net Difference in Projected and Actual Investment Earnings - Pensions	9,771
Difference Between Expected and Actual Experience - Pensions	240,187
Changes in Proportions - Pensions	308,335
Net Position of Governmental Activities	<u>\$ 6,691,968</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 15,782,576		\$ 903,200	\$ 16,685,776
Tuition from Individuals	19,500			19,500
Interest Earned on Maintenance Reserve Funds	50			50
Interest Earned on Capital Reserve Funds	65			65
Other Restricted Miscellaneous Revenue	78,540			78,540
Unrestricted Miscellaneous Revenue	64,624	\$ 8,178		72,802
Total - Local Sources	15,945,355	8,178	903,200	16,856,733
State Sources	2,175,504	31,735		2,207,239
Federal Sources		260,110		260,110
Total Revenues	18,120,859	300,023	903,200	19,324,082
EXPENDITURES:				
Current:				
Regular Instruction	3,403,936	146,644		3,550,580
Special Education Instruction	985,130	153,379		1,138,509
Other Special Instruction	107,169			107,169
School-Sponsored/Other Instruction	105,305			105,305
Support Services and Undistributed Costs:				
Tuition	5,682,761			5,682,761
Student and Other Instruction Related Services	1,560,465			1,560,465
General Administration Services	270,865			270,865
School Administration Services	148,287			148,287

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Central Services	\$ 248,073			\$ 248,073
Plant Operations and Maintenance	713,318			713,318
Student Transportation	1,038,953			1,038,953
Unallocated Benefits	3,262,748			3,262,748
Debt Service:				
Principal			\$ 835,000	835,000
Interest and Other Charges			68,200	68,200
Capital Outlay	98,594			98,594
Transfer of Funds to Charter School	30,554			30,554
Total Expenditures	<u>17,656,158</u>	<u>\$ 300,023</u>	<u>903,200</u>	<u>18,859,381</u>
Net Change in Fund Balances	464,701			464,701
Fund Balance - July 1	<u>1,110,232</u>		<u>4,000</u>	<u>1,114,232</u>
Fund Balance - June 30	<u>\$ 1,574,933</u>	<u>\$ -0-</u>	<u>\$ 4,000</u>	<u>\$ 1,578,933</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 464,701

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (443,008)
Capital Outlays	<u>98,594</u>

(344,414)

In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).

In the statement of activities, 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. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(1,381,006)
Deferred Outflows:	
Changes in Assumptions	587,855
Changes in Proportion	131,957
Difference Between Expected and Actual Experience	9,771
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	168,015
Deferred Inflows:	
Changes in Proportion	80,868
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	48,640

Change in Net Position of Governmental Activities (A-2)	<u>\$ 558,129</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 14,371
Intergovernmental Accounts Receivable:	
State	121
Federal	1,935
Inventories	1,389
Total Current Assets	17,816
Non-Current Assets:	
Capital Assets	177,150
Less: Accumulated Depreciation	(158,020)
Total Non-Current Assets	19,130
Total Assets	36,946
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	13,375
Unearned Revenue - Prepaid Sales	6,823
Unearned Revenue - Donated Commodities	784
Total Liabilities	20,982
<u>NET POSITION:</u>	
Investment in Capital Assets	19,130
Unrestricted/(Deficit)	(3,166)
Total Net Position	\$ 15,964

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 120,802
Daily Sales - Non-Reimbursable Programs	<u>28,769</u>
Total Operating Revenue	<u>149,571</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	69,498
Cost of Sales - Non-Reimbursable Programs	13,238
Salaries, Benefits & Payroll Taxes	89,854
Supplies, Insurance & Other Costs	1,232
Management Fee	9,255
Miscellaneous Expense	5,898
Depreciation Expense	<u>11,955</u>
Total Operating Expenses	<u>200,930</u>
Operating Loss	<u>(51,359)</u>
Non-Operating Income:	
Local Sources:	
Interest Income	10
State Sources:	
State School Lunch Program	1,481
Federal Sources:	
National School Lunch Program	24,052
Food Distribution Program	<u>8,209</u>
Total Non-Operating Income	<u>33,752</u>
Change in Net Position	(17,607)
Net Position - Beginning of Year	<u>33,571</u>
Net Position - End of Year	<u><u>\$ 15,964</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 149,571
Payments to Food Service Contractor	(173,128)
Net Cash Used for Operating Activities	(23,557)
Cash Flows from Financing Activities:	
Interest Income	10
Net Cash Provided by Financing Activities	10
Cash Flows by Noncapital Financing Activities:	
State Sources	1,489
Federal Sources	24,212
Net Cash Provided by Noncapital Financing Activities	25,701
Net Increase in Cash and Cash Equivalents	2,154
Cash and Cash Equivalents, July 1	12,217
Cash and Cash Equivalents, June 30	\$ 14,371
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (51,359)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,898
Food Distribution Program	8,209
Changes in Assets and Liabilities:	
Increase in Inventory	607
(Decrease) in Unearned Revenue	(287)
Increase in Accounts Payable	13,375
Net Cash Used for Operating Activities	\$ (23,557)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$8,075 and Utilized Commodities Valued at \$8,209.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30,2017

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 128,565	\$ 8,916	\$ 43,698
Total Assets	<u>128,565</u>	<u>8,916</u>	<u>43,698</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	88,000		
Due to Student Groups	40,565		
Total Liabilities	<u>128,565</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims			43,698
Restricted for Flexible Spending Claims		8,916	
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,916</u>	<u>\$ 43,698</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 10,346	\$ 35,396
Total Contributions	<u>10,346</u>	<u>35,396</u>
Investment Earnings:		
Interest	<u>2</u>	<u>19</u>
Net Investment Earnings	<u>2</u>	<u>19</u>
Total Additions	<u>10,348</u>	<u>35,415</u>
DEDUCTIONS:		
Flexible Spending Claims	9,700	
Unemployment Claims		<u>10,297</u>
Total Deductions	<u>9,700</u>	<u>10,297</u>
Change in Net Position	648	25,118
Net Position - Beginning of the Year	<u>8,268</u>	<u>18,580</u>
Net Position - End of the Year	<u>\$ 8,916</u>	<u>\$ 43,698</u>

THE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Bedminster Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

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

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,121,934	\$ 299,663
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		360
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	64,841	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(65,916)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 18,120,859</u>	<u>\$ 300,023</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,656,158	\$ 299,663
Differences - 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.		<u>360</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 17,656,158</u>	<u>\$ 300,023</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type 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 17:9-41et 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 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 market value of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances (Cont'd):

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the general or enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit 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 contracts/agreements.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$1,574,933 of General Fund fund balance at June 30, 2017, \$399,203 is restricted for the capital reserve account; \$399,378 is restricted for the maintenance reserve account; \$41,097 is assigned for year-end encumbrances; \$465,059 of excess surplus; and \$269,191 is unassigned, which is \$65,916 less than the calculated maximum unassigned fund balance due to the final two State Aid payments that are not recognized on the GAAP Basis until the fiscal year ending June 30, 2017.

Debt Service Fund: The \$4,000 of Debt Service Fund fund balance at June 30, 2017 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget. The District had no excess surplus at June 30, 2017 as noted above.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$65,916 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit in Net Position:

The District has a deficit in unrestricted net position of \$2,942,908 in its governmental activities, which is due to General Fund unassigned fund balance of \$269,191, \$41,097 of General Fund fund balance assigned for encumbrances, \$1,005 of assigned fund balance designated for subsequent year's expenditures, \$912,744 of deferred outflow for pension assumptions, \$586,521 of deferred outflows in pension proportion, \$168,015 in deferred outflows net difference between projected and actual investment earnings - pensions, and \$81,943 in pensions for the difference between expected and actual experience; net of accrued interest of \$11,600, deferred inflows in pension proportion of \$278,186, the balance of \$307,369 for compensated absences, and the net pension liability of \$4,406,269. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the changes in assumptions, changes in proportion, net difference between expected and actual investment earnings - pension, and the difference between expected and actual experience in pensions and for the District contribution subsequent to the measurement date.

The District had deferred inflows of resources at June 30, 2017 for the changes in proportion in pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position: (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, excess surplus, and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Non-exchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Non-exchange Transactions: (Cont'd)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which 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.

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, and

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, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1970, c.236 (C.17-9-41); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Restricted Cash and Cash</u>		<u>Cash and Cash Equivalents</u>	<u>Total</u>
	<u>Capital and Maintenance Reserves</u>			
Checking Accounts	<u>\$ 790,825</u>	<u>\$</u>	<u>760,067</u>	<u>\$ 1,550,892</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,550,892 and the bank balance was \$1,555,134.

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District made a transfer of \$7,700 within the capital outlay accounts from the non-instructional equipment to the other purchased professional and technical services budget lines, and did not require County Superintendent approval.

