

**BEDMINSTER TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual  
Financial Report**

**of the**

**Bedminster Township School District  
Board of Education**

**Bedminster, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Bedminster Township School District  
Board of Education**

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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

Lauren Zugale  
Supervisor of Student Services

Todd St. Laurent  
Vice Principal/  
Curriculum Supervisor

November 8, 2019

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, 2019, 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 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 2018-2019 fiscal year with an enrollment of 516 pupils Pre-K through 8, a decrease of 9 pupils from

the previous year's enrollment. In grades 9 through 12, the year-end enrollment was 234, a decrease of 12 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 pupils. 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 2018-2019 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 were completed as of June 30, 2018. During the 2018-2019 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, enrichment, 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, pupils are offered visual and performing arts, applied technology and technology, world languages, library media services, health and physical education, STE(A)M, and other opportunities for financial literacy and 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 pupils' 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](http://www.bedminsterschool.org).

## 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. All members of our teaching staff are involved in activities organized and supported by our PDC (Professional Development Committee) and ScIP (School Improvement Panel). 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 and out of district trainings supported by the BOE.

## 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 current technology plan is effective from September 2016 through December 2019. 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 pupils 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/Safety and Security

The Board encourages community input to assist with the planning and decision making about student and staff safety and security and educational programming. In fact, stakeholders are well represented working with Bedminster Township on shared services, grant opportunities, the Bedminster Technology Committee, School Safety and Climate Committee, Wellness Committee, the Bedminster PBA Somerset Hills Municipal Alliance Committee, the Governor's Educator of the Year selection committee, School Improvement Panel (ScIP), Environmental Committee, Read Across America, and the Parent Teacher Organization. The District also partners with the Bedminster non-public schools to offer educational opportunities for both public and non-public pupils. The District's commitment and emphasis on their importance of community volunteerism is demonstrated by the forty (40) hours of community service

required by the end of eighth grade. 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 pupils 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 a vote of the Board of Education. 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, 2019.

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.

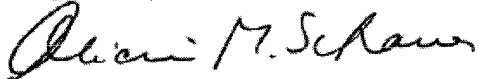
8) RISK MANAGEMENT: The Board carries various forms of commercial insurance, including, but not limited to, general liability, hazard and theft insurance on property and contents and fidelity bonds.

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,

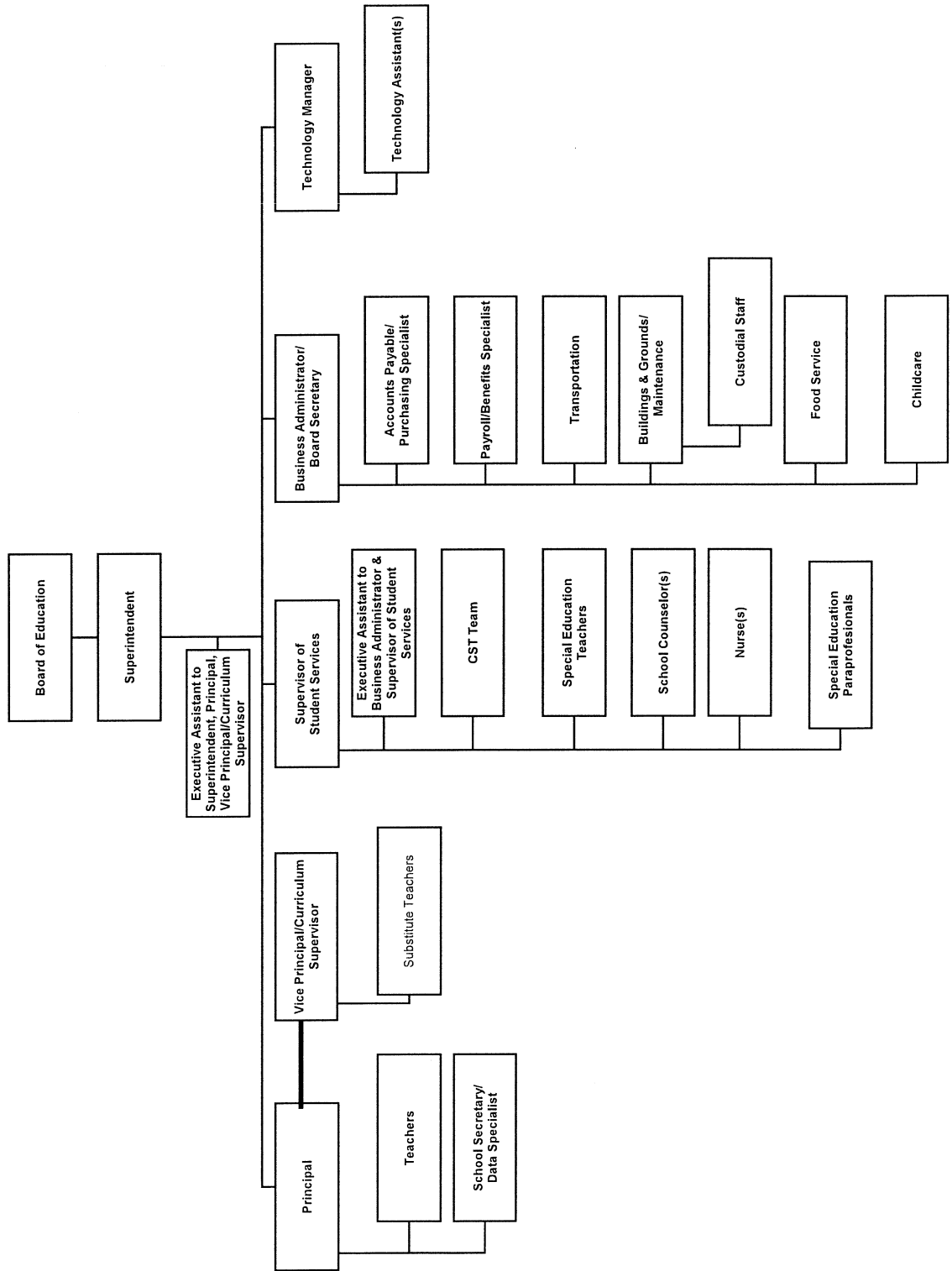


Alicia M. Schauer  
School Business Administrator/Board Secretary



Jennifer Giordano  
Superintendent

# Bedminster Township School District



**BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2019**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Jeff Reaves, President	2021
Judy Creelman, Vice-President	2019
Monica Burch	2019
Jennifer Johansson	2021
Giovanna Lamiera	2020
Sarah Nathans	2019
Sonia Rodrigues-Martó	2021
Suzie Stevinson	2019
Howard Wolkow	2020

<b><u>Other Officials</u></b>	<b><u>Title</u></b>
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

**Board Attorney**

Busch Law Group, LLC  
450 Main Street  
Metuchen, NJ 08840

**Special Education Attorney**

Scarinci Hollenbeck, LLC  
1100 Valley Brook Avenue  
P.O. Box 790  
Lyndhurst, NJ 07071

**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, 2019, 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, 2019, 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 and post-retirement benefit schedules in Exhibits L-1 through L-6 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 other supplementary schedules 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 other supplementary schedules 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 other 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 November 8, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 2019  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(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, 2019. 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.

**Overview of the Financial Statements**

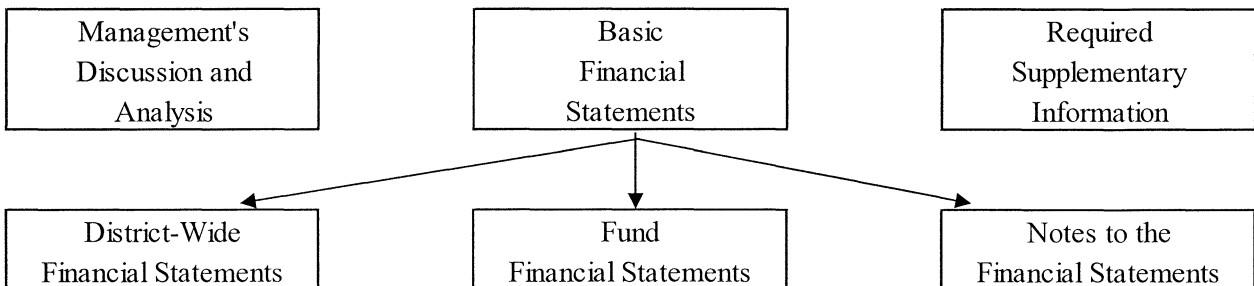
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2019  
(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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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, 2019  
(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, 2019**  
**(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 was \$8,591,510 on June 30, 2019, which was \$854,791, or 11.05% greater than the prior year (See Figure A-3).

**Figure A-3**

**Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2018/19
	2018/19	2017/18 (as Restated)	2018/19	2017/18 (as Restated)	2018/19	2017/18 (as Restated)	
Current and							
Other Assets	\$ 3,837,658	\$ 2,562,426	\$ 27,410	\$ 19,518	\$ 3,865,068	\$ 2,581,944	
Capital Assets, Net	8,074,945	8,482,862	27,011	30,556	8,101,956	8,513,418	
Total Assets	11,912,603	11,045,288	54,421	50,074	11,967,024	11,095,362	7.86%
Deferred Outflows of Resources	849,185	1,249,653			849,185	1,249,653	-32.05%
Long-Term Liabilities	2,675,236	3,206,663			2,675,236	3,206,663	
Other Liabilities	210,395	167,165	16,609	19,181	227,004	186,346	
Total Liabilities	2,885,631	3,373,828	16,609	19,181	2,902,240	3,393,009	-16.91%
Deferred Inflows of Resources	1,322,459	1,215,287			1,322,459	1,215,287	8.82%
Net Position:							
Net Investment in							
Capital Assets	8,074,945	8,482,862	27,011	30,556	8,101,956	8,513,418	
Restricted	3,321,701	2,122,632			3,321,701	2,122,632	
Unrestricted/(Deficit)	(2,842,948)	(2,899,668)	10,801	337	(2,832,147)	(2,899,331)	2.32%
Total Net Position	\$ 8,553,698	\$ 7,705,826	\$ 37,812	\$ 30,893	\$ 8,591,510	\$ 7,736,719	11.05%

*Changes in Net Position.* Net position from governmental activities increased \$847,872 while net position from business-type activities increased \$6,919.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited)**

**Figure A-4**

**Changes in Net Position from Operating Results**

	Governmental Activities 2018/19	Business- Type Activities 2018/19	Governmental Activities 2017/18	Business- Type Activities 2017/18	Total School District 2018/19	Total School District 2017/18	Percentage Change 2018/19
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 12,000	\$126,515		\$143,287	\$ 138,515	\$ 143,287	
Operating Grants and Contributions	4,344,582	39,886	\$ 5,574,996	40,228	4,384,468	5,615,224	
<b>General Revenue:</b>							
Property Taxes	16,682,800		17,244,008		16,682,800	17,244,008	
Tuition Charges			36,975			36,975	
Other	90,630	6	65,148	6	90,636	65,154	
<b>Total Revenue</b>	<u>21,130,012</u>	<u>166,407</u>	<u>22,921,127</u>	<u>183,521</u>	<u>21,296,419</u>	<u>23,104,648</u>	-7.83%
<b>Expenses:</b>							
Instruction	9,458,722		10,452,750		9,458,722	10,452,750	
Pupil and Instruction Services	7,142,411		7,517,535		7,142,411	7,517,535	
Administrative and Business	1,156,744		1,138,622		1,156,744	1,138,622	
Maintenance and Operations	1,063,788		999,355		1,063,788	999,355	
Transportation	1,067,846		1,041,919		1,067,846	1,041,919	
Other	392,629	159,488	422,660	185,916	552,117	608,576	
<b>Total Expenses</b>	<u>20,282,140</u>	<u>159,488</u>	<u>21,572,841</u>	<u>185,916</u>	<u>20,441,628</u>	<u>21,758,757</u>	-6.05%
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 847,872</u>	<u>\$ 6,919</u>	<u>\$ 1,348,286</u>	<u>\$ (2,395)</u>	<u>\$ 854,791</u>	<u>\$ 1,345,891</u>	-36.49%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:



**Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited)**

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

**Figure A-5**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2018/19</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2017/18</u>
Instruction	\$ 9,458,722	\$ 5,621,758	\$ 10,452,750	\$ 5,398,639
Pupil and Instruction Services	7,142,411	7,060,165	7,517,535	7,415,086
Administrative and Business	1,156,744	951,046	1,138,622	858,512
Maintenance and Operations	1,063,788	1,063,788	999,355	999,355
Transportation	1,067,846	836,172	1,041,919	903,593
Other	392,629	392,629	422,660	422,660
	<u>\$ 20,282,140</u>	<u>\$ 15,925,558</u>	<u>\$ 21,572,841</u>	<u>\$ 15,997,845</u>

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$6,919. (Refer to Figure A-4).

