

**BEDMINSTER TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

**Bedminster Township School District
Board of Education**

Bedminster, New Jersey

For the Fiscal Year Ended June 30, 2020

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

Eulalia Gillis
Interim Business Administrator

Jennifer Giordano
Superintendent

Corby Swan
Principal

Lauren Zugale
Supervisor of Student Services

December 15, 2020

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, 2020, 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 2019-2020 fiscal year with an enrollment of 526 pupils Pre-K through 8, a increase of 10 pupils from the previous year's enrollment. In grades 9 through 12, the year-end enrollment was 227, a decrease of 7 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.

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. The current technology plan has been completed for 2020-2022. 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. The district is currently 1:1 K-8 with student devices.

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, 2020.

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.

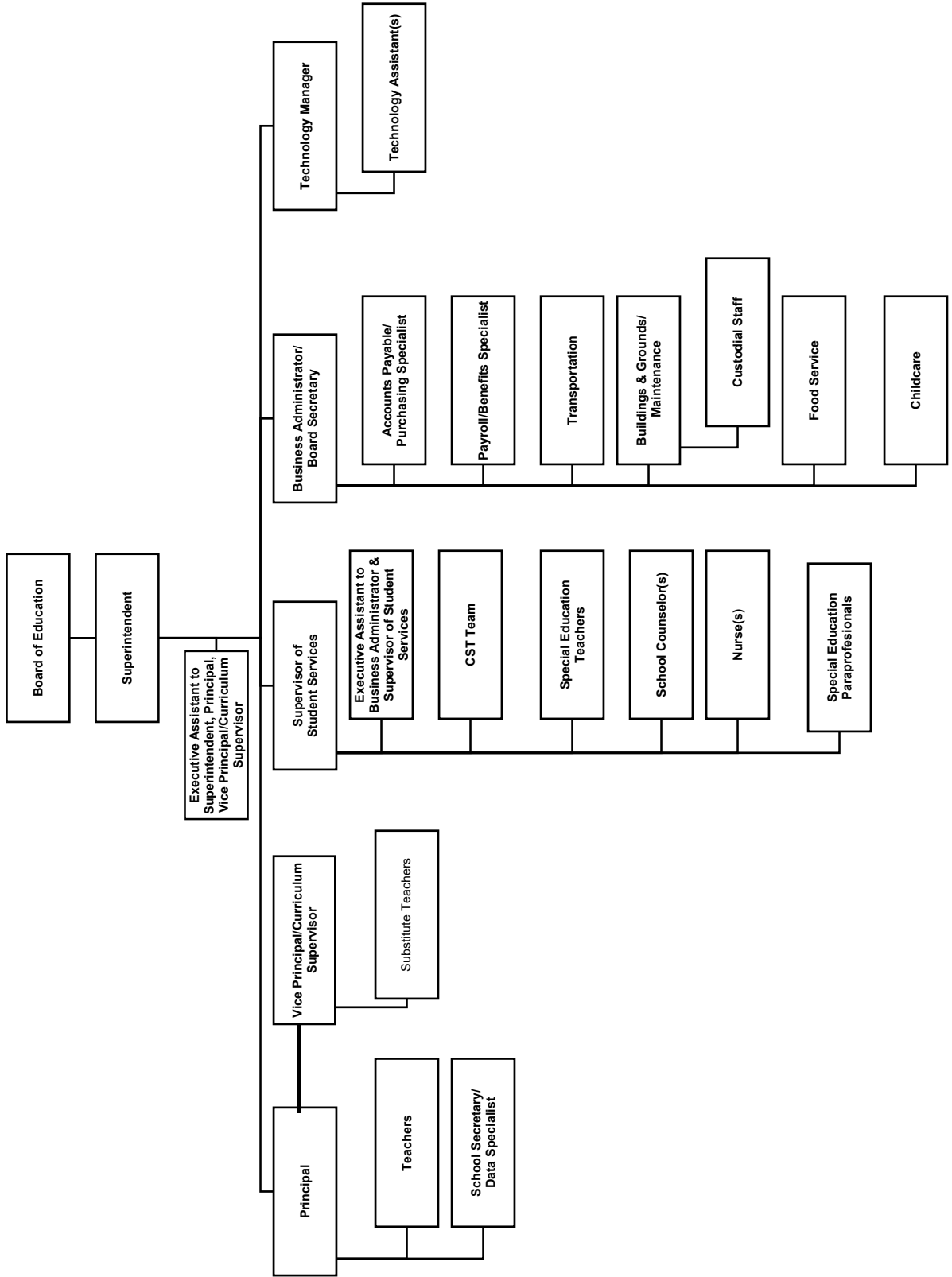
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bedminster Township School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development 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,