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution 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 State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes 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. 6:23A-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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity for the Capital Reserve Account for the fiscal year ended June 30, 2017 is as follows:

Beginning Balance, July 1, 2016	\$ 497,732
Interest Earnings	65
Unexpended Funds Returned	7,756
Budgeted Withdrawal from Capital Reserve	<u>(106,350)</u>
Ending Balance, June 30, 2017	<u>\$ 399,203</u>

The balance in the capital reserve account at June 30, 2017 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Bedminster Township School District on June 11, 2009. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2016	\$ 199,328
Deposit: Board Resolution - June 15, 2017	200,000
Interest Earnings	<u>50</u>
Ending Balance, June 30, 2017	<u>\$ 399,378</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 7,444			\$ 7,444
Total Capital Assets Not Being Depreciated	<u>7,444</u>			<u>7,444</u>
Capital Assets Being Depreciated:				
Site Improvements	283,185			283,185
Buildings and Building Improvements	17,373,342			17,373,342
Machinery and Equipment	1,262,445	\$ 98,594		1,361,039
Total Capital Assets Being Depreciated	<u>18,918,972</u>	<u>98,594</u>		<u>19,017,566</u>
Governmental Activities Capital Assets	<u>18,926,416</u>	<u>98,594</u>		<u>19,025,010</u>
Less Accumulated Depreciation for:				
Site Improvements	(228,079)	(13,814)		(241,893)
Buildings and Building Improvements	(8,133,761)	(399,999)		(8,533,760)
Machinery and Equipment	(982,926)	(29,195)		(1,012,121)
	<u>(9,344,766)</u>	<u>(443,008)</u>		<u>(9,787,774)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,581,650</u>	<u>\$ (344,414)</u>	<u>\$ -0-</u>	<u>\$ 9,237,236</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 177,150			\$ 177,150
Less: Accumulated Depreciation	(152,122)	\$ (5,898)		(158,020)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,028</u>	<u>\$ (5,898)</u>	<u>\$ -0-</u>	<u>\$ 19,130</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 23,213
General Administration	7,309
School Administration	7,310
Central Services	3,633
Operations and Maintenance of Plant	2,082
Unallocated	399,460
	<u>\$ 443,007</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 1,705,000		\$ 835,000	\$ 870,000
Compensated Absences Payable	252,977	\$ 54,392		307,369
Net Pension Liability - PERS	3,025,263	1,381,006		4,406,269
	\$ 4,983,240	\$ 1,435,398	\$ 835,000	\$ 5,583,638

A. Bonds Payable:

Bonds are authorized in accordance with State law 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 Board are general obligation bonds.

The District had bonds outstanding as of June 30, 2017 as follows:

	<u>Serial Bonds</u>		Amount
Final Maturity Date	Interest Rate		
03/01/18	4.00%		\$ 870,000

Principal and interest due on serial bonds outstanding are as follows:

	<u>Bonds</u>		
<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 870,000	\$ 34,800	\$ 904,800
	\$ 870,000	\$ 34,800	\$ 904,800

B. Bonds Authorized But Not Issued

As of June 30, 2017, the District had no bonds authorized but not issued.

C. Capital Leases Payable

As of June 30, 2017, the District had no capital leases payable.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$307,369.

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, 2017, no liability existed for compensated absences in the Proprietary Fund.

The General Fund will be used to liquidate the governmental activities Compensated Absences Payable. The bond payments will be paid from the Debt Service Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$4,406,269. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$158,428 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$4,406,269 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.015%, which was an increase of 0.002% from its proportion measured as of June 30, 2015.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$486,062. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 55,388	
	2015	5.72	226,326	
	2016	5.57	631,030	
			<u>912,744</u>	
Changes in Proportion	2014	6.44		\$ 278,186
	2015	5.72	358,258	
	2016	5.57	228,263	
			<u>586,521</u>	<u>278,186</u>
Difference Between Expected and Actual	2015	5.72	62,793	
	2016	5.57	19,150	
			<u>81,943</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(82,999)	
	2015	5.00	53,102	
	2016	5.00	197,912	
			<u>168,015</u>	
Contribution Subsequent to Measurement Date	2016	1.00	143,000	
			<u>143,000</u>	
			<u>\$ 1,892,223</u>	<u>\$ 278,186</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 261,772
2018	261,772
2019	303,271
2020	254,792
2021	81,095
	<u>\$ 1,162,702</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 5,399,369	\$ 4,406,269	\$ 7,342,422

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$344,160 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,817,016.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$33,815,256. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.043%, which was a decrease of 0.005% from its proportion measured as of June 30, 2015.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		33,815,256
Total	\$	<u>33,815,256</u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$2,540,746 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.0	(870,618,286)	
	2015	5.0	577,926,182	
	2016	5.0	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	<u>4,098,702,110</u>
	<u>\$ 17,280,168,408</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 upon contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, 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, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Total Net Pension Liability	\$ 40,382,973	\$ 33,815,256	\$ 28,451,868
<u>Pension Plan Fiduciary Net Position - TPAF</u>			

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$8,526 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$15,630 for the fiscal year ended June 30, 2017.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 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 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 State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District were \$448,050, \$409,800 and \$404,094, for 2017, 2016 and 2015, respectively.

NOTE 11. 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. The District obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ and dental insurance coverage through Delta Dental Plan of NJ.

Property and Liability Insurance

The District is a member of the New Jersey Schools Insurance Group (the "NJSIG"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The audit of the NJSIG as of June 30, 2017 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2016 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 314,444,806
Net Position	\$ 68,222,364
Total Revenue	\$ 124,872,219
Total Expenses	\$ 113,965,181
Change in Net Position	\$ 10,907,038
Members' Dividends	\$ -0-

Financial statements for the NJSIG are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
Phone: (609) 386-6060
Fax: (609) 386-8877

New Jersey Unemployment Compensation Insurance

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

The following is a summary of the District's contributions, employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$ -0-	\$ 19	\$ 35,396	\$ 10,297	\$ 43,698
2015-2016	-0-	6	10,665	-0-	18,580
2014-2015	6,413	3	10,801	24,684	7,909

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 4,000	
Debt Service Fund		\$ 4,000
	\$ 4,000	\$ 4,000

The interfund payable from the Debt Service Fund and the interfund receivable in the General Fund as of June 30, 2017 represents a deficit in cash in the Debt Service Fund primarily due to accounts receivable for Federal Grants.

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

AXA Equitable	Lincoln Financial
AIG Valic	Metropolitan Life
Ameriprise	

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2017 there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Total Governmental Activities
\$ 41,097	\$ 41,097

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2017 the District had the following accounts payable in the governmental funds:

	District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
Vendors			\$ 13,375
Due to State of New Jersey	\$ 143,000	\$ 143,000	
	\$ 143,000	\$ 143,000	\$ 13,375

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0133399767%	0.0134767609%	0.0148774342%
District's proportionate share of the net pension liability	\$ 2,549,535	\$ 3,025,263	\$ 4,406,269
District's covered employee payroll	\$ 832,497	\$ 982,465	\$ 910,760
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	306.25%	307.93%	483.80%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 87,509	\$ 115,864	\$ 158,428
Contributions in relation to the contractually required contribution	<u>(87,509)</u>	<u>(115,864)</u>	<u>(158,428)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 867,215	\$ 832,497	\$ 982,465
Contributions as a percentage of covered employee payroll	10.09%	13.92%	16.13%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0496230291%	0.0470828278%	0.0429856592%
State's proportionate share of the net pension liability attributable to the District	\$ 26,521,894	\$ 29,758,358	\$ 33,815,256
District's covered employee payroll	\$ 4,318,422	\$ 4,785,433	\$ 4,498,734
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	614.16%	621.85%	751.66%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS - ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,427,127	\$ 1,817,016	2540746
Contributions in relation to the contractually required contribution	(254,547)	(344,160)	(518,927)
Contribution deficiency/(excess)	<u>\$ 1,172,580</u>	<u>\$ 1,472,856</u>	<u>\$ 2,021,819</u>
District's covered employee payroll	\$ 4,318,422	\$ 4,785,433	\$ 4,498,734
Contributions as a percentage of covered employee payroll	33.05%	7.19%	11.53%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 15,782,576	\$	\$ 15,782,576	\$ 15,782,576	
Tuition From Individuals	18,750		18,750	19,500	\$ 750
Interest Earned on Maintenance Reserve				50	50
Interest Earned on Capital Reserve Funds				65	65
Other Restricted Miscellaneous Revenue	365,958		365,958	78,540	(287,418)
Unrestricted Miscellaneous Revenue	76,626		76,626	64,624	(12,002)
Total - Local Sources	16,243,910		16,243,910	15,945,355	(298,555)
State Sources:					
Extraordinary Aid	175,000		175,000	153,923	(21,077)
Categorical Special Education Aid	467,775		467,775	467,775	
Categorical Security Aid	66,237		66,237	66,237	
PARCC Readiness Aid	8,300		8,300	8,300	
Per Pupil Growth Aid	8,300		8,300	8,300	
Professional Learning Commission Aid	7,840		7,840	7,840	
Categorical Transportation Aid	119,708		119,708	119,708	
Nonpublic Transportation Aid				8,700	8,700
TPAF Pension Contributions (non-budgeted)				518,927	518,927
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				448,050	448,050
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,802	18,802
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				838	838
Reimbursed TPAF Social Security Contributions (non-budgeted)				349,179	349,179
Total State Sources	853,160		853,160	2,176,579	1,323,419
TOTAL REVENUES	17,097,070		17,097,070	18,121,934	1,024,864