- Food services revenues exceeded expenses by \$6,919, accounting for all of the increase in the net position of the business-type activities.

**Financial Analysis of the District’s Funds**

To maintain a stable financial position, the District must continue to practice sound fiscal management, including but not limited to cost containment practices, seeking out all available efficiencies and a continual evaluation of all offered services and programs.

**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, 2019  
(Unaudited)**

**Capital Asset and Long-Term Liabilities Administration**

**Figure A-6**

**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2017/18		2017/18		2017/18		Change
	2018/19	(as Restated)	2018/19	(as Restated)	2018/19	(as Restated)	2018/19
Sites and Site Improvements	\$ 26,830	\$ 40,244			\$ 26,830	\$ 40,244	
Buildings and Building Improvements	7,955,458	8,340,498			7,955,458	8,340,498	
Machinery and Equipment	92,657	102,120	\$ 27,011	\$ 30,556	119,668	132,676	
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 8,074,945</b>	<b>\$ 8,482,862</b>	<b>\$ 27,011</b>	<b>\$ 30,556</b>	<b>\$ 8,101,956</b>	<b>\$ 8,513,418</b>	<b>-4.83%</b>

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2018/19	2017/18	Change
Other Long-Term Liabilities	\$ 309,056	314,833	
Net Pension Liability - PERS	2,366,180	2,891,830	
	<b>\$ 2,675,236</b>	<b>\$ 3,206,663</b>	<b>-16.57%</b>

**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 circumstances that could significantly affect its financial health in the future

- As the building continues to age, adequate resources must continue to be accumulated and earmarked for future capital projects and building maintenance operations. Consideration will have to be made as to the useful life expectancy of the building's roof, HVAC equipment and parking lot. Future budget development will have to include these projects while working under tight State mandated fund use restrictions.
- Rising employee health benefits and pension costs
- Careful budget planning to shield against large student population fluctuations in our K-8 populations as well as our H.S enrollments
- Escalating Special Education costs

**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, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 746,497	\$ 22,488	\$ 768,985
Receivables from State Government	226,358	128	226,486
Receivables from Federal Government		2,202	2,202
Receivables from Other Governments	15,560		15,560
Inventories		2,592	2,592
Restricted Cash and Cash Equivalents:			
Capital Reserve	1,649,243		1,649,243
Maintenance Reserve	750,000		750,000
Tuition Reserve	450,000		450,000
Capital Assets, Net			
Sites (Land)	7,444		7,444
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	8,067,501	27,011	8,094,512
Total Assets	<u>11,912,603</u>	<u>54,421</u>	<u>11,967,024</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	849,185		849,185
Total Deferred Outflows of Resources	<u>849,185</u>		<u>849,185</u>
<b>LIABILITIES</b>			
Interfund Payable	31,205		31,205
Accounts Payable	136,255	8,283	144,538
Payable to State Government	16,833		16,833
Unearned Revenue	26,102	8,326	34,428
Noncurrent Liabilities:			
Due Beyond One Year	2,675,236		2,675,236
Total Liabilities	<u>2,885,631</u>	<u>16,609</u>	<u>2,902,240</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	1,322,459		1,322,459
Total Deferred Inflows of Resources	<u>1,322,459</u>		<u>1,322,459</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,074,945	27,011	8,101,956
Restricted for:			
Capital Projects	1,649,243		1,649,243
Other Purposes	1,672,458		1,672,458
Unrestricted/(Deficit)	(2,842,948)	10,801	(2,832,147)
Total Net Position	<u>\$ 8,553,698</u>	<u>\$ 37,812</u>	<u>\$ 8,591,510</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, 2019

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
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 7,049,395		\$ 2,354,140	\$ (4,695,255)		\$ (4,695,255)
Special Education	2,085,143		1,423,213	(661,930)		(661,930)
Other Special Instruction	199,918		59,611	(140,307)		(140,307)
Other Instruction	124,266			(124,266)		(124,266)
<b>Support Services:</b>						
Tuition	5,244,858	\$ 12,000		(5,232,858)		(5,232,858)
Student & Instruction Related Services	1,897,553		70,246	(1,827,307)		(1,827,307)
General Administrative Services	462,707		105,966	(356,741)		(356,741)
School Administrative Services	342,091		99,732	(242,359)		(242,359)
Central Services	351,946			(351,946)		(351,946)
Plant Operations and Maintenance	1,063,788			(1,063,788)		(1,063,788)
Pupil Transportation	1,067,846		231,674	(836,172)		(836,172)
Capital Outlay	8,589			(8,589)		(8,589)
Unallocated Depreciation	384,040			(384,040)		(384,040)
<b>Total Governmental Activities</b>	<b>20,282,140</b>	<b>12,000</b>	<b>4,344,582</b>	<b>(15,925,558)</b>		<b>(15,925,558)</b>
<b>Business-Type Activities:</b>						
Food Service	159,488	126,515	39,886		\$ 6,913	6,913
<b>Total Business-Type Activities</b>	<b>159,488</b>	<b>126,515</b>	<b>39,886</b>		<b>6,913</b>	<b>6,913</b>
<b>Total Primary Government</b>	<b>\$ 20,441,628</b>	<b>\$ 138,515</b>	<b>\$ 4,384,468</b>	<b>(15,925,558)</b>	<b>6,913</b>	<b>(15,918,645)</b>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 16,682,800		\$ 16,682,800
Miscellaneous Income	90,630	\$ 6	90,636
	16,773,430		16,773,436
Total General Revenue		6	
Change in Net Position	847,872	6,919	854,791
Net Position - Beginning (as Restated)	7,705,826	30,893	7,736,719
Net Position - Ending	\$ 8,553,698	\$ 37,812	\$ 8,591,510

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, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 719,122	\$ 27,375	\$ 746,497
Receivables From State Government	226,288	70	226,358
Receivables From Other Governments		15,560	15,560
Restricted Cash and Cash Equivalents	2,849,243		2,849,243
<b>Total Assets</b>	<b>\$ 3,794,653</b>	<b>\$ 43,005</b>	<b>\$ 3,837,658</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable - Vendors	\$ 16,048	\$ 70	16,118
Interfund Payable	31,205		\$ 31,205
Payable to State Government		16,833	16,833
Unearned Revenue		26,102	26,102
<b>Total Liabilities</b>	<b>47,253</b>	<b>43,005</b>	<b>90,258</b>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Capital Reserve	\$ 1,649,243		1,649,243
Maintenance Reserve	750,000		750,000
Tuition Reserve - For 2020-2021 School Year	450,000		450,000
Excess Surplus	213,496		213,496
Excess Surplus- Designated for Subsequent Year's Expenditures	258,962		258,962
<b>Assigned for:</b>			
Year-End Encumbrances	36,058		36,058
Subsequent Year's Expenditures	39,029		39,029
<b>Unassigned:</b>			
General Fund	350,612		350,612
<b>Total Fund Balances</b>	<b>3,747,400</b>	<b></b>	<b>3,747,400</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,794,653</b>	<b>\$ 43,005</b>	<b>\$ 3,837,658</b>
<b>Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:</b>			
Total Fund Balances from above			\$ 3,747,400
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$18,224,059 and the Accumulated Depreciation is \$10,149,114.			8,074,945
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.			(309,056)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.			(2,366,180)
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:			
Deferred Outflows			729,048
Deferred Inflows			(1,322,459)
<b>Net Position of Governmental Activities</b>			<b>\$ 8,553,698</b>

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, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES:</b>			
<b>Local Sources:</b>			
Local Tax Levy	\$ 16,682,800		\$ 16,682,800
Tuition from Individuals	12,000		12,000
Interest Earned on Maintenance Reserve Funds	10		10
Interest Earned on Capital Reserve Funds	20		20
Other Restricted Miscellaneous Revenue	21,481		21,481
Unrestricted Miscellaneous Revenue	60,640	\$ 8,479	69,119
<b>Total - Local Sources</b>	<b>16,776,951</b>	<b>8,479</b>	<b>16,785,430</b>
State Sources	2,643,996	47,885	2,691,881
Federal Sources		330,012	330,012
<b>Total Revenues</b>	<b>19,420,947</b>	<b>386,376</b>	<b>19,807,323</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Regular Instruction	3,545,942	229,569	3,775,511
Special Education Instruction	1,072,317	156,807	1,229,124
Other Special Instruction	108,594		108,594
School-Sponsored/Other Instruction	98,395		98,395
<b>Support Services and Undistributed Costs:</b>			
Tuition	5,244,858		5,244,858
Student and Other Instruction Related Services	1,492,294		1,492,294
General Administration Services	290,686		290,686
School Administration Services	173,296		173,296
Central Services	269,906		269,906
Plant Operations and Maintenance	958,800		958,800
Student Transportation	1,061,351		1,061,351
Unallocated Benefits	3,864,790		3,864,790
Capital Outlay	26,579		26,579
<b>Total Expenditures</b>	<b>18,207,808</b>	<b>386,376</b>	<b>18,594,184</b>
<b>Net Change in Fund Balances</b>	<b>1,213,139</b>		<b>1,213,139</b>
Fund Balance - July 1	2,534,261		2,534,261
Fund Balance - June 30	\$ 3,747,400	\$ -0-	\$ 3,747,400

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$1,213,139
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	\$ (425,907)	
Capital Outlays	<u>17,990</u>	(407,917)
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 (+).		
		5,777
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		525,650
Change in Deferred Outflows		(381,605)
Change in Deferred Inflows		<u>(107,172)</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 847,872</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 22,488
Intergovernmental Accounts Receivable:	
State	128
Federal	2,202
Inventories	2,592
	27,410
Total Current Assets	27,410
Non-Current Assets:	
Capital Assets	140,529
Less: Accumulated Depreciation	(113,518)
	27,011
Total Non-Current Assets	27,011
Total Assets	54,421
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	8,283
Unearned Revenue - Prepaid Sales	7,577
Unearned Revenue - Donated Commodities	749
	16,609
Total Liabilities	16,609
<u>NET POSITION:</u>	
Investment in Capital Assets	27,011
Unrestricted	10,801
	37,812
Total Net Position	\$ 37,812

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, 2019

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 108,017
Daily Sales - Non-Reimbursable Programs	17,707
Miscellaneous Revenue	791
Total Operating Revenue	126,515
Operating Expenses:	
Cost of Sales - Reimbursable Programs	57,000
Cost of Sales - Non-Reimbursable Programs	10,059
Salaries, Benefits & Payroll Taxes	68,527
Supplies, Insurance & Other Costs	1,376
Management Fee	9,532
Depreciation Expense	3,545
Miscellaneous Expense	9,449
Total Operating Expenses	159,488
Operating Loss	(32,973)
Non-Operating Income:	
Local Sources:	
Interest Income	6
State Sources:	
State School Lunch Program	1,676
Federal Sources:	
National School Lunch Program	28,448
Food Distribution Program	9,762
Total Non-Operating Income	39,892
Change in Net Position	6,919
Net Position - Beginning of Year (as Restated)	30,893
Net Position - End of Year	\$ 37,812

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, 2019

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows Used for Operating Activities:	
Receipts from Customers	\$ 126,515
Payments to Food Service Contractor	(150,535)
Net Cash Used for Operating Activities	<u>(24,020)</u>
Cash Flows Provided by Financing Activities:	
Interest Income	6
Net Cash Provided by Financing Activities	<u>6</u>
Cash Flows Provided by Noncapital Financing Activities:	
State Sources	1,697
Federal Sources	28,691
Net Cash Provided by Noncapital Financing Activities	<u>30,388</u>
Net Increase in Cash and Cash Equivalents	6,374
Cash and Cash Equivalents, July 1	<u>16,114</u>
Cash and Cash Equivalents, June 30	<u>\$ 22,488</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (32,973)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	3,545
Food Distribution Program	9,762
Changes in Assets and Liabilities:	
(Decrease) in Inventory	(1,782)
Increase in Unearned Revenue - Prepaid Sales	669
Increase in Unearned Revenue - Donated Commodities	418
(Decrease) in Accounts Payable	(3,659)
Net Cash Used for Operating Activities	<u>\$ (24,020)</u>

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 \$10,180 and Utilized Commodities Valued at \$9,762.