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 260,508	\$ 23,000	\$ 283,508	\$ 279,910	\$ 3,598
Grades 1-5 - Salaries of Teachers	1,790,700	(36,502)	1,754,198	1,622,706	131,492
Grades 6-8 - Salaries of Teachers	1,245,779	21,920	1,267,699	1,251,531	16,168
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	12,020	15,520	15,334	186
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	16,000	(2,400)	13,600	13,598	2
Other Purchased Services	32,000		32,000	29,887	2,113
General Supplies	76,921	(14,099)	62,822	60,195	2,627
Textbooks	24,100	8,300	32,400	13,571	18,829
Other Objects	129,557	(7,950)	121,607	117,204	4,403
Total Regular Programs - Instruction	<u>3,579,065</u>	<u>4,289</u>	<u>3,583,354</u>	<u>3,403,936</u>	<u>179,418</u>
Resource Room/Resource Center:					
Salaries of Teachers	750,615	(46,500)	704,115	670,643	33,472
Other Salaries for Instruction	99,892		99,892	88,867	11,025
General Supplies	5,100	(4,925)	175	175	
Total Resource Room/Resource Center	<u>855,607</u>	<u>(51,425)</u>	<u>804,182</u>	<u>759,685</u>	<u>44,497</u>
Preschool Disabilities - Part-time - Instruction:					
Salaries of Teachers	136,039	1,210	137,249	137,246	3
Other Salaries for Instruction	62,447		62,447	60,760	1,687
Purchased Professional-Educational Services	17,500	10,000	27,500	27,079	421
General Supplies	1,700		1,700	360	1,340
Total Preschool Disabilities - Part-time - Instruction	<u>217,686</u>	<u>11,210</u>	<u>228,896</u>	<u>225,445</u>	<u>3,451</u>
Total Special Education Instruction	<u>1,073,293</u>	<u>(40,215)</u>	<u>1,033,078</u>	<u>985,130</u>	<u>47,948</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Extended School Year:					
Salaries of Teachers	\$ 63,000	\$ (15,109)	\$ 47,891	\$ 47,891	
Other Salaries for Instruction	15,500	(7,500)	8,000	7,545	\$ 455
General Supplies	500	(410)	90	90	
Other Objects	500	(500)			
Total Extended School Year	79,500	(23,519)	55,981	55,526	455
Bilingual Education - Instruction:					
Salaries of Teachers	49,369	2,500	51,869	51,493	376
General Supplies	750		750	150	600
 Textbooks					
Total Bilingual Education - Instruction	50,119	2,500	52,619	51,643	976
School-Sponsored Co curricular Activities - Instruction:					
Salaries	68,100		68,100	46,105	21,995
Supplies and Materials	18,000	(11,000)	7,000	4,271	2,729
Total School-Sponsored Co curricular Activities - Instruction	86,100	(11,000)	75,100	50,376	24,724
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	43,000		43,000	39,136	3,864
Purchased Services	8,500	500	9,000	5,950	3,050
Supplies and Materials	10,000		10,000	9,843	157
Total School-Sponsored Co curricular Athletics - Instruction	61,500	500	62,000	54,929	7,071
Total Instruction	4,929,577	(67,445)	4,862,132	4,601,540	260,592

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 4,392,122		\$ 4,392,122	\$ 4,392,122	
Tuition to Other LEAs Within the State - Special	848,400	\$ 12,500	860,900	860,509	\$ 391
Tuition to Private Schools for the Handicapped - Within State	436,723	22,500	459,223	430,130	29,093
Total Undistributed Expenditures - Instruction	<u>5,677,245</u>	<u>35,000</u>	<u>5,712,245</u>	<u>5,682,761</u>	<u>29,484</u>
Health Services:					
Salaries	127,939	10,000	137,939	136,172	1,767
Purchased Professional and Technical Services	18,500		18,500	9,739	8,761
Supplies and Materials	5,040		5,040	4,480	560
Total Health Services	<u>151,479</u>	<u>10,000</u>	<u>161,479</u>	<u>150,391</u>	<u>11,088</u>
Speech, OT, PT, and Related Services:					
Salaries	189,500		189,500	183,420	6,080
Purchased Professional-Educational Services	11,200	4,425	15,625	12,638	2,987
Supplies and Materials	1,800		1,800	292	1,508
Total Speech, OT, PT, and Related Services	<u>202,500</u>	<u>4,425</u>	<u>206,925</u>	<u>196,350</u>	<u>10,575</u>
Guidance:					
Salaries of Other Professional Staff	120,235	6,000	126,235	125,855	380
Other Salaries	98,935	(13,435)	85,500	85,500	
Supplies and Materials	3,700		3,700	922	2,778
Other Objects	800		800	800	
Total Guidance	<u>223,670</u>	<u>(7,435)</u>	<u>216,235</u>	<u>212,277</u>	<u>3,958</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team:					
Salaries of Other Professional Staff	\$ 364,363	\$ 37,371	\$ 401,734	\$ 390,791	\$ 10,943
Salaries of Secretarial and Clerical Assistants	21,225		21,225	20,428	797
Purchased Professional - Educational Services	153,750	62,500	216,250	204,160	12,090
Other Purchased Professional and Technical Services	9,600		9,600	9,270	330
Miscellaneous Purchased Services	350		350	57	293
Supplies and Materials	2,000	5,800	7,800	7,797	3
Total Child Study Team	551,288	105,671	656,959	632,503	24,456
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	114,240		114,240	114,240	
Other Purchased Services	3,000		3,000	3,000	
Supplies and Materials	250		250	39	211
Other Objects	250		250	250	
Total Improvement of Instructional Services	117,740		117,740	117,279	461
Educational Media Services/School Library:					
Salaries	64,480	2,400	66,880	66,165	715
Salaries of Technology Coordinators	131,921	2,477	134,398	134,380	18
Purchased Professional and Technical Services	2,500	(2,500)			
Other Purchased Services	20,000		20,000	17,007	2,993
Supplies and Materials	21,050	(4,500)	16,550	15,941	609
Other Objects	15,550	1,450	17,000	16,860	140
Total Educational Media Services/School Library	255,501	(673)	254,828	250,353	4,475
Instructional Staff Training Services:					
Purchased Professional-Educational Services	18,000	(6,000)	12,000	1,312	10,688
Total Instructional Staff Training Services	18,000	(6,000)	12,000	1,312	10,688

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 171,093	\$ 13,000	\$ 184,093	\$ 175,697	\$ 8,396
Legal Services	35,000	14,700	49,700	49,682	18
Other Purchased Professional Services	19,235	(2,700)	16,535	16,535	
Purchased Technical Services	12,000		12,000	11,999	1
Other Purchased Services	5,000		5,000	4,966	34
General Supplies	4,700		4,700	3,398	1,302
Miscellaneous Expenditures	8,800		8,800	8,588	212
Total Support Services - General Administration	255,828	25,000	280,828	270,865	9,963
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	127,500	5,000	132,500	127,500	5,000
Salaries of Secretarial and Clerical Assistants	18,911	788	19,699	19,699	
Other Purchased Services	3,250	(788)	2,462	224	2,238
Other Objects	1,100		1,100	864	236
Total Support Services - School Administration	150,761	5,000	155,761	148,287	7,474
Central Services:					
Salaries	228,407	23,000	251,407	239,258	12,149
Miscellaneous Purchased Services	12,000		12,000	8,595	3,405
Supplies and Materials	50		50	25	25
Miscellaneous Expenditures	500		500	195	305
Total Central Services	240,957	23,000	263,957	248,073	15,884
Required Maintenance for School Facilities:					
Salaries	131,861	4,000	135,861	134,914	947
Cleaning, Repair and Maintenance Services	70,250		70,250	39,783	30,467
General Supplies	5,000		5,000	744	4,256
Total Required Maintenance for School Facilities	207,111	4,000	211,111	175,441	35,670

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 202,928		\$ 202,928	\$ 186,987	\$ 15,941
Purchased Professional and Technical Services	14,400		14,400	9,923	4,477
Cleaning, Repair, and Maintenance Services	75,495		75,495	52,991	22,504
Other Purchased Property Services	23,000		23,000	20,164	2,836
Insurance	62,000		62,000	58,096	3,904
Miscellaneous Purchased Services	2,400		2,400	1,396	1,004
General Supplies	30,000		30,000	23,975	6,025
Energy (Electricity)	214,000	\$ (9,000)	205,000	176,147	28,853
Other Objects	9,000		9,000	8,198	802
Total Custodial Services	633,223	(9,000)	624,223	537,877	86,346
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	22,000		22,000	21,955	45
Management Fee - ESC & CTSA Transportation Program	10,000		10,000	608	9,392
Contracted Services:					
Between Home and School - Vendors	440,151	(25,841)	414,310	414,310	
Other than Between Home and School - Vendors	14,300	4,557	18,857	16,389	2,468
Between Home and School - Joint Agreements	26,000	5,443	31,443	31,217	226
Regular Students - ECSs & CTSA	24,000		24,000	22,799	1,201
Special Education Students - Vendors	59,023		59,023	58,997	26
Special Education Students - ECSs & CTSA	515,000	3,841	518,841	416,632	102,209
Aid in Lieu of Payments - Nonpublic Students	87,000	(24,000)	63,000	56,046	6,954
Total Student Transportation Services	1,197,474	(36,000)	1,161,474	1,038,953	122,521