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, 2019

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 49,309	\$ 10,660	\$ 55,634
Interfund Receivable:			
General Fund	31,205		
Total Assets	<u>80,514</u>	<u>10,660</u>	<u>55,634</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	31,205		
Due to Student Groups	49,309		
Total Liabilities	<u>80,514</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims			55,634
Restricted for Flexible Spending Claims		10,660	
Total Net Position	<u>\$ -0-</u>	<u>\$ 10,660</u>	<u>\$ 55,634</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, 2019

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 12,652	\$ 10,758
Total Contributions	<u>12,652</u>	<u>10,758</u>
Investment Earnings:		
Interest	3	24
Net Investment Earnings	<u>3</u>	<u>24</u>
Total Additions	<u>12,655</u>	<u>10,782</u>
DEDUCTIONS:		
Flexible Spending Claims	10,901	
Unemployment Claims		7
Total Deductions	<u>10,901</u>	<u>7</u>
Change in Net Position	1,754	10,775
Net Position - Beginning of the Year	<u>8,906</u>	<u>44,859</u>
Net Position - End of the Year	<u>\$ 10,660</u>	<u>\$ 55,634</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, 2019

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, 2019  
(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, 2019  
(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, 2019 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, 2019  
(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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 19,428,462	\$ 389,268
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.		
Current Year Encumbrances		(2,902)
Prior Year Encumbrances		10
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	68,568	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(76,083)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 19,420,947	\$ 386,376

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,207,808	\$ 389,268
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.		
Current Year Encumbrances		(2,902)
Prior Year Encumbrances		10
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 18,207,808	\$ 386,376

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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.

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, 2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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 acquisition value. 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 and Building Improvements	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 governmental 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.

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, 2019.

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

N. Compensated Absences (Cont'd)

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 \$3,747,400 General Fund Balance at June 30, 2019, \$1,649,243 is restricted in the capital reserve account; \$750,000 is restricted in the maintenance reserve account; \$450,000 is restricted in the tuition reserve account; \$213,496 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; \$258,962 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$36,058 is assigned for year end encumbrances; \$39,029 has been assigned for subsequent year's expenditures and has been included as anticipated revenue for the fiscal year ended June 30, 2020 and \$350,612 is unassigned (which is \$76,083 less than the budgetary basis due to the non-recognition of the last two state aid payments).

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 excess surplus at June 30, 2019 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$76,083 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.



BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Q. Deficit in Net Position:

The District has a deficit in unrestricted net position of \$2,842,948 in its governmental activities, which is due to General Fund unassigned fund balance of \$350,612, \$36,058 of General Fund fund balance assigned for encumbrances, \$39,029 of General Fund fund balance assigned for subsequent year's expenditures, \$729,048 of deferred outflows for pensions; net of deferred inflows for pensions of \$1,322,459, the balance of \$309,056 for compensated absences, and the net pension liability of \$2,366,180. 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, 2019 for the changes in assumptions, changes in proportions, 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, 2019 for the changes in proportion in pensions and changes in assumptions for the net difference between expected and actual investment earnings - pension.

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.

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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, a tuition reserve, and excess surplus.

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, 2019.

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, 2019.

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.

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

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

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, 2019  
(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 of the school district or bonds or other obligations of the local unit or units within which the school district is located.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) 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
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (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
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents			Cash and Cash Equivalents	Total
	Capital Reserves	Maintenance Reserves	Tuition Reserves		
Checking Accounts	\$ 1,649,243	\$ 750,000	\$ 450,000	\$ 884,588	\$ 3,733,831

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$3,733,831 and the bank balance was \$4,080,605.

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District made no transfers to within the capital outlay accounts.

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.

The activity for the Capital Reserve Account for the fiscal year ended June 30, 2019 is as follows:

Beginning Balance, July 1, 2018	\$ 699,223
Interest Earnings	20
Board Resolution - June 13, 2019	950,000
Ending Balance, June 30, 2019	\$ 1,649,243

The balance in the capital reserve account at June 30, 2019 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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, 2018	\$ 699,388
Interest Earnings	10
Board Resolution - June 13, 2019	<u>50,602</u>
Ending Balance, June 30, 2019	<u><u>\$ 750,000</u></u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance (as Restated)	Increases	Adjustments/ Decreases	Ending Balance
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	274,765			274,765
Buildings and Building Improvements	17,363,683			17,363,683
Machinery and Equipment	589,061	\$ 17,990	\$ (28,884)	578,167
Total Capital Assets Being Depreciated	<u>18,227,509</u>	<u>17,990</u>	<u>(28,884)</u>	<u>18,216,615</u>
Governmental Activities Capital Assets	<u>18,234,953</u>	<u>17,990</u>	<u>(28,884)</u>	<u>18,224,059</u>
Less Accumulated Depreciation for:				
Site Improvements	(241,965)	(13,414)		(255,379)
Buildings and Building Improvements	(9,023,185)	(385,040)		(9,408,225)
Machinery and Equipment	(486,941)	(27,453)	28,884	(485,510)
	<u>(9,752,091)</u>	<u>(425,907)</u>	<u>28,884</u>	<u>(10,149,114)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,482,862</u>	<u>\$ (407,917)</u>	<u>\$ -0-</u>	<u>\$ 8,074,945</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 150,329		\$ (9,800)	\$ 140,529
Less: Accumulated Depreciation	(119,773)	\$ (3,545)	9,800	(113,518)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 30,556</u>	<u>\$ (3,545)</u>	<u>\$ -0-</u>	<u>\$ 27,011</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 22,317
General Administration	7,028
School Administration	7,028
Central Services	3,492
Operations and Maintenance of Plant	2,002
Unallocated	<u>384,040</u>
	<u>\$ 425,907</u>



BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Retired	Balance 6/30/2019
Compensated Absences Payable	\$ 314,833	\$ 5,777	\$ 309,056
Net Pension Liability - PERS	2,891,830	525,650	2,366,180
	\$ 3,206,663	\$ 531,427	\$ 2,675,236

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.

As of June 30, 2019, the District has no bonds outstanding.

B. Bonds Authorized But Not Issued

As of June 30, 2019, the District had no bonds authorized but not issued.

C. Capital Leases Payable

As of June 30, 2019, the District had no capital leases payable.

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 \$309,056.

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, 2019, no liability existed for compensated absences in the Proprietary Fund.

The General Fund will be used to liquidate the governmental activities Compensated Absences Payable.

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, 2019 is \$-0- and the long-term portion is \$2,366,180. See Note 9 for further information on the PERS.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.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:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible 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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 is being paid by the employer in level annual payments over a period of 15 years which began 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 \$120,451 for fiscal year 2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$2,366,180 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.01202%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$87,435. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources 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	6.44	\$ 18,728	
	2015	5.72	84,529	
	2016	5.57	286,650	
	2017	5.48		\$ 436,188
	2018	5.63		320,391
			<u>389,907</u>	<u>756,579</u>
Changes in Proportion	2014	6.44		116,455
	2015	5.72	165,650	
	2016	5.57	128,368	
	2017	5.48		339,846
	2018	5.63		75,183
			<u>294,018</u>	<u>531,484</u>
Difference Between Expected and Actual Experience	2015	5.72	23,452	
	2016	5.57	8,699	
	2017	5.48	12,972	
	2018	5.63		12,201
			<u>45,123</u>	<u>12,201</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		(14,298)
	2016	5.00		(79,933)
	2017	5.00		71,944
	2018	5.63		44,482
				<u>22,195</u>
Contribution Subsequent to Measurement Date	2018	1.00	120,137	
			<u>\$ 849,185</u>	<u>\$ 1,322,459</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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)

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
2019	\$ 16,423
2020	(22,737)
2021	(163,044)
2022	(141,329)
2023	(45,255)
	\$ (355,944)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2013 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2018 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:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 2,975,199	\$ 2,366,180	\$ 1,855,252

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/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a 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 2019, the State of New Jersey contributed \$875,583 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,631,817.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$27,991,683. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.044%, which was a decrease of 0.003% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	27,991,683
Total	\$ 27,991,683

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$1,631,817 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 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:



BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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>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	8.50	\$ 1,076,424,469	
	2015	8.30	3,063,349,492	
	2016	8.30	6,913,685,892	
	2017	8.30		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,459,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.50		10,252,211
	2015	8.30	189,214,650	
	2016	8.30		85,977,601
	2017	8.30	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.0		(192,642,062)
	2016	5.0		(863,710,381)
	2017	5.0		678,024,787
	2018	5.0		384,121,486
				<u>5,793,830.00</u>
			<u>\$ 12,473,698,870</u>	<u>\$ 16,180,773,643</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:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	<u>\$ (3,706,774,773)</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) 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 TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate - TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 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:

	June 30, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Total Net Pension Liability Associated with the District	\$ 33,085,638	\$ 27,991,683	\$ 23,768,919

Pension Plan Fiduciary Net Position - TPAF

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 \$5,405 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$6,879 for the fiscal year ended June 30, 2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 10. 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.

The audit of the NJSIG as of June 30, 2019 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2018 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 348,953,830</u>
Net Position	<u>\$ 82,580,855</u>
Total Revenue	<u>\$ 133,258,299</u>
Total Expenses	<u>\$ 129,340,074</u>
Change in Net Position	<u>\$ 3,918,225</u>
Members' Dividends	<u>\$ -0-</u>

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ -0-	\$ 24	\$ 10,758	\$ 7	\$ 55,634
2017-2018	-0-	22	10,017	8,878	44,859
2016-2017	-0-	19	35,396	10,297	43,698

NOTE 11. 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.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 31,205
Payroll Agency	\$ 31,205	
	<u>\$ 31,205</u>	<u>\$ 31,205</u>

The interfund receivable from the Payroll Agency Account and the interfund payable in the General Fund as of June 30, 2019 represents funds transferred in excess to the General Fund during the year which were not returned prior to June 30, 2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 13. 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	Security Benefit

NOTE 14. 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 15. 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.

Encumbrances

At June 30, 2019 there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 36,058	\$ 2,902	\$ 38,960

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue fund, which is \$2,902 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivable, or an increase in unearned revenue.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

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 16. ACCOUNTS PAYABLE

At June 30, 2019 the District had the following accounts payable:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	<u>Business-Type Activities</u>
	General Fund	Special Revenue Fund			Proprietary Funds
Vendors	\$ 16,048	\$ 70		\$ 16,118	\$ 8,283
Due to State of New Jersey			\$ 120,137	120,137	
	<u>\$ 16,048</u>	<u>\$ 70</u>	<u>\$ 120,137</u>	<u>\$ 136,255</u>	<u>\$ 8,283</u>

NOTE 17. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year tuition. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

As of June 30, 2019, the District has \$450,000 in the tuition reserve which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2021.



BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENT

The District made a prior year adjustment in the District Wide Financial Statements to record an adjustment for a reappraisal of capital assets as follows:

	6/30/2018 Balance as Previously Reported	Retroactive Adjustments	6/30/2018 Balance as Restated
Statement of Net Position			
Governmental Activities:			
Capital Assets:			
Depreciable Buildings and Building Improvements, Site & Land Improvements, Furniture, Machinery & Equipment	\$ 8,809,846	\$ (334,428)	\$ 8,475,418
Total Assets	\$ 11,379,716	\$ (334,428)	\$ 11,045,288
Net Investment in Capital Assets	\$ 8,817,290	\$ (334,428)	\$ 8,482,862
Total Net Position/(Deficit)	\$ 8,040,254	\$ (334,428)	\$ 7,705,826
Business-type Activities:			
Capital Assets:			
Depreciable Buildings and Building Improvements, Site & Land Improvements, Furniture, Machinery & Equipment	\$ 13,232	\$ 17,324	\$ 30,556
Total Assets	\$ 32,750	\$ 17,324	\$ 50,074
Net Investment in Capital Assets	\$ 13,232	\$ 17,324	\$ 30,556
Total Net Position	\$ 13,569	\$ 17,324	\$ 30,893

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

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

	TPAF/ABP	PERS
Inflation Rate		2.50%
Salary Increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 - June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 21,379,741
Changes for Year:	
Service Cost	796,728
Interest Cost	785,129
Changes in Assumptions	(2,201,883)
Differences Between Expected and Actual Experience	(1,076,692)
Member Contributions	17,733
Gross Benefit Payments	(513,072)
Net Changes	(2,192,057)
Balance at June 30, 2018	\$ 19,187,684

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 22,683,748	\$ 19,187,684	\$ 16,408,674

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 15,859,738	\$ 19,187,684	\$ 23,589,020

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$971,932 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Year of Deferral</u>	<u>Original Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ (2,330,668)
Changes in Assumptions	2018	9.51		(1,970,349)
				(4,301,017)
Differences Between Expected and Actual Experience	2018	9.51		(1,862,593)
Changes in Proportion	N/A	N/A	\$ 973,357	
			\$ 973,357	\$ (6,163,610)

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (759,512)
2020	(759,512)
2021	(759,512)
2022	(759,512)
2023	(759,512)
Thereafter	(2,366,051)
	\$ (6,163,610)

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0133399767%	0.0134767609%	0.0148774342%	0.0124228029%	0.0120174700%
District's proportionate share of the net pension liability	\$ 2,549,535	\$ 3,025,263	\$ 4,406,269	\$ 2,891,830	\$ 2,366,180
District's covered employee payroll	\$ 832,497	\$ 982,465	\$ 910,760	\$ 847,756	\$ 862,427
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	306.25%	307.93%	483.80%	341.12%	274.36%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 87,509	\$ 115,864	\$ 158,428	\$ 143,956	\$ 120,451
Contributions in relation to the contractually required contribution	(87,509)	(115,864)	(158,428)	(143,956)	(120,451)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 867,215	\$ 832,497	\$ 982,465	\$ 910,760	\$ 847,756
Contributions as a percentage of covered employee payroll	10.09%	13.92%	16.13%	15.81%	14.21%

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0496230291%	0.0470828278%	0.0429856592%	0.0478064840%	0.0439997291%
State's proportionate share of the net pension liability attributable to the District	\$ 26,521,894	\$ 29,758,358	\$ 33,815,256	\$ 32,232,855	\$ 27,991,683
District's covered employee payroll	\$ 4,318,422	\$ 4,785,433	\$ 4,498,734	\$ 4,768,456	\$ 5,202,052
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%	675.96%	538.09%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,427,127	\$ 1,817,016	\$ 2,540,746	\$ 2,232,929	\$ 1,631,817
Contributions in relation to the contractually required contribution	<u>(254,547)</u>	<u>(344,160)</u>	<u>(518,927)</u>	<u>(663,685)</u>	<u>(875,583)</u>
Contribution deficiency/(excess)	<u>\$ 1,172,580</u>	<u>\$ 1,472,856</u>	<u>\$ 2,021,819</u>	<u>\$ 1,569,244</u>	<u>\$ 756,234</u>
District's covered employee payroll	\$ 4,318,422	\$ 4,785,433	\$ 4,498,734	\$ 4,768,456	\$ 5,202,052
Contributions as a percentage of covered employee payroll	33.05%	7.19%	11.53%	13.92%	16.83%

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 CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 961,080	\$ 796,728
Interest Cost	676,284	785,129
Changes in Assumptions	(2,785,642)	(2,201,883)
Differences Between Expected and Actual Experience		(1,076,692)
Member Contributions	18,235	17,733
Gross Benefit Payments	(495,200)	(513,072)
Net Change in Total OPEB Liability	(1,625,243)	(2,192,057)
Total OPEB Liability - Beginning	<u>23,004,984</u>	<u>21,379,741</u>
Total OPEB Liability - Ending	<u>\$ 21,379,741</u>	<u>\$ 19,187,684</u>
District's Covered Employee Payroll *	\$ 5,767,898	\$ 5,409,494
Total OPEB Liability as a Percentage of Covered Employee Payroll	371%	355%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. 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 Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)  
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 16,682,800		\$ 16,682,800	\$ 16,682,800	
Tuition From Individuals	20,000		20,000	12,000	\$ (8,000)
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Capital Reserve Funds	20		20	20	
Other Restricted Miscellaneous Revenue	384,951		384,951	21,481	(363,470)
Unrestricted Miscellaneous Revenue	118,970		118,970	60,640	(58,330)
<b>Total - Local Sources</b>	<b>17,206,751</b>		<b>17,206,751</b>	<b>16,776,951</b>	<b>(429,800)</b>
State Sources:					
Extraordinary Aid	112,000		112,000	193,402	81,402
Categorical Special Education Aid	487,018		487,018	487,018	
Categorical Security Aid	66,237		66,237	66,237	
Categorical Transportation Aid	217,074		217,074	217,074	
Nonpublic Transportation Aid				14,600	14,600
TPAF Pension Contributions (non-budgeted)				875,583	875,583
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				405,477	405,477
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,328	18,328
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				655	655
Reimbursed TPAF Social Security Contributions (non-budgeted)				373,137	373,137
<b>Total State Sources</b>	<b>882,329</b>		<b>882,329</b>	<b>2,651,511</b>	<b>1,769,182</b>
<b>TOTAL REVENUES</b>	<b>18,089,080</b>		<b>18,089,080</b>	<b>19,428,462</b>	<b>1,339,382</b>



BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 281,890	\$ 31,000	\$ 312,890	\$ 309,262	\$ 3,628
Grades 1-5 - Salaries of Teachers	1,766,297	(37,900)	1,728,397	1,604,950	123,447
Grades 6-8 - Salaries of Teachers	1,295,806	5,400	1,301,206	1,265,322	35,884
Regular Programs - Home Instruction:					
Salaries of Teachers	101,701	2,500	104,201	58,930	45,271
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	18,000	(13,615)	4,385	2,198	2,187
Purchased Technical Services	41,750		41,750	41,222	528
Other Purchased Services	39,200	6,100	45,300	42,881	2,419
General Supplies	75,000		75,000	48,999	26,001
Textbooks	61,252	(11,100)	50,152	39,512	10,640
Other Objects	170,587	(18,000)	152,587	132,666	19,921
Total Regular Programs - Instruction	3,851,483	(35,615)	3,815,868	3,545,942	269,926
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	74,545		74,545	72,047	2,498
Purchased Professional - Educational Services	20,000		20,000	20,000	
General Supplies	1,500		1,500	57	1,443
Total Multiple Disabilities	96,045		96,045	92,104	3,941
Resource Room/Resource Center:					
Salaries of Teachers	779,768		779,768	717,306	62,462
Other Salaries for Instruction	112,662	(17,500)	95,162	90,786	4,376
General Supplies	3,500		3,500	1,799	1,701
Total Resource Room/Resource Center	895,930	(17,500)	878,430	809,891	68,539

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Preschool Disabilities - Part-time - Instruction:					
Salaries of Teachers	\$ 140,728		\$ 140,728	\$ 126,417	\$ 14,311
Other Salaries for Instruction	26,475	\$ 17,500	43,975	41,901	2,074
Purchased Professional-Educational Services	8,400		8,400	1,363	7,037
General Supplies	1,700		1,700	641	1,059
<b>Total Preschool Disabilities - Part-time - Instruction</b>	<b>177,303</b>	<b>17,500</b>	<b>194,803</b>	<b>170,322</b>	<b>24,481</b>
<b>Total Special Education Instruction</b>	<b>1,169,278</b>		<b>1,169,278</b>	<b>1,072,317</b>	<b>96,961</b>
Extended School Year:					
Salaries of Teachers	40,000	(10,209)	29,791	29,791	
Other Salaries for Instruction	7,000	3,345	10,345	9,767	578
<b>Total Extended School Year</b>	<b>47,000</b>	<b>(6,864)</b>	<b>40,136</b>	<b>39,558</b>	<b>578</b>
Bilingual Education - Instruction:					
Salaries of Teachers	68,935		68,935	68,935	
General Supplies	1,000		1,000	101	899
<b>Total Bilingual Education - Instruction</b>	<b>69,935</b>		<b>69,935</b>	<b>69,036</b>	<b>899</b>
School-Sponsored Co curricular Activities - Instruction:					
Salaries	75,000		75,000	53,164	21,836
Supplies and Materials	11,500		11,500	2,828	8,672
<b>Total School-Sponsored Co curricular Activities - Instruction</b>	<b>86,500</b>		<b>86,500</b>	<b>55,992</b>	<b>30,508</b>
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	43,000		43,000	32,346	10,654
Purchased Services	9,500		9,500	4,186	5,314
Supplies and Materials	10,000		10,000	5,871	4,129
<b>Total School-Sponsored Co curricular Athletics - Instruction</b>	<b>62,500</b>		<b>62,500</b>	<b>42,403</b>	<b>20,097</b>
<b>Total Instruction</b>	<b>5,286,696</b>	<b>(42,479)</b>	<b>5,244,217</b>	<b>4,825,248</b>	<b>418,969</b>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 4,471,700		\$ 4,471,700	\$ 4,096,930	\$ 374,770
Tuition to Other LEAs Within the State - Special	905,000	(26,500)	878,500	656,139	222,361
Tuition to Private Schools for the Handicapped - Within State	521,226		521,226	491,789	29,437
Total Undistributed Expenditures - Instruction	5,897,926	(26,500)	5,871,426	5,244,858	626,568
Health Services:					
Salaries	156,345		156,345	119,770	36,575
Purchased Professional and Technical Services	11,500		11,500	5,620	5,880
Supplies and Materials	5,000		5,000	2,741	2,259
Total Health Services	172,845		172,845	128,131	44,714
Speech, OT, PT, and Related Services:					
Salaries	182,010		182,010	182,010	
Purchased Professional-Educational Services	5,500		5,500	1,510	3,990
Supplies and Materials	1,000		1,000	626	374
Total Speech, OT, PT, and Related Services	188,510		188,510	184,146	4,364
Guidance:					
Salaries of Other Professional Staff	128,903		128,903	128,903	
Other Salaries	89,888	100	89,988	89,985	3
Supplies and Materials	2,500		2,500	2,500	
Other Objects	1,000		1,000	1,000	
Total Guidance	222,291	100	222,391	218,888	3,503

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Child Study Team:					
Salaries of Other Professional Staff	\$ 417,019	\$ 48,155	\$ 465,174	\$ 464,832	\$ 342
Salaries of Secretarial and Clerical Assistants	22,082		22,082	21,711	371
Purchased Professional - Educational Services	211,050	(17,000)	194,050	166,480	27,570
Other Purchased Professional and Technical Services	11,000	(2,500)	8,500	8,500	
Miscellaneous Purchased Services	500		500		500
Supplies and Materials	5,000		5,000	3,251	1,749
<b>Total Child Study Team</b>	<b>666,651</b>	<b>28,655</b>	<b>695,306</b>	<b>664,774</b>	<b>30,532</b>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	73,440	360	73,800	73,800	
Other Purchased Services	3,000		3,000	820	2,180
Supplies and Materials	500		500		500
Other Objects	250		250	20	230
<b>Total Improvement of Instructional Services</b>	<b>77,190</b>	<b>360</b>	<b>77,550</b>	<b>74,640</b>	<b>2,910</b>
Educational Media Services/School Library:					
Salaries	67,790		67,790	64,790	3,000
Salaries of Technology Coordinators	138,195	3,124	141,319	140,000	1,319
Purchased Professional and Technical Services	2,500	(1,624)	876	688	188
Supplies and Materials	23,200		23,200	7,643	15,557
Other Objects	8,000		8,000	5,000	3,000
<b>Total Educational Media Services/School Library</b>	<b>239,685</b>	<b>1,500</b>	<b>241,185</b>	<b>218,121</b>	<b>23,064</b>
Instructional Staff Training Services:					
Purchased Professional-Educational Services	10,000		10,000	3,594	6,406
<b>Total Instructional Staff Training Services</b>	<b>10,000</b>		<b>10,000</b>	<b>3,594</b>	<b>6,406</b>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - General Administration:					
Salaries	\$ 186,840	\$ 1,800	\$ 188,640	\$ 182,794	\$ 5,846
Legal Services	45,000	8,700	53,700	44,983	8,717
Other Purchased Professional Services	22,100	8,700	30,800	28,500	2,300
Purchased Technical Services	14,000		14,000	13,554	446
Other Purchased Services	8,000		8,000	7,177	823
General Supplies	4,800	7,500	12,300	5,346	6,954
Miscellaneous Expenditures	13,000	2,500	15,500	8,332	7,168
Total Support Services - General Administration	293,740	29,200	322,940	290,686	32,254
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	151,011	4,500	155,511	151,752	3,759
Salaries of Secretarial and Clerical Assistants	19,874	1,500	21,374	18,307	3,067
Other Purchased Services	3,250	3,000	6,250	1,628	4,622
Supplies and Materials	500	2,500	3,000	620	2,380
Other Objects	1,500	6,000	7,500	989	6,511
Total Support Services - School Administration	176,135	17,500	193,635	173,296	20,339
Central Services:					
Salaries	257,240	7,500	264,740	259,625	5,115
Miscellaneous Purchased Services	7,000	6,500	13,500	9,428	4,072
Supplies and Materials	100	4,500	4,600	197	4,403
Miscellaneous Expenditures	2,500	8,000	10,500	656	9,844
Total Central Services	266,840	26,500	293,340	269,906	23,434