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 124,000	\$ 9,000	\$ 133,000	\$ 131,590	\$ 1,410
Other Retirement Contributions - PERS	137,965	45,000	182,965	158,428	24,537
Unemployment Compensation	50,000	(37,131)	12,869	2,538	10,331
Workmen's Compensation	65,000	(6,000)	59,000	56,382	2,618
Health Benefits	1,843,532	(25,000)	1,818,532	1,517,030	301,502
Tuition Reimbursement	30,000	7,131	37,131	24,827	12,304
Other Employee Benefits	106,000	(53,543)	52,457	36,157	16,300
Total Unallocated Benefits	2,356,497	(60,543)	2,295,954	1,926,952	369,002
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				518,927	(518,927)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				448,050	(448,050)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,802	(18,802)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				838	(838)
Reimbursed TPAF Social Security Contributions (non-budgeted)				349,179	(349,179)
Total On-Behalf Contributions				1,335,796	(1,335,796)
Total Personal Services - Employee Benefits	2,356,497	(60,543)	2,295,954	3,262,748	(966,794)
Total Undistributed Expenses	12,239,274	92,445	12,331,719	12,925,470	(593,751)
TOTAL GENERAL CURRENT EXPENSE	17,168,851	25,000	17,193,851	17,527,010	(333,159)

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Operation and Maintenance of Plant	\$ 26,350		\$ 26,350	20,321	\$ 6,029
Non-Instructional Service	80,000	(7,700)	72,300	71,523	777
Total Equipment	106,350	(7,700)	98,650	91,844	6,806
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		7,700	7,700	6,750	950
Total Facilities Acquisition and Construction Services		7,700	7,700	6,750	950
TOTAL CAPITAL OUTLAY	106,350		106,350	98,594	7,756
Transfer of Funds to Charter Schools	61,159	(25,000)	36,159	30,554	5,605
TOTAL EXPENDITURES	17,336,360		17,336,360	17,656,158	(319,798)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(239,290)		(239,290)	465,776	705,066
Fund Balance, July 1	1,175,073		1,175,073	1,175,073	
Fund Balance, June 30	\$ 935,783	\$ -0-	\$ 935,783	\$ 1,640,849	\$ 705,066

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 399,203	
Maintenance Reserve				399,378	
Excess Surplus				465,059	
Assigned:					
Year-End Encumbrances				41,097	
Subsequent Year's Expenditures				1,005	
Unassigned				335,107	
				<u>1,640,849</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
State Aid Payments not Recognized on GAAP Basis				<u>(65,916)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,574,933</u>	

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 5,416	\$ 2,762	\$ 8,178	\$ 8,178	
State Sources	88,564	(56,829)	31,735	31,735	
Federal Sources	199,396	60,354	259,750	259,750	
Total Revenue	293,376	6,287	299,663	299,663	
Expenditures:					
Instruction:					
Salaries of Teachers	46,279	(4,371)	41,908	41,908	
Purchased Professional and Technical Services	6,809	6,871	13,680	13,680	
Other Purchased Services	207,479	(12,621)	194,858	194,858	
General Supplies	5,416	2,762	8,178	8,178	
Textbooks	6,987	218	7,205	7,205	
Other Objects	7,468	3,382	10,850	10,850	
Total Instruction	280,438	(3,759)	276,679	276,679	
Support Services:					
Personal Services- Employee Benefits		10,896	10,896	10,896	
Purchased Professional and Educational Services	12,938	(850)	12,088	12,088	
Total Support Services	12,938	10,046	22,984	22,984	
Total Expenditures	\$ 293,376	\$ 6,287	\$ 299,663	\$ 299,663	\$ -0-

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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) "Revenue" from the Budgetary Comparison Schedule	\$ 18,121,934	\$ 299,663
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, Whereas the GAAP Basis does not		360
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	64,841	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(65,916)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 18,120,859</u>	 <u>\$ 300,023</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,656,158	\$ 299,663
Differences - 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		360
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 17,656,158</u>	 <u>\$ 300,023</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic				
	Local Programs	Nursing	Textbooks	Technology	Security Aid
REVENUES:					
Local Sources	\$ 8,178				
State Sources		\$ 13,680	\$ 7,205	\$ 3,250	\$ 7,600
Federal Sources					
Total Revenues	8,178	13,680	7,205	3,250	7,600
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services		13,680			
Other Purchased Services					
General Supplies	8,178				
Textbooks			7,205		
Other Objects				3,250	7,600
Total Instruction	8,178	13,680	7,205	3,250	7,600
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Educational Services					
Total Support Services					
Total Expenditures	\$ 8,178	\$ 13,680	\$ 7,205	\$ 3,250	\$ 7,600

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	I.D.E.A.		No Child Left Behind		Rural Education Achievement Program	Totals
	Part B Basic	Part B Preschool	Title I	Title IIA		
REVENUES:						
Local Sources						\$ 8,178
State Sources	\$ 147,171	\$ 6,208	\$ 52,804	\$ 10,601	\$ 42,966	31,735
Federal Sources						259,750
Total Revenues	147,171	6,208	52,804	10,601	42,966	299,663
EXPENDITURES:						
Instruction:						
Salaries of Teachers			41,908			41,908
Purchased Professional and Technical Services					42,966	13,680
Other Purchased Services	145,684	6,208				194,858
General Supplies						8,178
Textbooks						7,205
Other Objects						10,850
Total Instruction	145,684	6,208	41,908		42,966	276,679
Support Services:						
Personal Services - Employee Benefits			10,896			10,896
Purchased Professional and Educational Services	1,487			10,601		12,088
Total Support Services	1,487		10,896	10,601		22,984
Total Expenditures	\$ 147,171	\$ 6,208	\$ 52,804	\$ 10,601	\$ 42,966	\$ 299,663

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 14,371
Intergovernmental Accounts Receivable:	
State	121
Federal	1,935
Inventories	1,389
	<hr/>
Total Current Assets	17,816
	<hr/>
Non-Current Assets:	
Capital Assets	177,150
Less: Accumulated Depreciation	(158,020)
	<hr/>
Total Non-Current Assets	19,130
	<hr/>
Total Assets	36,946
	<hr/>

LIABILITIES:

Current Liabilities:	
Accounts Payable	13,375
Unearned Revenue - Prepaid Sales	6,823
Unearned Revenue - Donated Commodities	784
	<hr/>
Total Liabilities	20,982
	<hr/>

NET POSITION:

Investment in Capital Assets	19,130
Unrestricted/(Deficit)	(3,166)
	<hr/>
Total Net Position	\$ 15,964
	<hr/> <hr/>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:

Local Sources:

Daily Sales - Reimbursable Programs	\$ 120,802
Daily Sales - Non-Reimbursable Programs	28,769

Total Operating Revenue

 149,571

Operating Expenses:

Cost of Sales - Reimbursable Programs	69,498
Cost of Sales - Non-Reimbursable Programs	13,238
Salaries, Benefits and Payroll Taxes	89,854
Supplies, Insurance and Other Costs	1,232
Management Fee	9,255
Depreciation Expense	5,898
Miscellaneous Expense	11,955

Total Operating Expenses

 200,930

Operating Loss

 (51,359)

Non-Operating Income:

Local Sources:

Interest Income	10
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State Sources:

State School Lunch Program	1,481
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Federal Sources:

National School Lunch Program	24,052
Food Distribution Program	8,209

Total Non-Operating Income

 33,752

Change in Net Position

(17,607)

Net Position - Beginning of Year

 33,571

Net Position - End of Year

 \$ 15,964

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 149,571
Payments to Food Service Contractor	(173,128)
	<hr/>
Net Cash Used for Operating Activities	(23,557)
	<hr/>
Cash Flows from Financing Activities:	
Interest Income	10
	<hr/>
Net Cash Provided by Financing Activities	10
	<hr/>
Cash Flows by Noncapital Financing Activities:	
State Sources	1,489
Federal Sources	24,212
	<hr/>
Net Cash Provided by Noncapital Financing Activities	25,701
	<hr/>
Net Increase in Cash and Cash Equivalents	2,154
Cash and Cash Equivalents, July 1	12,217
	<hr/>
Cash and Cash Equivalents, June 30	\$ 14,371
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (51,359)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	5,898
Food Distribution Program	8,209
Changes in Assets and Liabilities:	
Increase in Inventory	607
(Decrease) in Unearned Revenue	(287)
Increase in Accounts Payable	13,375
	<hr/>
Net Cash Used for Operating Activities	\$ (23,557)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$8,075 and Utilized Commodities Valued at \$8,209.