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Required Maintenance for School Facilities:					
Salaries	\$ 137,052	\$ 501	\$ 137,553	\$ 137,406	\$ 147
Other Purchased Services	250		250	70	180
Cleaning, Repair and Maintenance Services	102,431	41,743	144,174	133,153	11,021
General Supplies	8,000		8,000	7,528	472
<b>Total Required Maintenance for School Facilities</b>	<b>247,733</b>	<b>42,244</b>	<b>289,977</b>	<b>278,157</b>	<b>11,820</b>
Custodial Services:					
Salaries	236,967		236,967	224,902	12,065
Purchased Professional and Technical Services	18,500		18,500	16,331	2,169
Cleaning, Repair, and Maintenance Services	125,710	10,000	135,710	131,565	4,145
Other Purchased Property Services	25,000		25,000	19,935	5,065
Insurance	68,000	(20,000)	48,000	47,343	657
Miscellaneous Purchased Services	2,500	(500)	2,000	1,780	220
General Supplies	35,000	11,500	46,500	33,744	12,756
Energy (Electricity)	270,000		270,000	190,386	79,614
Other Objects	16,000		16,000	14,657	1,343
<b>Total Custodial Services</b>	<b>797,677</b>	<b>1,000</b>	<b>798,677</b>	<b>680,643</b>	<b>118,034</b>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	20,114		20,114	20,113	1
Management Fee - ESC & CTSA Transportation Program	1,000		1,000	585	415
Contracted Services:					
Between Home and School - Vendors	434,709		434,709	423,241	11,468
Other than Between Home and School - Vendors	15,000		15,000	13,424	1,576
Between Home and School - Joint Agreements	84,000	36,487	120,487	120,456	31
Regular Students - ECSs & CTSA	392,000		392,000	363,492	28,508
Special Education Students - Joint Agreements	66,160	(29,637)	36,523	36,523	

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services (Cont'd)					
Contracted Services:					
Special Education Students - Vendors	\$ 138,568		\$ 138,568	\$ 36,517	\$ 102,051
Aid in Lieu of Payments - Nonpublic Students	80,000	\$ (13,982)	66,018	47,000	19,018
Other Objects	600		600		600
Total Student Transportation Services	<u>1,232,151</u>	<u>(7,132)</u>	<u>1,225,019</u>	<u>1,061,351</u>	<u>163,668</u>
Unallocated Benefits:					
Social Security Contributions	176,931	1	176,932	140,765	36,167
Other Retirement Contributions - PERS	139,000	(18,000)	121,000	120,451	549
Other Retirement Contributions - DCRP		6,800	6,800	5,405	1,395
Unemployment Compensation	10,000	(9,787)	213	213	
Workmen's Compensation	69,000		69,000	69,000	
Health Benefits	2,271,271	(34,501)	2,236,770	1,731,939	504,831
Tuition Reimbursement	30,000		30,000	30,000	
Other Employee Benefits	121,500	(12,500)	109,000	93,837	15,163
Total Unallocated Benefits	<u>2,817,702</u>	<u>(67,987)</u>	<u>2,749,715</u>	<u>2,191,610</u>	<u>558,105</u>
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				875,583	(875,583)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				405,477	(405,477)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,328	(18,328)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				655	(655)
Reimbursed TPAF Social Security Contributions (non-budgeted)				373,137	(373,137)
Total On-Behalf Contributions				<u>1,673,180</u>	<u>(1,673,180)</u>
Total Personal Services - Employee Benefits	<u>2,817,702</u>	<u>(67,987)</u>	<u>2,749,715</u>	<u>3,864,790</u>	<u>(1,115,075)</u>
Total Undistributed Expenses	<u>13,307,076</u>	<u>45,440</u>	<u>13,352,516</u>	<u>13,355,981</u>	<u>(3,465)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>18,593,772</u>	<u>2,961</u>	<u>18,596,733</u>	<u>18,181,229</u>	<u>415,504</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed Expenditures:					
Operation and Maintenance of Plant	\$ 29,851	\$ (2,961)	\$ 26,890	\$ 26,579	\$ 311
Total Equipment	<u>29,851</u>	<u>(2,961)</u>	<u>26,890</u>	<u>26,579</u>	<u>311</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>29,851</u>	<u>(2,961)</u>	<u>26,890</u>	<u>26,579</u>	<u>311</u>
<b>TOTAL EXPENDITURES</b>	<u>18,623,623</u>		<u>18,623,623</u>	<u>18,207,808</u>	<u>415,815</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(534,543)</u>		<u>(534,543)</u>	<u>1,220,654</u>	<u>1,755,197</u>
Fund Balance, July 1	<u>2,602,829</u>		<u>2,602,829</u>	<u>2,602,829</u>	
Fund Balance, June 30	<u>\$ 2,068,286</u>	<u>\$ -0-</u>	<u>\$ 2,068,286</u>	<u>\$ 3,823,483</u>	<u>\$ 1,755,197</u>
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 1,649,243	
Maintenance Reserve				750,000	
Tuition Reserve - For 2020-21 School Year				450,000	
Excess Surplus				213,496	
Excess Surplus - Designated for Subsequent Year's Expenditures				258,962	
Assigned:					
Year-End Encumbrances				36,058	
Subsequent Year's Expenditures				39,029	
Unassigned				<u>426,695</u>	
				<u>3,823,483</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(76,083)</u>	
State Aid Payments not Recognized on GAAP Basis				<u>\$ 3,747,400</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,747,400</u>	



BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 10,490	\$ 21,179	\$ 31,669	\$ 8,469	\$ (23,200)
State Sources	33,027	31,691	64,718	47,885	(16,833)
Federal Sources	255,798	77,116	332,914	332,914	
Total Revenue	299,315	129,986	429,301	389,268	(40,033)
Expenditures:					
Instruction:					
Salaries of Teachers	45,635	2,019	47,654	47,654	
Purchased Professional and Technical Services	12,727	2,696	15,423	4,257	11,166
Purchased Professional and Educational Services	5,000	160,986	165,986	165,986	
Other Purchased Services	182,492	(91,731)	90,761	90,761	
General Supplies	10,490	21,179	31,669	8,469	23,200
Textbooks	6,300	1,015	7,315	3,807	3,508
Other Objects	14,000	14,782	28,782	27,896	886
Total Instruction	276,644	110,946	387,590	348,830	38,760
Support Services:					
Personal Services- Employee Benefits	10,538	3,615	14,153	14,153	
Purchased Professional and Educational Services	12,133	15,425	27,558	26,285	1,273
Total Support Services	22,671	19,040	41,711	40,438	1,273
Total Expenditures	\$ 299,315	\$ 129,986	\$ 429,301	\$ 389,268	\$ 40,033

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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	\$ 19,428,462	\$ 389,268
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		
Prior Year Encumbrances		10
Current Year Encumbrances		(2,902)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	68,568	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(76,083)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 19,420,947</u>	 <u>\$ 386,376</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,207,808	\$ 389,268
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		
Prior Year Encumbrances		10
Current Year Encumbrances		(2,902)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements		
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 18,207,808</u>	 <u>\$ 386,376</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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, 2019 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, 2019

	Local Programs	Examination and Classification	Corrective Speech	Supplemental Instruction	Home Instruction	Non-Public Auxiliary Services	Non-Public Nursing	Non-Public Textbooks	Non-Public Technology
REVENUES:									
Local Sources	\$ 8,469								
State Sources		\$ 9,276	\$ 1,507	\$ 1,072	\$ 70	\$ 70	\$ 4,257	\$ 3,807	\$ 4,143
Federal Sources									
Total Revenues	8,469	9,276	1,507	1,072	70		4,257	3,807	4,143
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Professional and Technical Services							4,257		
Purchased Professional and Educational Services									
Other Purchased Services								3,807	4,143
General Supplies	8,469								
Textbooks									
Other Objects									
Total Instruction	8,469						4,257	3,807	4,143
Support Services:									
Personal Services - Employee Benefits									
Purchased Professional and Educational Services		9,276	1,507	1,072	70				
Total Support Services		9,276	1,507	1,072	70				
Total Expenditures	\$ 8,469	\$ 9,276	\$ 1,507	\$ 1,072	\$ 70	\$ 70	\$ 4,257	\$ 3,807	\$ 4,143

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	NonPublic Security Aid	IDEA Part B		Elementary and Secondary Education Act			Rural Education Achievement Program	Totals
		Basic	Preschool	Title I	Title IIA	Title IV		
REVENUES:								
Local Sources	\$ 23,753						\$ 8,469	\$ 8,469
State Sources		\$ 150,447	\$ 6,360	\$ 59,807	\$ 15,539	\$ 10,000	\$ 90,761	47,885
Federal Sources								332,914
Total Revenues	23,753	150,447	6,360	59,807	15,539	10,000	90,761	389,268
EXPENDITURES:								
Instruction:								
Salaries of Teachers				45,654				47,654
Purchased Professional and Technical Services						2,000		4,257
Purchased Professional and Educational Services					15,539			165,986
Other Purchased Services		150,447					90,761	90,761
General Supplies								8,469
Textbooks								3,807
Other Objects	23,753							27,896
Total Instruction	23,753	150,447		45,654	15,539	2,000	90,761	348,830
Support Services:								
Personal Services - Employee Benefits				14,153				14,153
Purchased Professional and Educational Services			6,360			8,000		26,285
Total Support Services			6,360	14,153		8,000		40,438
Total Expenditures	\$ 23,753	\$ 150,447	\$ 6,360	\$ 59,807	\$ 15,539	\$ 10,000	\$ 90,761	\$ 389,268

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)



PROPRIETARY FUNDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2019

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 22,488
Intergovernmental Accounts Receivable:	
State	128
Federal	2,202
Inventories	2,592

Total Current Assets	<u>27,410</u>
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## Non-Current Assets:

Capital Assets	140,529
Less: Accumulated Depreciation	<u>(113,518)</u>

Total Non-Current Assets	<u>27,011</u>
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Total Assets	<u>54,421</u>
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LIABILITIES:

## Current Liabilities:

Accounts Payable	8,283
Unearned Revenue - Prepaid Sales	7,577
Unearned Revenue - Donated Commodities	749

Total Liabilities	<u>16,609</u>
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NET POSITION:

Investment in Capital Assets	27,011
Unrestricted	<u>10,801</u>

Total Net Position	<u><u>\$ 37,812</u></u>
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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, 2019

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 108,017
Daily Sales - Non-Reimbursable Programs	17,707
Miscellaneous Revenue	791
	<hr/>
Total Operating Revenue	126,515
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	57,000
Cost of Sales - Non-Reimbursable Programs	10,059
Salaries, Benefits and Payroll Taxes	68,527
Supplies, Insurance and Other Costs	1,376
Management Fee	9,532
Depreciation Expense	3,545
Miscellaneous Expense	9,449
	<hr/>
Total Operating Expenses	159,488
	<hr/>
Operating Loss	(32,973)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	6
State Sources:	
State School Lunch Program	1,676
Federal Sources:	
National School Lunch Program	28,448
Food Distribution Program	9,762
	<hr/>
Total Non-Operating Income	39,892
	<hr/>
Change in Net Position	6,919
Net Position - Beginning of Year (as Restated)	30,893
	<hr/>
Net Position - End of Year	\$ 37,812
	<hr/> <hr/>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows Used for Operating Activities:	
Receipts from Customers	\$ 126,515
Payments to Food Service Contractor	(150,535)
	<hr/>
Net Cash Used for Operating Activities	(24,020)
	<hr/>
Cash Flows Provided by Financing Activities:	
Interest Income	6
	<hr/>
Net Cash Provided by Financing Activities	6
	<hr/>
Cash Flows Provided by Noncapital Financing Activities:	
State Sources	1,697
Federal Sources	28,691
	<hr/>
Net Cash Provided by Noncapital Financing Activities	30,388
	<hr/>
Net Increase in Cash and Cash Equivalents	6,374
Cash and Cash Equivalents, July 1	16,114
	<hr/>
Cash and Cash Equivalents, June 30	\$ 22,488
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (32,973)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	3,545
Food Distribution Program	9,762
Changes in Assets and Liabilities:	
(Decrease) in Inventory	(1,782)
Increase in Unearned Revenue - Prepaid Sales	669
Increase in Unearned Revenue - Donated Commodities	418
(Decrease) in Accounts Payable	(3,659)
	<hr/>
Net Cash Used for Operating Activities	\$ (24,020)
	<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 \$10,180 and Utilized Commodities Valued at \$9,762.