FIDUCIARY FUNDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Agency		Total Agency	Flexible Spending Trust	Unemployment Compensation Trust
	Student Activity	Payroll			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 40,565	\$ 88,000	\$ 128,565	\$ 8,916	\$ 43,698
Total Assets	40,565	88,000	128,565	8,916	43,698
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	40,565	88,000	88,000	40,565	
Total Liabilities	40,565	88,000	128,565	-0-	-0-
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims Restricted for Flexible Spending Claims				8,916	43,698
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 8,916	\$ 43,698

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 10,346	\$ 35,396
Total Contributions	<u>10,346</u>	<u>35,396</u>
Investment Earnings:		
Interest	2	19
Net Investment Earnings	<u>2</u>	<u>19</u>
Total Additions	<u>10,348</u>	<u>35,415</u>
DEDUCTIONS:		
Flexible Spending Claims	9,700	
Unemployment Claims		10,297
Total Deductions	<u>9,700</u>	<u>10,297</u>
Change in Net Position	648	25,118
Net Position - Beginning of the Year	<u>8,268</u>	<u>18,580</u>
Net Position - End of the Year	<u>\$ 8,916</u>	<u>\$ 43,698</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 21,604	\$ 110,464	\$ 91,503	\$ 40,565
Total Assets	<u>\$ 21,604</u>	<u>\$ 110,464</u>	<u>\$ 91,503</u>	<u>\$ 40,565</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 21,604	\$ 110,464	\$ 91,503	\$ 40,565
Total Liabilities	<u>\$ 21,604</u>	<u>\$ 110,464</u>	<u>\$ 91,503</u>	<u>\$ 40,565</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 14,574	\$ 12,926,938	\$ 12,853,512	\$ 88,000
Total Assets	<u>\$ 14,574</u>	<u>\$ 12,926,938</u>	<u>\$ 12,853,512</u>	<u>\$ 88,000</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 14,574	\$ 12,926,938	\$ 12,853,512	\$ 88,000
Total Liabilities	<u>\$ 14,574</u>	<u>\$ 12,926,938</u>	<u>\$ 12,853,512</u>	<u>\$ 88,000</u>

LONG-TERM DEBT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2016	Matured	Balance June 30, 2017
			Date	Amount				
Refunding Bonds Series 2005	9/1/05	\$ 5,410,000	3/1/18	\$ 870,000	4.00%	\$ 1,705,000	\$ 835,000	\$ 870,000
						<u>\$ 1,705,000</u>	<u>\$ 835,000</u>	<u>\$ 870,000</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 903,200		\$ 903,200	\$ 903,200	
Total Revenues	903,200		903,200	903,200	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	68,200		68,200	68,200	
Redemption of Principal	835,000		835,000	835,000	
Total Regular Debt Service	903,200		903,200	903,200	
Total Expenditures	903,200		903,200	903,200	
Excess/(Deficit) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	
Fund Balance, June 30	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ -0-
Recapitulation:					
Restricted			\$ 4,000	\$ 4,000	

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

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.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

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.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 5,139,345	\$ 5,730,154	\$ 6,297,694	\$ 6,460,418	\$ 6,422,827	\$ 6,718,123	\$ 7,026,890	\$ 7,360,421	\$ 7,876,650	\$ 8,367,236
Restricted	608,173	464,255	416,445	461,183	931,445	904,787	1,352,059	1,117,040	701,060	1,267,640
Unrestricted/(Deficit)	180,498	58,091	94,721	178,069	39,707	409,835	(2,141,084)	(2,656,852)	(2,443,871)	(2,942,908)
Total Governmental Activities Net Position	\$ 5,928,016	\$ 6,252,500	\$ 6,808,860	\$ 7,099,670	\$ 7,393,979	\$ 8,032,745	\$ 6,237,865	\$ 5,820,609	\$ 6,133,839	\$ 6,691,968
Business-type Activities										
Net Investment in Capital Assets	\$ 1,946	\$ 1,772	\$ 43,013	\$ 37,146	\$ 29,870	\$ 42,722	\$ 36,824	\$ 30,926	\$ 25,028	\$ 19,130
Unrestricted/(Deficit)	1,007	(844)	8,884	39,841	25,858	39,040	9,492	12,763	8,543	(3,166)
Total Business-type Activities Net Position	\$ 2,953	\$ 928	\$ 51,897	\$ 76,987	\$ 55,728	\$ 81,762	\$ 46,316	\$ 43,689	\$ 33,571	\$ 15,964
District-wide										
Net Investment in Capital Assets	\$ 5,141,291	\$ 5,731,926	\$ 6,340,707	\$ 6,497,564	\$ 6,452,697	\$ 6,760,845	\$ 7,063,714	\$ 7,391,347	\$ 7,901,678	\$ 8,386,366
Restricted	608,173	464,255	416,445	461,183	931,445	904,787	1,352,059	1,117,040	701,060	1,267,640
Unrestricted/(Deficit)	181,505	57,247	103,605	217,910	65,565	448,875	(2,131,592)	(2,644,089)	(2,435,328)	(2,946,074)
Total District Net Position	\$ 5,930,969	\$ 6,253,428	\$ 6,860,757	\$ 7,176,657	\$ 7,449,707	\$ 8,114,507	\$ 6,284,181	\$ 5,864,298	\$ 6,167,410	\$ 6,707,932

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,857,849	\$ 4,759,213	\$ 4,731,791	\$ 4,807,056	\$ 5,370,216	\$ 5,046,006	\$ 4,739,769	\$ 5,769,403	\$ 6,268,505	\$ 6,938,204
Special Education	1,012,527	1,269,017	1,617,647	1,581,945	1,726,008	1,852,500	1,990,717	2,682,078	1,980,522	2,056,929
Other Special Education		118,262	117,258	127,163	74,744	81,846	88,036	89,127	212,069	213,734
School Sponsored/Other Instruction	269,870	121,663	121,531	94,854	118,448	115,608	100,070	142,969	172,004	146,095
Support Services:										
Tuition	4,826,546	4,889,576	4,945,958	4,358,312	4,317,468	4,686,678	4,932,687	5,561,525	5,622,209	5,682,761
Student & Instruction Related Services	1,733,939	1,570,395	1,520,424	1,500,130	1,604,797	1,631,443	1,503,870	1,865,603	1,881,058	2,210,611
General Administrative Services	502,513	438,952	440,842	412,387	504,614	434,693	411,356	366,502	399,116	449,799
School Administrative Services	274,429	259,964	265,591	252,216	269,402	279,767	287,991	302,411	271,320	298,195
Central Services	308,760	316,140	303,084	301,138	315,125	314,776	347,143	364,946	382,802	366,197
Plant Operations and Maintenance	999,368	928,623	1,128,254	984,044	1,051,292	789,651	1,010,222	1,089,375	886,362	874,006
Pupil Transportation	952,223	998,591	934,454	875,911	815,895	898,694	965,893	1,050,757	1,192,445	1,045,359
Transfer of Funds to Charter School			285,662	244,709	215,017	186,725	39,914	114,887	112,663	30,554
Interest on Long-term Debt	412,651	330,251		34,700	57,125	42,454	157,000	123,350	89,667	57,066
Capital Outlay		377,872	435,634	440,149	174,536	453,559	399,461	399,461	399,460	399,460
Unallocated		16,378,519	16,848,130	16,014,714	16,614,687	16,814,400	16,974,129	19,922,394	19,870,202	20,768,970
Total Governmental Activities Expenses	16,150,675	16,378,519	16,848,130	16,014,714	16,614,687	16,814,400	16,974,129	19,922,394	19,870,202	20,768,970
Business-type Activities:										
Food Service	196,636	195,296	216,413	201,431	214,214	211,490	246,322	209,505	209,171	200,930
Total Business-type Activities Expense	196,636	195,296	216,413	201,431	214,214	211,490	246,322	209,505	209,171	200,930
Total District Expenses	16,347,311	16,573,815	17,064,543	16,216,145	16,828,901	17,025,890	17,220,451	20,131,899	20,079,373	20,969,900
Program Revenues										
Governmental Activities:										
Charges for Services	41,958									
Operating Grants and Contributions	1,774,891	1,820,845	2,082,668	1,349,232	1,733,460	2,214,136	2,007,954	3,304,230	3,632,468	4,470,366
Capital Grants and Contributions		65,300								
Total Governmental Activities Program Revenues	1,816,849	1,820,845	2,147,968	1,349,232	1,733,460	2,214,136	2,007,954	3,304,230	3,632,468	4,470,366
Business-type Activities:										
Charges for Services										
Food Service	158,762	162,545	177,448	182,651	148,521	189,122	168,730	165,504	162,390	149,571
Operating Grants and Contributions	32,383	30,714	42,811	43,860	44,229	48,288	42,137	41,364	36,653	33,742
Total Business-type Activities Program Revenues	191,145	193,259	220,259	226,511	192,750	237,410	210,867	206,868	199,043	183,313
Total District Program Revenues	2,007,994	2,014,104	2,368,227	1,575,743	1,926,210	2,451,546	2,218,821	3,511,098	3,831,511	4,653,679
Net (Expense)/Revenue	(14,333,826)	(14,557,674)	(14,700,162)	(14,665,482)	(14,881,227)	(14,600,264)	(14,966,175)	(16,618,164)	(16,237,734)	(16,298,604)
Governmental Activities	(5,491)	(2,037)	3,846	25,080	(21,464)	25,920	(35,451)	(2,637)	(10,128)	(17,617)
Business-type Activities	(14,339,317)	(14,559,711)	(14,696,316)	(14,640,402)	(14,902,691)	(14,574,344)	(15,001,630)	(16,620,801)	(16,247,862)	(16,316,221)
Total District-wide Net Expense										

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,186,787	\$ 13,426,744	\$ 13,781,370	\$ 13,934,431	\$ 13,751,604	\$ 13,998,445	\$ 14,557,784	\$ 15,099,326	\$ 15,389,072	\$ 15,782,576
Taxes Levied for Debt Service	1,241,822	1,269,827	1,276,025	904,938	904,250	906,550	902,750	903,825	905,400	903,200
Federal and State aid not restricted	744,208	85,201	71,993	6,347						
Tuition		4,485	43,669	7,250	129,159	104,851	113,148	94,344	39,336	19,500
Investment Earnings	80,599	27,319	8,656							
Miscellaneous Income	47,008	68,582	74,809	103,326	390,523	229,184	147,148	238,709	217,156	151,457
Cancellation of Prior Year Accounts Receivable								(135,296)		
Total Governmental Activities	15,300,424	14,882,158	15,256,522	14,956,292	15,175,536	15,239,030	15,720,830	16,200,908	16,550,964	16,856,733
Business-type Activities:										
Appraisal Adjustment			47,108							
Investment Earnings	10	12	15	10	205	114	9	10	10	10
Total Business-type Activities	10	12	47,123	10	205	114	9	10	10	10
Total District-wide	15,300,434	14,882,170	15,303,645	14,956,302	15,175,741	15,239,144	15,720,839	16,200,918	16,550,974	16,856,743
Change in Net Position	966,598	324,484	556,360	290,810	294,309	638,766	754,655	(417,256)	313,230	558,129
Governmental Activities	(5,481)	(2,025)	50,969	25,090	(21,259)	26,034	(35,446)	(2,627)	(10,118)	(17,607)
Business-type Activities	\$ 961,117	\$ 322,459	\$ 607,329	\$ 315,900	\$ 273,050	\$ 664,800	\$ 719,209	\$ (419,883)	\$ 303,112	\$ 540,522

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

UNAUDITED
 (modified accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved/ Restricted	\$ 723,092	\$ 464,255	\$ 416,445	\$ 461,183	\$ 931,445	\$ 904,787	\$ 1,352,059	\$ 1,113,040	\$ 697,060	\$ 1,263,640
Assigned				24,000	170	213,511	214,343	6,076	132,940	42,102
Unassigned				274,759	206,157	318,654	317,940	145,786	280,232	269,191
Unreserved	291,040	230,119	262,018							
Total General Fund	<u>\$ 1,014,132</u>	<u>\$ 694,374</u>	<u>\$ 678,463</u>	<u>\$ 759,942</u>	<u>\$ 1,137,772</u>	<u>\$ 1,436,952</u>	<u>\$ 1,884,342</u>	<u>\$ 1,264,902</u>	<u>\$ 1,110,232</u>	<u>\$ 1,574,933</u>
All Other Governmental Funds										
Restricted, Reported in:										
Debt Service Fund	\$ 10							\$ 4,000	\$ 4,000	\$ 4,000
Total All Other Governmental Funds	<u>\$ 10</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Total Governmental Funds	<u>\$ 1,014,142</u>	<u>\$ 694,374</u>	<u>\$ 678,463</u>	<u>\$ 759,942</u>	<u>\$ 1,137,772</u>	<u>\$ 1,436,952</u>	<u>\$ 1,884,342</u>	<u>\$ 1,268,902</u>	<u>\$ 1,114,232</u>	<u>\$ 1,578,933</u>

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 14,428,609	\$ 14,696,571	\$ 15,057,395	\$ 14,839,369	\$ 14,655,854	\$ 14,904,995	\$ 15,460,534	\$ 16,003,151	\$ 16,294,472	\$ 16,685,776
Tuition Charges	41,958	4,485	43,669	7,250	129,159	104,851	113,148	94,344	39,336	19,500
Interest Earnings	80,599	27,319	5	11	1,703	1,724	1,173	1,128	957	115
Miscellaneous	47,007	69,153	91,159	113,963	414,912	237,042	145,974	220,088	209,583	143,164
Local Sources	9,361							17,493	6,616	8,178
State Sources	2,278,322	1,678,282	1,785,081	1,170,365	1,481,688	1,906,334	1,787,550	1,875,661	1,923,773	2,207,239
Federal Sources	231,416	227,193	427,181	174,568	225,680	298,220	220,404	255,989	235,840	260,110
Total Revenue	17,117,272	16,703,003	17,404,490	16,305,526	16,908,996	17,453,166	17,728,783	18,467,854	18,710,577	19,324,082
Expenditures										
Instruction										
Regular Instruction	3,391,429	3,632,591	3,498,716	3,557,795	3,393,370	3,574,805	3,378,617	3,610,939	3,477,279	3,550,580
Special Education Instruction	704,247	1,013,485	1,331,108	1,208,830	1,300,027	1,382,603	1,457,311	1,728,620	1,201,181	1,138,509
Other Special Instruction	102,239	88,486	84,904	91,785	52,256	57,202	61,317	57,491	116,327	107,169
School Sponsored/Other Instruction	100,802	108,876	107,015	81,565	99,771	99,361	84,177	135,092	135,577	105,305
Support Services:										
Tuition	4,826,546	4,889,576	4,945,958	4,358,312	4,317,468	4,686,678	4,932,687	5,561,525	5,622,209	5,682,761
Student & Other Instruction Related Services	1,294,867	1,251,398	1,180,687	1,173,875	1,211,877	1,287,415	1,180,265	1,435,512	1,437,073	1,560,465
General Administration Services	390,959	367,790	343,743	330,199	409,190	353,311	319,113	254,819	253,228	270,865
School Administrative Services	187,406	201,846	171,901	195,371	189,059	195,300	199,815	190,258	147,789	148,287
Central Services	224,942	235,966	242,573	235,594	232,179	233,628	257,992	265,914	284,434	248,073
Plant Operations and Maintenance	891,368	872,366	1,050,504	901,209	947,379	708,456	922,242	989,678	789,936	713,318
Student Transportation	911,414	984,084	911,157	846,898	814,534	889,238	950,546	1,041,389	1,171,935	1,038,953
Unallocated Benefits	2,261,145	2,015,662	2,200,810	2,312,976	2,557,507	2,645,962	2,577,871	2,650,509	3,055,978	3,262,748
Charter School					54,098		39,914	114,887	112,663	30,554
Capital Outlay	61,111	90,808	75,300	34,700	102,299	79,379	16,776	11,540	154,238	98,594
Debt Service:										
Principal	885,000	925,000	975,000	650,000	680,000	710,000	735,000	765,000	805,000	835,000
Interest and Other Charges	386,701	344,838	301,025	254,938	224,250	196,550	167,750	134,825	100,400	68,200
Total Expenditures	16,620,176	17,022,772	17,420,401	16,224,047	16,531,166	17,153,986	17,281,393	18,947,998	18,865,247	18,859,381
Excess/(Deficit) of Revenues Over/(Under) Expenditures	497,096	497,097	(15,911)	81,479	377,830	299,180	447,390	(480,144)	(154,670)	464,701
Other Financing Sources/(Uses)										
Cancellation of Prior Years' Accounts Receivable								(135,296)		
Total Other Financing Sources/(Uses)								(135,296)		
Net Change in Fund Balances	\$ 497,096	\$ 497,097	\$ (15,911)	\$ 81,479	\$ 377,830	\$ 299,180	\$ 447,390	\$ (615,440)	\$ (154,670)	\$ 464,701
Debt Service as a Percentage of Noncapital Expenditures	7.68%	7.50%	7.36%	5.59%	5.50%	5.31%	5.23%	4.75%	4.84%	4.81%

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 80,599	\$ 41,958	\$ 47,008	\$ 169,565
2009	27,319	4,485	68,582	100,386
2010	8,656	43,669	74,809	127,134
2011	7,417	7,250	95,909	110,576
2012	1,703	129,159	388,820	519,682
2013	1,724	104,851	227,460	334,035
2014	1,173	113,148	140,689	255,010
2015	1,128	39,336	223,217	263,681
2016	957	39,336	209,583	249,876
2017	115	19,500	143,164	162,779

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 14,943,900	\$ 1,570,628,976	\$ 471,823,680	\$ 546,437,200	\$ 450,000	\$ 2,604,283,756	\$ 6,964,130	\$ 2,611,247,886	\$ 0.553	\$ 2,681,711,662
2008	14,810,200	1,558,141,100	480,274,643	603,963,600	470,000	2,657,659,543	7,529,670	2,665,189,213	0.551	2,749,451,959
2009	13,796,300	1,491,105,140	464,766,643	582,479,200	470,000	2,552,617,283	8,045,717	2,560,663,000	0.590	2,802,383,627
2010	10,477,400	1,353,854,300	428,924,529	540,558,600	895,000	2,334,709,829	7,449,309	2,342,159,138	0.634	2,742,028,931
2011	10,209,400	1,354,168,500	436,404,429	514,189,700	895,000	2,315,867,029	7,053,748	2,322,920,777	0.631	2,686,712,367
2012	9,690,900	1,363,832,100	431,498,229	486,797,400	895,000	2,292,713,629	7,556,503	2,300,270,132	0.648	2,527,491,629
2013	9,415,400	1,366,659,184	402,026,469	496,501,900	850,000	2,275,452,953	6,571,365	2,282,024,318	0.678	2,516,013,581
2014	9,335,900	1,416,276,000	415,589,991	497,337,300	850,000	2,339,389,191	5,608,436	2,344,997,627	0.682	2,437,746,347
2015	9,417,300	1,452,905,000	424,088,450	494,760,000	850,000	2,382,020,750	5,711,509	2,387,732,259	0.683	2,387,732,259
2016	9,168,000	1,507,478,608	426,653,860	485,381,300	850,000	2,429,531,768	5,783,750	2,435,315,518	0.685	2,466,553,944

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 ordered by the County Board of Taxation

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

b Tax rates are per \$100 of assessed value.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District of the Township of Bedminster Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Bedminster	County of Somerset	
2007	\$ 0.505	\$ 0.048	\$ 0.553	\$ 0.250	\$ 0.312	\$ 1.12
2008	0.504	0.048	0.552	0.251	0.310	1.11
2009	0.539	0.051	0.590	0.270	0.320	1.18
2010	0.596	0.038	0.634	0.290	0.346	1.27
2011	0.592	0.039	0.631	0.296	0.339	1.27
2012	0.609	0.039	0.648	0.261	0.344	1.25
2013	0.640	0.038	0.678	0.246	0.323	1.25
2014	0.643	0.039	0.682	0.324	0.361	1.37
2015	0.645	0.038	0.683	0.320	0.356	1.36
2016	0.648	0.037	0.685	0.319	0.354	1.36

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation.