FIDUCIARY FUNDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Agency</u>		<u>Total</u>	<u>Flexible</u>	<u>Unemployment</u>
	<u>Student</u>	<u>Payroll</u>	<u>Agency</u>	<u>Spending</u>	<u>Compensation</u>
	<u>Activity</u>			<u>Trust</u>	<u>Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 49,309		\$ 49,309	\$ 10,660	\$ 55,634
Interfund Receivable:					
General Fund		\$ 31,205	31,205		
Total Assets	49,309	31,205	80,514	10,660	55,634
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	49,309		49,309		
Total Liabilities	49,309	31,205	80,514	-0-	-0-
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims					55,634
Restricted for Flexible Spending Claims				10,660	
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 10,660	\$ 55,634

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 12,652	\$ 10,758
Total Contributions	<u>12,652</u>	<u>10,758</u>
Investment Earnings:		
Interest	3	24
Net Investment Earnings	<u>3</u>	<u>24</u>
Total Additions	<u>12,655</u>	<u>10,782</u>
DEDUCTIONS:		
Flexible Spending Claims	10,901	
Unemployment Claims		7
Total Deductions	<u>10,901</u>	<u>7</u>
Change in Net Position	1,754	10,775
Net Position - Beginning of the Year	<u>8,906</u>	<u>44,859</u>
Net Position - End of the Year	<u>\$ 10,660</u>	<u>\$ 55,634</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 38,716	\$ 101,378	\$ 90,785	\$ 49,309
Total Assets	<u>\$ 38,716</u>	<u>\$ 101,378</u>	<u>\$ 90,785</u>	<u>\$ 49,309</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 38,716	\$ 101,378	\$ 90,785	\$ 49,309
Total Liabilities	<u>\$ 38,716</u>	<u>\$ 101,378</u>	<u>\$ 90,785</u>	<u>\$ 49,309</u>



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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,835	\$ 13,455,202	\$ 13,459,037	
Interfund Receivable:				
General Fund		31,205		\$ 31,205
Total Assets	<u>\$ 3,835</u>	<u>\$ 13,486,407</u>	<u>\$ 13,459,037</u>	<u>\$ 31,205</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 3,835		\$ 3,835	
Payroll Deductions and Withholdings		\$ 13,486,407	13,455,202	\$ 31,205
Total Liabilities	<u>\$ 3,835</u>	<u>\$ 13,486,407</u>	<u>\$ 13,459,037</u>	<u>\$ 31,205</u>

LONG-TERM DEBT  
(NOT APPLICABLE)

**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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018 (as Restated)	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 6,297,694	\$ 6,460,418	\$ 6,422,827	\$ 6,718,123	\$ 7,026,890	\$ 7,360,421	\$ 7,876,650	\$ 8,367,236	\$ 8,482,862	\$ 8,074,945
Restricted	416,445	461,183	931,445	904,787	1,352,059	1,117,040	701,060	1,267,640	2,122,632	3,321,701
Unrestricted/(Deficit)	94,721	178,069	39,707	409,835	(2,141,084)	(2,656,852)	(2,443,871)	(2,942,908)	(2,899,668)	(2,842,948)
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,808,860</b>	<b>\$ 7,099,670</b>	<b>\$ 7,393,979</b>	<b>\$ 8,032,745</b>	<b>\$ 6,237,865</b>	<b>\$ 5,820,609</b>	<b>\$ 6,133,839</b>	<b>\$ 6,691,968</b>	<b>\$ 7,705,826</b>	<b>\$ 8,553,698</b>
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 43,013	\$ 37,146	\$ 29,870	\$ 42,722	\$ 36,824	\$ 30,926	\$ 25,028	\$ 19,130	\$ 30,556	\$ 27,011
Unrestricted/(Deficit)	8,884	39,841	25,858	39,040	9,492	12,763	8,543	(3,166)	337	10,801
<b>Total Business-type Activities Net Position</b>	<b>\$ 51,897</b>	<b>\$ 76,987</b>	<b>\$ 55,728</b>	<b>\$ 81,762</b>	<b>\$ 46,316</b>	<b>\$ 43,689</b>	<b>\$ 33,571</b>	<b>\$ 15,964</b>	<b>\$ 30,893</b>	<b>\$ 37,812</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 6,340,707	\$ 6,497,564	\$ 6,452,697	\$ 6,760,845	\$ 7,063,714	\$ 7,391,347	\$ 7,901,678	\$ 8,386,366	\$ 8,513,418	\$ 8,101,956
Restricted	416,445	461,183	931,445	904,787	1,352,059	1,117,040	701,060	1,267,640	2,122,632	3,321,701
Unrestricted/(Deficit)	103,605	217,910	65,565	448,875	(2,131,592)	(2,644,089)	(2,435,328)	(2,946,074)	(2,899,331)	(2,832,147)
<b>Total District Net Position</b>	<b>\$ 6,860,757</b>	<b>\$ 7,176,657</b>	<b>\$ 7,449,707</b>	<b>\$ 8,114,507</b>	<b>\$ 6,284,181</b>	<b>\$ 5,864,298</b>	<b>\$ 6,167,410</b>	<b>\$ 6,707,932</b>	<b>\$ 7,736,719</b>	<b>\$ 8,591,510</b>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,731,791	\$ 4,807,056	\$ 5,370,216	\$ 5,046,006	\$ 4,739,769	\$ 5,769,403	\$ 6,268,505	\$ 6,938,204	\$ 8,046,739	\$ 7,049,395
Special Education	1,617,647	1,581,945	1,726,008	1,852,500	1,990,717	2,682,078	1,980,522	2,056,929	2,105,825	2,085,143
Other Special Education	117,258	127,163	74,744	81,846	88,036	89,127	212,069	213,734	174,219	199,918
School Sponsored/Other Instruction	121,531	94,854	118,448	115,608	100,070	142,969	172,004	146,095	125,968	124,266
Support Services:										
Tuition	4,945,958	4,358,312	4,317,468	4,686,678	4,932,687	5,561,525	5,622,209	5,682,761	5,506,099	5,244,858
Student & Instruction Related Services	1,520,424	1,500,130	1,604,797	1,631,443	1,503,870	1,865,603	1,881,058	2,210,611	2,011,435	1,897,553
General Administrative Services	440,842	412,387	504,614	434,693	411,356	366,502	399,116	449,799	461,918	462,707
School Administrative Services	265,591	252,216	269,402	279,767	287,991	302,411	271,320	298,195	329,399	342,091
Central Services	303,084	301,138	315,125	314,776	347,143	364,946	382,802	366,197	347,305	351,946
Plant Operations and Maintenance	1,128,254	984,044	1,051,292	789,651	1,010,222	1,089,375	886,362	874,006	999,355	1,063,788
Pupil Transportation	934,454	875,911	815,895	898,694	965,893	1,050,757	1,192,445	1,045,359	1,041,919	1,067,846
Transfer of Funds to Charter School		244,709	215,017	186,725	157,000	114,887	112,663	30,554		
Interest on Long-term Debt		34,700	57,125	42,454			89,667	57,066	23,200	8,589
Capital Outlay		435,634	440,149	453,559	399,461	399,461	399,460	399,460	399,460	384,040
Unallocated	16,848,130	16,014,714	16,614,687	16,814,400	16,974,129	19,922,394	19,870,202	20,768,970	21,572,841	20,282,140
Total Governmental Activities Expenses	21,641,3	20,431	21,421,4	21,490	246,322	209,505	209,171	200,930	185,916	159,488
Business-type Activities:										
Food Service	216,413	201,431	214,214	211,490	246,322	209,505	209,171	200,930	185,916	159,488
Total Business-type Activities Expense	216,413	201,431	214,214	211,490	246,322	209,505	209,171	200,930	185,916	159,488
Total District Expenses	17,064,543	16,216,145	16,828,901	17,025,890	17,220,451	20,131,899	20,079,373	20,969,900	21,758,757	20,441,628
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction (Tuition)										12,000
Operating Grants and Contributions	2,082,668	1,349,232	1,733,460	2,214,136	2,007,954	3,304,230	3,632,468	4,470,366	5,574,996	4,344,582
Capital Grants and Contributions	65,300	1,349,232	1,733,460	2,214,136	2,007,954	3,304,230	3,632,468	4,470,366	5,574,996	4,344,582
Total Governmental Activities Program Revenues	2,147,968	1,349,232	1,733,460	2,214,136	2,007,954	3,304,230	3,632,468	4,470,366	5,574,996	4,344,582
Business-type Activities:										
Charges for Services										
Food Service	177,448	182,651	148,521	189,122	168,730	165,504	162,390	149,571	143,287	126,515
Operating Grants and Contributions	42,811	43,860	44,229	48,288	42,137	41,364	36,653	33,742	40,228	39,886
Total Business-type Activities Program Revenues	220,259	226,511	192,750	237,410	210,867	206,868	199,043	183,313	183,515	166,401
Total District Program Revenues	2,368,227	1,575,743	1,926,210	2,451,546	2,218,821	3,511,098	3,831,511	4,653,679	5,758,511	4,522,983
Net (Expense)/Revenue	(14,700,162)	(14,665,482)	(14,881,227)	(14,600,264)	(14,966,175)	(16,618,164)	(16,237,734)	(16,298,604)	(15,997,845)	(15,925,558)
Governmental Activities	3,846	25,080	(21,464)	25,920	(35,455)	(2,637)	(10,128)	(17,617)	(2,401)	6,913
Business-type Activities	(14,696,316)	(14,640,402)	(14,902,691)	(14,574,344)	(15,001,630)	(16,620,801)	(16,247,862)	(16,316,221)	(16,000,246)	(15,918,645)
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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,781,370	\$ 13,934,431	\$ 13,751,604	\$ 13,998,445	\$ 14,557,784	\$ 15,099,326	\$ 15,389,072	\$ 15,782,576	\$ 16,343,208	\$ 16,682,800
Taxes Levied for Debt Service	1,276,025	904,938	904,250	906,550	902,750	903,825	905,400	903,200	900,800	
Federal and State aid not restricted	71,993	6,347								
Tuition	43,669	7,250	129,159	104,851	113,148	94,344	39,336	19,500	36,975	
Investment Earnings	8,656									
Miscellaneous Income	74,809	103,326	390,523	229,184	147,148	238,709	217,156	151,457	65,148	90,630
Cancellation of Prior Year Accounts Receivable						(135,296)				
Total Governmental Activities	15,256,522	14,956,292	15,175,536	15,239,030	15,720,830	16,200,908	16,550,964	16,856,733	17,346,131	16,773,430
Business-type Activities:										
Appraisal Adjustment	47,108									
Investment Earnings	15	10	205	114	9	10	10	10	6	6
Total Business-type Activities	47,123	10	205	114	9	10	10	10	6	6
Total District-wide	15,303,645	14,956,302	15,175,741	15,239,144	15,720,839	16,200,918	16,550,974	16,856,743	17,346,137	16,773,436
Change in Net Position	556,360	290,810	294,309	638,766	754,655	(417,256)	313,230	558,129	1,348,286	847,872
Governmental Activities	50,969	25,090	(21,259)	26,034	(35,446)	(2,627)	(10,118)	(17,607)	(2,395)	6,919
Business-type Activities	607,329	315,900	273,050	664,800	719,209	(419,883)	303,112	540,522	1,345,891	854,791
Total District	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved/ Restricted	\$ 416,445	\$ 461,183	\$ 931,445	\$ 904,787	\$ 1,352,059	\$ 1,113,040	\$ 697,060	\$ 1,263,640	\$ 2,122,632	\$ 3,321,701
Assigned	24,000	170	170	213,511	214,343	6,076	132,940	42,102	69,484	75,087
Unassigned		274,759	206,157	318,654	317,940	145,786	280,232	269,191	342,145	350,612
Unreserved	262,018									
<b>Total General Fund</b>	<b>\$ 678,463</b>	<b>\$ 759,942</b>	<b>\$ 1,137,772</b>	<b>\$ 1,436,952</b>	<b>\$ 1,884,342</b>	<b>\$ 1,264,902</b>	<b>\$ 1,110,232</b>	<b>\$ 1,574,933</b>	<b>\$ 2,534,261</b>	<b>\$ 3,747,400</b>
All Other Governmental Funds										
Restricted, Reported in:										
Debt Service Fund						\$ 4,000	\$ 4,000	\$ 4,000		
<b>Total All Other Governmental Funds</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>Total Governmental Funds</b>	<b>\$ 678,463</b>	<b>\$ 759,942</b>	<b>\$ 1,137,772</b>	<b>\$ 1,436,952</b>	<b>\$ 1,884,342</b>	<b>\$ 1,268,902</b>	<b>\$ 1,114,232</b>	<b>\$ 1,578,933</b>	<b>\$ 2,534,261</b>	<b>\$ 3,747,400</b>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	\$ 15,057,395	\$ 14,839,369	\$ 14,655,854	\$ 14,904,995	\$ 15,460,534	\$ 16,003,151	\$ 16,294,472	\$ 16,685,776	\$ 17,244,008	\$ 16,682,800
Tuition Charges	43,669	7,250	129,159	104,851	113,148	94,344	39,336	19,500	36,975	12,000
Interest Earnings	5	11	1,703	1,724	1,173	1,128	957	115	30	30
Miscellaneous	91,159	113,963	414,912	237,042	145,974	220,088	209,583	143,164	55,178	82,121
Local Sources						17,493	6,616	8,178	9,940	8,479
State Sources	1,785,081	1,170,365	1,481,688	1,906,334	1,787,550	1,875,661	1,923,773	2,207,239	2,411,451	2,691,881
Federal Sources	427,181	174,568	225,680	298,220	220,404	255,989	235,840	260,110	266,931	330,012
<b>Total Revenue</b>	<b>17,404,490</b>	<b>16,305,526</b>	<b>16,908,996</b>	<b>17,453,166</b>	<b>17,728,783</b>	<b>18,467,854</b>	<b>18,710,577</b>	<b>19,324,082</b>	<b>20,024,513</b>	<b>19,807,323</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,498,716	3,557,795	3,393,370	3,574,805	3,378,617	3,610,939	3,477,279	3,550,580	3,780,796	3,775,511
Special Education Instruction	1,331,108	1,208,830	1,300,027	1,382,603	1,457,311	1,728,620	1,201,181	1,138,509	1,086,501	1,229,124
Other Special Instruction	84,904	91,785	52,256	57,202	61,317	57,491	116,327	107,169	98,497	108,594
School Sponsored/Other Instruction	107,015	81,565	99,771	99,361	84,177	135,092	135,577	105,305	99,063	98,395
<b>Support Services:</b>										
Tuition	4,945,958	4,358,312	4,317,468	4,686,678	4,932,687	5,561,525	5,622,209	5,682,761	5,506,099	5,244,858
Student & Other Instruction Related Services	1,180,687	1,173,875	1,211,877	1,287,415	1,180,265	1,435,512	1,437,073	1,560,465	1,472,075	1,492,294
General Administration Services	343,743	330,199	409,190	353,311	319,113	254,819	253,228	270,865	266,637	290,686
School Administrative Services	171,901	195,371	189,059	195,300	199,815	190,258	147,789	148,287	150,345	173,296
Central Services	242,573	225,594	232,179	233,628	257,992	265,914	284,434	248,073	259,009	269,906
Plant Operations and Maintenance	1,050,504	901,209	947,379	708,456	922,242	989,678	789,936	713,318	883,713	958,800
Student Transportation	911,157	846,898	814,534	889,238	950,546	1,041,389	1,171,935	1,038,953	1,035,926	1,061,351
Unallocated Benefits	2,200,810	2,312,976	2,557,507	2,645,962	2,577,871	2,650,509	3,055,978	3,262,748	3,525,724	3,864,790
Charter School				54,098	39,914	114,887	112,663	30,554		
Capital Outlay	75,300	34,700	102,299	79,379	16,776	11,540	154,238	98,594		26,579
<b>Debt Service:</b>										
Principal	975,000	650,000	680,000	710,000	735,000	765,000	805,000	835,000	870,000	
Interest and Other Charges	301,025	254,938	224,250	196,550	167,750	134,825	100,400	68,200	34,800	
<b>Total Expenditures</b>	<b>17,420,401</b>	<b>16,224,047</b>	<b>16,531,166</b>	<b>17,153,986</b>	<b>17,281,393</b>	<b>18,947,998</b>	<b>18,865,247</b>	<b>18,859,381</b>	<b>19,069,185</b>	<b>18,594,184</b>
<b>Excess/(Deficit) of Revenues</b>	<b>(15,911)</b>	<b>81,479</b>	<b>377,830</b>	<b>299,180</b>	<b>447,390</b>	<b>(480,144)</b>	<b>(154,670)</b>	<b>464,701</b>	<b>955,328</b>	<b>1,213,139</b>
<b>Other Financing Sources/(Uses)</b>										
Cancellation of Prior Years' Accounts Receivable						(135,296)				
<b>Total Other Financing Sources/(Uses)</b>						<b>(135,296)</b>				
<b>Net Change in Fund Balances</b>	<b>\$ (15,911)</b>	<b>\$ 81,479</b>	<b>\$ 377,830</b>	<b>\$ 299,180</b>	<b>\$ 447,390</b>	<b>\$ (615,440)</b>	<b>\$ (154,670)</b>	<b>\$ 464,701</b>	<b>\$ 955,328</b>	<b>\$ 1,213,139</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.36%</b>	<b>5.59%</b>	<b>5.50%</b>	<b>5.31%</b>	<b>5.23%</b>	<b>4.75%</b>	<b>4.84%</b>	<b>4.81%</b>	<b>4.74%</b>	<b>0.00%</b>