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.

Source: Municipal Tax Collector and School Business Administrator

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 137,000,000	1	5.63%
Lamington Farm Club	33,171,100	2	1.36%
Jaygrace Co. LLC	26,711,400	3	1.04%
BIT Holdings	25,625,000	4	1.00%
MIRF Bedminster	25,350,000	5	1.05%
Hamilton Farm Golf Club	24,320,300	6	1.10%
EM Associates	20,046,000	7	0.82%
S/K Bedminster One LLC	19,850,000	8	0.80%
Crossroads Business Center	19,545,000	9	0.82%
Lamington River Farms	17,081,000	10	0.70%
Total	<u>\$ 348,699,800</u>		<u>14.32%</u>

Taxpayer	2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 218,154,000	1	8.19%
Jaygrace Co. LLC	41,819,600	2	1.57%
BIT Holdings	32,867,000	3	1.23%
Hamilton Farm Golf Club	33,715,400	4	1.27%
MIRF Bedminster	35,187,000	5	1.32%
Lamington Farm Club	27,500,000	6	1.03%
EM Associates	26,470,800	7	0.99%
S/K Bedminster One LLC	24,808,000	8	0.93%
Crossroads Business Center	24,300,000	9	0.91%
Bedminster 2 Funding	14,337,900	10	0.54%
Total	<u>\$ 479,159,700</u>		<u>17.98%</u>

Source: Municipal Tax Assessor

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 14,428,609	\$ 14,428,609	100.00%	\$ -0-
2009	14,696,571	14,696,571	100.00%	-0-
2010	15,057,395	15,057,395	100.00%	-0-
2011	14,839,369	14,839,369	100.00%	-0-
2012	14,655,854	14,655,854	100.00%	-0-
2013	14,904,995	14,904,995	100.00%	-0-
2014	15,460,534	15,459,859	100.00%	-0-
2015	16,003,151	16,003,151	100.00%	-0-
2016	16,294,472	16,294,472	100.00%	-0-
2017	16,685,776	16,685,776	100.00%	-0-

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
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	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases					
2008	\$ 7,950,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,950,000	1.28%	\$ 957.14	
2009	7,025,000	-0-	-0-	-0-	-0-	-0-	7,025,000	1.19%	837.51	
2010	6,050,000	-0-	-0-	-0-	-0-	-0-	6,050,000	1.04%	739.97	
2011	5,400,000	-0-	-0-	-0-	-0-	-0-	5,400,000	0.88%	656.77	
2012	4,720,000	-0-	-0-	-0-	-0-	-0-	4,720,000	0.73%	572.89	
2013	4,010,000	-0-	-0-	-0-	-0-	-0-	4,010,000	0.61%	485.94	
2014	3,275,000	-0-	-0-	-0-	-0-	-0-	3,275,000	0.47%	396.49	
2015	2,510,000	-0-	-0-	-0-	-0-	-0-	2,510,000	0.36%	303.87	
2016	1,705,000	-0-	-0-	-0-	-0-	-0-	1,705,000	0.24%	207.50	
2017	870,000	-0-	-0-	-0-	-0-	-0-	870,000	0.12%	105.88	

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

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

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 7,950,000	\$ -0-	\$ 7,950,000	0.30%	\$ 947.78
2009	7,025,000	-0-	7,025,000	0.27%	859.22
2010	6,050,000	-0-	6,050,000	0.26%	739.97
2011	5,400,000	-0-	5,400,000	0.23%	656.77
2012	4,720,000	-0-	4,720,000	0.20%	572.89
2013	4,010,000	-0-	4,010,000	0.17%	485.94
2014	3,275,000	-0-	3,275,000	0.14%	396.49
2015	2,510,000	-0-	2,510,000	0.11%	304.57
2016	1,705,000	-0-	1,705,000	0.07%	207.50
2017	870,000	-0-	870,000	0.04%	105.88

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Bedminster	\$ 46,524,744	100.00%	\$ 46,524,744
County of Somerset - Township's Share: General Obligation Debt	198,786,605	4.24%	<u>8,432,317</u>
Subtotal, Overlapping Debt			54,957,061
Township of Bedminster School District Direct Debt			<u>870,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 55,827,061</u></u>

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 Bedminster. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Somerset County Board of Taxation; debt outstanding data provided by each governmental unit.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis

2014	\$2,463,552,223
2015	2,484,895,420
2016	2,504,671,926
	<u>\$7,453,119,569</u>

Average Equalized Valuation of Taxable Property \$2,484,373,190

Debt Limit (3% of average equalization value)	\$ 74,531,196 ^a
Net Bonded School Debt	870,000
Legal Debt Margin	<u>\$ 73,661,196</u>

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 78,499,907	\$ 81,697,565	\$ 82,169,996	\$ 81,826,191	\$ 79,732,173
Total Net Debt Applicable to Limit	8,835,000	7,025,000	6,050,000	5,400,000	4,720,000
Legal Debt Margin	<u>\$ 69,664,907</u>	<u>\$ 74,672,565</u>	<u>\$ 76,119,996</u>	<u>\$ 76,426,191</u>	<u>\$ 75,012,173</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.25%	8.60%	7.36%	6.60%	5.92%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 77,710,656	\$ 76,005,710	\$ 76,005,710	\$ 74,571,861	\$ 74,531,196
Total Net Debt Applicable to Limit	4,010,000	3,275,000	3,275,000	1,705,000	870,000
Legal Debt Margin	<u>\$ 73,700,656</u>	<u>\$ 72,730,710</u>	<u>\$ 72,730,710</u>	<u>\$ 72,866,861</u>	<u>\$ 73,661,196</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	5.16%	4.31%	4.31%	2.29%	1.17%

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Town of Bedminster Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	8,306	\$ 621,787,160	\$ 74,860	3.20%
2009	8,388	589,768,668	70,311	5.70%
2010	8,176	584,363,248	71,473	5.70%
2011	8,222	610,384,836	74,238	5.60%
2012	8,239	643,984,957	78,163	7.40%
2013	8,252	661,538,084	80,167	4.30%
2014	8,260	691,618,060	83,731	4.30%
2015	8,241	712,582,788	86,468	3.70%
2016	8,217	710,507,556	86,468 *	4.10%
2017	8,217 **	710,507,556 ***	86,468 *	N/A

* - Latest Somerset County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

*** - Latest Somerset County personal income available (2015) was used for calculation purposes.

N/A - Not Available

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF SOMERSET
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2016		
Employer	Employees	Rank	Percentage of Total Employment

INFORMATION NOT AVAILABLE

	2007		
Employer	Employees	Rank	Percentage of Total Employment

INFORMATION NOT AVAILABLE

N/A - Information is not available

Source: Somerset County Business Partnership Website

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 UNAUDITED

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	47.7	47.5	48.5	47.1	44.0	45.0	46.0	46.0	40.6	39.6
Regular	11.3	11.5	12.5	13.8	13.0	14.0	15.0	15.0	12.9	12.9
Special Education	10.0	10.0	9.8	11.0	11.0	11.0	12.0	12.0	7.5	6.8
Other Instruction										
Support Services:										
Student & Instruction Related Services	12.0	12.0	14.3	12.5	12.7	12.7	12.7	12.7	12.8	12.8
School Administrative Services	3.0	5.0	3.0	2.6	2.7	3.2	3.2	3.2	2.9	2.5
General and Business Administrative Services	2.5	2.5	2.5	2.1	2.1	2.1	2.1	2.1	1.5	1.5
Central Services	2.5	2.5	2.5	2.7	2.7	2.7	2.7	2.7	3.5	3.5
Administration Information Technology	1.0	1.5	2.0	2.9	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0
Pupil Transportation	1.5	1.5	1.5	1.3	1.3	1.3	0.8	0.8	0.8	0.5
Total	99.5	102.0	104.6	104.0	99.5	102.0	103.5	103.5	91.5	89.1