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>
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
2018	30	36,975	55,178	92,183
2019	1,876	12,000	80,275	94,151

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
		1,491,105,140	1,353,854,300	1,354,168,500	1,363,832,100	1,366,659,184								
2009	13,796,300	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	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	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	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	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	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	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	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					
2017	9,156,600	432,319,180	482,187,500	855,000	2,451,316,280	5,644,089	2,456,960,369	0.702	2,489,910,660					
2018	9,201,800	412,299,470	485,835,900	855,000	2,446,455,070	5,760,405	2,452,215,475	0.680	2,506,258,990					

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 <sup>a</sup>	General Obligation		Township of Bedminster	County of Somerset	
		Debt Service <sup>b</sup>	Total Direct			
2008	\$ 0.504	\$ 0.048	\$ 0.552	\$ 0.251	\$ 0.310	\$ 1.113
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	0.643	0.035	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
2017	0.664	0.038	0.702	0.320	0.356	1.38
2018	0.680	-0-	0.680	0.321	0.355	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	2018		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 124,000,000	1	5.05%
SFC Owner LLC	35,993,600	2	1.46%
Lamington Farm Club	33,177,720	3	1.35%
BIT Holdings	26,350,000	4	1.07%
MIREF Bedminster	23,424,000	5	0.95%
EM Associates	21,285,000	6	0.87%
S/K Bedminster One LLC	20,250,000	7	0.82%
Crossroads Business Center	19,002,000	8	0.77%
Lamington River Farms	17,081,000	9	0.70%
Hamilton Farm Golf Club LLC	14,036,400	10	0.57%
Total	<u>\$ 334,599,720</u>		<u>13.62%</u>

Taxpayer	2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 202,500,000	1	7.91%
Jaygrace Co. LLC	41,123,600	2	1.61%
MRF Bedminster	34,236,000	3	1.34%
Hamilton Farm Golf Club	31,948,000	4	1.25%
BIT Holdings	31,753,000	5	1.24%
Lamington Farm Club	31,022,800	6	1.21%
EM Associates	25,775,800	7	1.01%
S/K Bedminster One LLC	24,292,000	8	0.95%
Crossroads Business Center	23,888,000	9	0.93%
Bedminster 2 Funding	13,983,400	10	0.55%
Total	<u>\$ 460,522,600</u>		<u>17.98%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2018	17,244,008	17,244,008	100.00%	-0-
2019	16,682,800	16,682,800	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)	Business-Type Activities								
2009	\$ 7,025,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	7,025,000	1.19%	\$ 837.51
2010	6,050,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,050,000	1.07%	740.70
2011	5,400,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,400,000	0.93%	659.90
2012	4,720,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,720,000	0.77%	576.66
2013	4,010,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,010,000	0.63%	490.52
2014	3,275,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,275,000	0.49%	401.50
2015	2,510,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,510,000	0.37%	307.71
2016	1,705,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,705,000	0.23%	210.39
2017	870,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	870,000	0.11%	107.70
2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-

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 <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 6,050,000	-0-	\$ 6,050,000	0.26%	\$ 740.70
2011	5,400,000	-0-	5,400,000	0.23%	659.90
2012	4,720,000	-0-	4,720,000	0.20%	576.66
2013	4,010,000	-0-	4,010,000	0.17%	490.52
2014	3,275,000	-0-	3,275,000	0.14%	401.50
2015	2,510,000	-0-	2,510,000	0.11%	309.08
2016	1,705,000	-0-	1,705,000	0.07%	210.39
2017	870,000	-0-	870,000	0.04%	107.70
2018	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	0.00%	-0-

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, 2018  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Bedminster	\$ 3,186,614	100.00%	\$ 3,186,614
County of Somerset - Township's Share: General Obligation Debt	220,812,515	4.16%	<u>9,175,374</u>
Total Direct and Overlapping Debt			<u><u>\$ 12,361,987</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 2019

		Equalized valuation basis
	2016	\$2,504,671,926
	2017	2,537,857,211
	2018	<u>2,528,635,731</u>
		<u>\$7,571,164,868</u>
Average Equalized Valuation of Taxable Property		<u>\$2,523,721,623</u>
Debt Limit (3% of average equalization value)		\$ 75,711,649 <sup>a</sup>
Net Bonded School Debt		<u>-0-</u>
Legal Debt Margin		<u>\$ 75,711,649</u>

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 82,169,996	\$ 81,826,191	\$ 79,732,173	\$ 77,710,656	\$ 76,005,710
Total Net Debt Applicable to Limit	<u>6,050,000</u>	<u>5,400,000</u>	<u>4,720,000</u>	<u>4,010,000</u>	<u>3,275,000</u>
Legal Debt Margin	<u>\$ 76,119,996</u>	<u>\$ 76,426,191</u>	<u>\$ 75,012,173</u>	<u>\$ 73,700,656</u>	<u>\$ 72,730,710</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.36%	6.60%	5.92%	5.16%	4.31%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 76,005,710	\$ 74,571,861	\$ 74,531,196	\$ 75,274,246	\$ 75,711,649
Total Net Debt Applicable to Limit	<u>3,275,000</u>	<u>1,705,000</u>	<u>870,000</u>	<u>-0-</u>	<u>-0-</u>
Legal Debt Margin	<u>\$ 72,730,710</u>	<u>\$ 72,866,861</u>	<u>\$ 73,661,196</u>	<u>\$ 75,274,246</u>	<u>\$ 75,711,649</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	4.31%	2.29%	1.17%	0.00%	0.00%

<sup>a</sup> 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 <sup>a</sup>	Town of Bedminster Personal Income <sup>b</sup>	Somerset County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2010	8,168	\$ 564,988,728	\$ 69,171	5.70%
2011	8,183	583,717,939	71,333	5.60%
2012	8,185	612,933,725	74,885	7.40%
2013	8,175	637,282,125	77,955	4.30%
2014	8,157	674,494,173	82,689	4.30%
2015	8,121	710,709,315	87,515	3.70%
2016	8,104	736,985,864	90,941	4.10%
2017	8,078	779,914,744	96,548	3.50%
2018	8,067	778,852,716	96,548 *	2.90%
2019	8,067 **	778,852,716 ***	96,548 *	N/A

\* - Latest Somerset County per capita personal income available (2017) was used for calculation purposes.