Source: School District of the Township of Bedminster Personnel Records

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	593	\$ 15,287,364	\$ 25,780	4.50%	67	9:1	593	572	4.40%	96.41%
2009	606	15,662,126	25,845	0.25%	69	9:1	606	581	2.19%	95.94%
2010	591	16,168,057	27,357	5.85%	69	9:1	593	568	-2.15%	95.78%
2011	583	15,284,409	26,217	-4.17%	67	9:1	580	557	-2.19%	96.03%
2012	589	15,524,617	26,358	0.54%	63	9:1	589	566	1.55%	96.10%
2013	586	16,168,057	27,591	4.68%	60	10:1	586	562	-0.51%	95.90%
2014	577	16,361,867	28,357	7.58%	61	9:1	577	549	-2.04%	95.15%
2015	543	18,036,633	33,217	26.02%	57	10:1	543	506	-7.81%	93.19%
2016	527	17,805,609	33,787	28.19%	56	9:1	527	506	-10.53%	96.02%
2017	532	17,857,587	33,567	21.66%	55	10:1	532	512	-9.22%	96.24%

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).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary- PreK-8										
Bedminster Township School										
Square Feet	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	593	606	593	580	589	586	577	543	527	532

Number of Schools at June 30, 2017
 Elementary = 1
 (Includes Central Office)

Source: District Facilities Office

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Bedminster</u> <u>Elementary School*</u>	<u>Total</u> <u>School Facilities</u>
2008	\$ 244,358	\$ 244,358
2009	183,390	183,390
2010	233,016	233,016
2011	216,549	216,549
2012	243,427	243,427
2013	174,663	174,663
2014	266,405	266,405
2015	399,616	399,616
2016	201,892	201,892
2017	175,441	175,441

* 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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Educational Risk Insurance Consortium - North		
(N.J. Schools Insurance Group):		
Package Property & Liability Building & Contents	\$ 28,085,596	\$ 5,000
Computers - Hardware and Software	480,686	1,000
Computers - Extra Expense	Included	
Extra Expense	Included	5,000
Boiler and Machinery Property Damage	28,085,596	5,000
General Liability:		
Personal and Advertising Injury Limit	11,000,000	
Each Occurrence Limit	11,000,000	
Employee Benefit Liability:		
Each Claim	11,000,000	1,000
Aggregate	11,000,000	
E&O	11,000,000	5,000
Public Employee Blanket Bond	250,000	1,000
Official Bonds - Selective Insurance Company:		
Alicia M. Schauer - School Business Administrator	200,000	

Source: District's Records

SINGLE AUDIT

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 Auditor's Report

The Honorable President and Members
of the Board of Education
Bedminster Township School District
County of Somerset, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bedminster Township School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 7, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 of 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*.

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 result 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.

September 7, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

The Honorable President and Members
of the Board of Education
Bedminster Township School District
County of Somerset, New Jersey

Report on Compliance for Each Major State Program

We have audited the Bedminster Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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 state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

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 of its major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circulars 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.

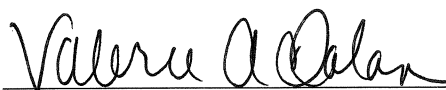
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the Uniform Guidance or New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

September 7, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Budgetary Unearned Revenue
<u>U.S. Department of Agriculture:</u>										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 8,075	\$ 8,075	\$ (7,291)	\$ 784			
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	9,729	\$ 918	(918)				
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	24,052		(24,052)	\$ (1,935)			
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	25,969	\$ (2,095)	2,095				
Total Child Nutrition Cluster					<u>(2,095)</u>	<u>(32,287)</u>	<u>784</u>	<u>(1,935)</u>		
Total U.S. Department of Agriculture					<u>(2,095)</u>	<u>(32,287)</u>	<u>784</u>	<u>(1,935)</u>		
<u>U.S. Department of Education:</u>										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027A	IDEA024017	7/1/16-6/30/17	147,171		(147,171)				
I.D.E.A. Part B, Preschool	84.173A	IDEA024015	7/1/14-6/30/15	12,663	(1,580)	1,580				
I.D.E.A. Part B, Preschool	84.173A	IDEA024017	7/1/16-6/30/17	6,208		4,627		(1,581)		
Total Special Education Cluster					<u>(1,580)</u>	<u>153,378</u>		<u>(1,581)</u>		
No Child Left Behind:										
Title I	84.010A	NCLB024017	7/1/16-6/30/17	52,804		(52,804)				
Title IIA	84.367A	NCLB024017	7/1/16-6/30/17	10,601		(10,601)				
Total No Child Left Behind						<u>(63,405)</u>				
Rural Education Achievement Program	84.358	N/A	7/1/14-6/30/15	47,890	(19,379)			(19,379)		
Rural Education Achievement Program	84.358	N/A	7/1/16-6/30/17	42,966		(42,966)				
Total U.S. Department of Education					<u>(20,959)</u>	<u>259,749</u>		<u>(20,960)</u>		
Total Federal Awards					<u>\$ (23,054)</u>	<u>\$ 918</u>	<u>\$ 292,036</u>	<u>\$ (22,895)</u>	<u>\$ 784</u>	<u>\$ -0-</u>

N/A - Not Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	
State Department of Education:										
General Fund State Aid:										
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	\$ 106,879	\$ (10,384)	\$ 10,384	\$ 10,384				\$ 106,879
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	477,773	(46,418)	46,418					477,773
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	66,151	(6,427)	6,427					66,151
PARCC Readiness Aid	16-495-034-5120-057	7/1/15-6/30/16	8,300	(806)	806					8,300
Per Pupil Growth Aid	16-100-034-5120-058	7/1/15-6/30/16	8,300	(806)	806					8,300
Extraordinary Special Education Costs Aid	16-495-034-5120-098	7/1/15-6/30/16	131,085	(131,085)	131,085					131,085
Reimbursed TPAF Social Security	16-495-034-5095-002	7/1/15-6/30/16	326,583	(31,334)	31,334					326,583
Reimbursement of Nonpublic School										
Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	14,106	(14,106)	14,106					14,106
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	119,708		108,073	\$ (119,708)		\$ (11,635)		119,708
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	467,775		422,308	(467,775)		(45,467)		467,775
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	66,237		59,799	(66,237)		(6,438)		66,237
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,300		7,493	(8,300)		(807)		8,300
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,300		7,493	(8,300)		(807)		8,300
Professional Learning Commission	17-495-034-5120-097	7/1/16-6/30/17	7,840		7,078	(7,840)		(762)		7,840
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	153,923			(153,923)		(153,923)		153,923
Reimbursement of Nonpublic School										
Transportation Costs	17-495-034-5120-014	7/1/16-6/30/17	8,700			(8,700)		(8,700)		8,700
Reimbursed TPAF Social Security	17-495-034-5095-002	7/1/16-6/30/17	349,179		330,878	(349,179)		(18,301)		349,179
TPAF Pension Contributions (non-budgeted)	17-495-034-5094-002	7/1/16-6/30/17	518,927		518,927	(518,927)				518,927
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	17-495-034-5094-001	7/1/16-6/30/17	448,050		448,050	(448,050)				448,050
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-004	7/1/16-6/30/17	18,802		18,802	(18,802)				18,802
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-004	7/1/16-6/30/17	838		838	(838)				838
Total General Fund				(241,366)	2,171,105	(2,176,579)		(180,924)	(246,840)	3,315,756
Special Revenue Fund:										
Nonpublic Handicapped Services:										
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	3,780		3,780				\$ 3,780	
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	785		785				785	
Nonpublic Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	3,744	\$ 203				\$ (203)		3,541
Nonpublic Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	3,205		3,250	(3,250)				3,205
Nonpublic Nursing	16-100-034-5120-070	7/1/15-6/30/16	16,020	3,529				(3,529)		12,491
Nonpublic Nursing	17-100-034-5120-070	7/1/16-6/30/17	13,680		13,680	(13,680)				13,680
Nonpublic Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	8,222	593				(593)		7,629
Nonpublic Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	7,205		7,205	(7,205)				7,205
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	7,600		7,600	(7,600)				7,600
Total Special Revenue Fund				4,325	36,300	(31,735)		(4,325)	4,565	61,394

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	
Food Service Fund:										
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	\$ 1,572	\$ (129)	\$	129	\$	(121)	\$	1,572
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	1,481	(129)		1,360		(121)		1,481
Total Food Service Fund						1,489		(121)		3,053
Total State Awards				(241,495)	\$ 4,325	2,208,894		(181,045)	\$ 4,565	3,380,203
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	\$ (448,050)				\$ 448,050			
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(518,927)				518,927			
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(18,802)				18,802			
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(838)				838			
Subtotal - On-Behalf TPAF Pension System Contributions							986,617			
Total State Awards Subject to Single Audit Determination							\$ (1,223,178)			

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Bedminster Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payment are not recognized until the subsequent budget 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,075) for the general fund and \$360 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,175,504	\$ 2,175,504
Special Revenue Fund	\$ 260,110	31,735	291,845
Food Service Fund	<u>32,261</u>	<u>1,481</u>	<u>33,742</u>
Total Awards	<u>\$ 292,371</u>	<u>\$ 2,208,720</u>	<u>\$ 2,501,091</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in 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 Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on the major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.156(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's major state programs for the current fiscal year consisted of the following:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	\$ 8,300	\$ 8,300
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,300	8,300
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	467,775	467,775
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	66,237	66,237
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	7,840	7,840

- The threshold used for distinguishing between state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The District was not subject to a Federal Single Audit as expenditures for federal awards were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.156(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year findings.