\*\* - Latest population data available (2018) was used for calculation purposes.

\*\*\* - Latest Somerset County personal income available (2017) was used for calculation purposes.

N/A - Not Available

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

<sup>d</sup> 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

Employer	2019			Percentage of Total Employment
	Employees	Rank		
Verizon Business	3,500	*	1	N/A
Sanofi US	2,150	*	2	N/A
Janssen Reasearch & Development LLC	2,000	*	3	N/A
Ortho Mcneil Pharmaceutical	1,800	*	4	N/A
Federal Insurance Co	1,800	*	5	N/A
Robert Wood Johnson University Hospital	1,500	*	6	N/A
Bloomberg LP	1,381	*	7	N/A
Met Life	1,200	*	8	N/A
Johnson & Johnson	1,200	*	9	N/A
Ethicon Us LLC	1,200	*	10	N/A
Memorial Sloan Kettering	1,000	*		
	15,231			
Employer	2010			Percentage of Total Employment
	Employees	Rank		
A&T	3,000		1	N/A
Verizon Wireless	930		2	N/A
Dendrite	700		3	N/A
Fiddlers Elbow Country Club	210		4	N/A
Trump National	400		5	N/A
Falrion Technologies	200		6	N/A
Hamilton Farm	175		7	N/A
Kings	120		8	N/A
Bedminster Township Board of Education	100		9	N/A
Loral Skynet	80		10	N/A
	5,915			

\*-Latest Somerset County principal employers available (2017) was used.

Source: Somerset County Business Partnership Website

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	48.5	47.1	44.0	45.0	46.0	46.0	40.6	39.6	42.5	42.5
Special Education	12.5	13.8	13.0	14.0	15.0	15.0	12.9	12.9	13.5	13.5
Other Instruction	9.8	11.0	11.0	11.0	12.0	12.0	7.5	6.8	7.0	7.0
Support Services:										
Student & Instruction Related Services	14.3	12.5	12.7	12.7	12.7	12.7	12.8	12.8	12.8	12.8
School Administrative Services	3.0	2.6	2.7	3.2	3.2	3.2	2.9	2.5	3.0	3.0
General and Business Administrative Services	2.5	2.1	2.1	2.1	2.1	2.1	1.5	1.5	2.0	2.0
Central Services	2.5	2.7	2.7	2.7	2.7	2.7	3.5	3.5	3.5	3.5
Administration Information Technology	2.0	2.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	8.0
Pupil Transportation	1.5	1.3	1.3	1.3	0.8	0.8	0.8	0.5	0.5	0.5
<b>Total</b>	<b>104.6</b>	<b>104.0</b>	<b>99.5</b>	<b>102.0</b>	<b>103.5</b>	<b>103.5</b>	<b>91.5</b>	<b>89.1</b>	<b>93.8</b>	<b>94.8</b>

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 <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2010	593	\$ 16,168,057	\$ 27,265	5.49%	69	9:1		593	568	-2.15%	95.78%
2011	580	15,284,409	26,352	-3.35%	67	9:1		580	557	-2.19%	96.03%
2012	589	15,524,617	26,358	0.02%	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	2.78%	61	9:1		577	549	-1.54%	95.15%
2015	543	18,036,633	33,217	17.14%	57	10:1		543	506	-5.89%	93.19%
2016	527	17,805,609	33,787	1.72%	56	9:1		527	506	-2.95%	96.02%
2017	532	17,857,587	33,567	-0.65%	55	10:1		532	512	0.95%	96.24%
2018	525	18,164,385	34,599	2.40%	56	9:1		524	503	-1.50%	95.99%
2019	516	18,567,605	35,984	7.20%	56	9:1		512	491	-2.29%	95.90%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	580	589	586	577	543	527	532	525	516

Number of Schools at June 30, 2019  
 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>
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
2018	223,226	223,226
2019	278,157	278,157

\* 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, 2019  
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:		
Marilyn McClintick - Treasurer of School Moneys	200,000	
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

**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.

November 8, 2019  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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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, 2019. 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 programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Circular 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, 2019.

**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.

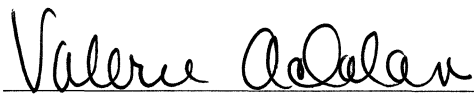
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

November 8, 2019  
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, 2019**

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, 2018			Balance at June 30, 2019			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Cancellation	Budgetary Accounts Receivable	Budgetary Unearned Revenue
<b>U.S. Department of Agriculture:</b>											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	\$ 9,729		\$ 331	\$ (331)				
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	10,180			(9,431)			\$ 749	
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	30,754	\$ (2,445)		2,445				
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	28,448			(28,448)				
Total Child Nutrition Cluster					(2,445)	331	38,871	(38,210)		(2,202)	749
Total U.S. Department of Agriculture					(2,445)	331	38,871	(38,210)		(2,202)	749
<b>U.S. Department of Education:</b>											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027A	IDEA024019	7/1/18-6/30/19	150,447			150,447	(150,447)			
I.D.E.A. Part B, Preschool	84.173A	IDEA024018	7/1/17-6/30/18	6,249	(1,581)				\$ 1,581		
I.D.E.A. Part B, Preschool	84.173A	IDEA024019	7/1/18-6/30/19	6,360			6,360	(6,360)			
Total Special Education Cluster					(1,581)		156,807	(156,807)	1,581		
Elementary and Secondary Education Act:											
Title I	84.010A	ESEA024019	7/1/18-6/30/19	59,807			59,807	(59,807)			
Title IIA	84.367A	ESEA024019	7/1/18-6/30/19	15,539			15,539	(15,539)			
Title IV	84.424	ESEA024019	7/1/18-6/30/19	10,000			10,000	(10,000)			
Total Elementary and Secondary Education Act							85,346	(85,346)			
Rural Education Achievement Program	84.358	N/A	7/1/14-6/30/15	47,890	(19,379)		90,761	(90,761)	19,379		
Rural Education Achievement Program	84.358	N/A	7/1/18-6/30/19	90,761	(20,960)		332,914	(332,914)	20,960		
Total U.S. Department of Education					(23,405)	331	371,785	(371,124)	20,960	(2,202)	749
Total Federal Awards											\$ -0-

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, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018			Balance at June 30, 2019			MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
General Fund State Aid:												
Reimbursed TPAF Social Security	17-495-034-5095-002	7/1/16-6/30/17	\$ 349,179	\$ (1,514)	\$	\$ 1,514						\$ 349,179
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	119,708	(11,770)		11,770						119,708
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	487,018	(47,883)		47,883						487,018
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	66,237	(6,512)		6,512						66,237
PARCC Readiness Aid	18-495-034-5120-057	7/1/17-6/30/18	8,300	(816)		816						8,300
Per Pupil Growth Aid	18-100-034-5120-058	7/1/17-6/30/18	8,300	(816)		816						8,300
Professional Learning Commission	18-495-034-5120-097	7/1/17-6/30/18	7,840	(771)		771						7,840
Extraordinary Special Education Costs Aid	18-495-034-5120-098	7/1/17-6/30/18	204,905	(204,905)		204,905						131,085
Reimbursement of Nonpublic School												
Transportation Costs	18-495-034-5120-014	7/1/17-6/30/18	18,618	(18,618)		18,618						18,618
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	217,074		\$	195,634	\$ (217,074)		\$ (21,440)			217,074
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	487,018			438,917	(487,018)		(48,101)			487,018
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	66,237			59,695	(66,237)		(6,542)			66,237
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18-6/30/19	193,402				(193,402)		(193,402)			193,402
Reimbursement of Nonpublic School												
Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	14,600				(14,600)		(14,600)			14,600
Reimbursed TPAF Social Security	19-495-034-5095-002	7/1/18-6/30/19	373,137			354,851	(373,137)		(18,286)			373,137
TPAF Pension Contributions (non-budgeted)	19-495-034-5094-002	7/1/18-6/30/19	875,583			875,583	(875,583)					875,583
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	19-495-034-5094-001	7/1/18-6/30/19	405,477			405,477	(405,477)					405,477
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	19-495-034-5094-004	7/1/18-6/30/19	18,328			18,328	(18,328)					18,328
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	19-495-034-5094-004	7/1/18-6/30/19	655			655	(655)					655
<b>Total General Fund</b>				(292,091)		2,641,231	(2,651,511)		(302,371)			3,498,617
<b>Special Revenue Fund:</b>												
Nonpublic Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	5,328		\$ 310			\$ 310				5,018
Nonpublic Nursing	18-100-034-5120-070	7/1/17-6/30/18	15,908		8,432			8,432				7,476
Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	12,300		357			357				11,943
Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	7,888		1,818			1,818				6,070
Nonpublic Handicapped Services:												
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	2,911		365			365				2,546
Home Instruction	19-100-034-5120-066	7/1/18-6/30/19	653	(653)								653
Nonpublic Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	4,932			4,932	(4,143)		\$ 789			4,143
Nonpublic Nursing	19-100-034-5120-070	7/1/18-6/30/19	15,423			15,423	(4,257)		11,166			4,257
Nonpublic Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	7,315			7,315	(3,807)		3,508			3,807
Nonpublic Security Aid	19-100-034-5120-509	7/1/18-6/30/19	23,850			23,850	(23,753)		97			23,753
Nonpublic Handicapped Services:												
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	10,549			10,549	(9,276)		1,273			9,276
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	1,507			1,507	(1,507)					1,507
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	1,072			1,072	(1,072)					1,072
Nonpublic Auxiliary Services:												
Home Instruction	19-100-034-5120-066	7/1/18-6/30/19	70				(70)		(70)			70
<b>Total Special Revenue Fund</b>				(653)	11,282	65,301	(47,885)	11,282	16,833	(70)	(70)	87,634

**BEDMINSTER TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Balance at June 30, 2019		MEMO		
				Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures	
<b>Food Service Fund:</b>										
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	\$ 1,804	\$ (149)	\$ 149	\$	\$	\$	\$ 1,804	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	1,676	(149)	1,548	(1,676)	(128)	(128)	1,676	
Total Food Service Fund					1,697	(1,676)	(128)	(128)	3,480	
<b>Total State Awards</b>				<b>\$ (292,893)</b>	<b>\$ 11,282</b>	<b>\$ 2,708,229</b>	<b>\$ (2,701,072)</b>	<b>\$ 11,282</b>	<b>\$ (302,569)</b>	<b>\$ 3,589,731</b>

Less: State Awards Not Subject to Single Audit Major Program Determination

On-Behalf TPAF Pension System Contributions:

On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-002	7/1/18-6/30/19	\$ (405,477)			\$	405,477		
On-Behalf TPAF Pension Contributions	19-495-034-5094-001	7/1/18-6/30/19	(875,583)				875,583		
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(18,328)				18,328		
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(655)				655		

Subtotal - On-Behalf TPAF Pension System Contributions

1,300,043

Total State Awards Subject to Single Audit Determination

**\$ (1,401,029)**

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, 2019

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, 2019. 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 (\$7,515) for the general fund and (\$2,892) for the special revenue fund (of which \$10 was for local grants). 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:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,643,996	\$ 2,643,996
Special Revenue Fund	\$ 330,012	47,885	377,897
Food Service Fund	38,210	1,676	39,886
Total Awards	<u>\$ 368,222</u>	<u>\$ 2,693,557</u>	<u>\$ 3,061,779</u>

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, 2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 200.516(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, 2019 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:

	<u>State</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>State:</u>				
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 487,018	\$ 487,018
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	66,237	66,237

- 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 200.516(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, 2019

Status of Prior Year Findings:

There were no prior year findings.