Eulalia Gillis
Interim Business Administrator/
Board Secretary


Jennifer Giordano
Superintendent

Bedminster Township School District



**BEDMINSTER TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

Term Expires

Suzie Stevinson, President	2022
Jennifer Johansson, Vice-President	2021
Jeffrey Reaves	2021
Thomas Casey	2022
Giovanna Lamiera	2020
Sarah Nathans	2022
Sonia Rodrigues-Martó	2021
Brian Haggerty	2020
Howard Wolkow	2020

Other Officials

Title

Jennifer Giordano	Superintendent
Eulalia Gillis	Interim School Business Administrator/Board Secretary
Alicia M. Schauer	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, 2020, 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, 2020, 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
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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 December 15, 2020 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.

December 15, 2020
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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, 2020

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, 2020. 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

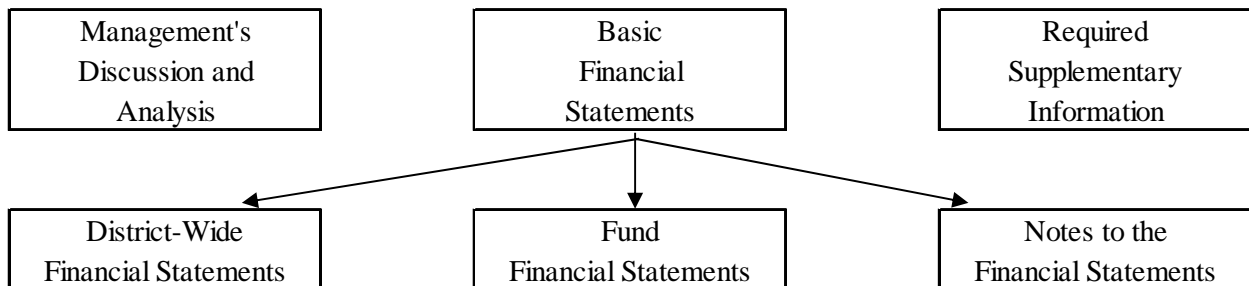
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2020**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020**

- *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 \$10,160,841 on June 30, 2020, which was \$1,569,332, or 18.27% 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 2019/2020
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Current and							
Other Assets	\$ 5,839,363	\$ 3,837,658	\$ 51,562	\$ 27,410	\$ 5,890,925	\$ 3,865,068	
Capital Assets, Net	7,657,988	8,074,945	23,688	27,011	7,681,676	8,101,956	
Total Assets	<u>13,497,351</u>	<u>11,912,603</u>	<u>75,250</u>	<u>54,421</u>	<u>13,572,601</u>	<u>11,967,024</u>	13.42%
Deferred Outflows of Resources	<u>587,962</u>	<u>849,185</u>			<u>587,962</u>	<u>849,185</u>	-30.76%
Other Liabilities	311,679	210,395	19,615	16,609	331,294	227,004	
Long-Term Liabilities	<u>2,519,481</u>	<u>2,675,236</u>			<u>2,519,481</u>	<u>2,675,236</u>	
Total Liabilities	<u>2,831,160</u>	<u>2,885,631</u>	<u>19,615</u>	<u>16,609</u>	<u>2,850,775</u>	<u>2,902,240</u>	-1.81%
Deferred Inflows of Resources	<u>1,148,947</u>	<u>1,322,459</u>			<u>1,148,947</u>	<u>1,322,459</u>	-13.12%
Net Position:							
Net Investment in							
Capital Assets	7,657,988	8,074,945	23,688	27,011	7,681,676	8,101,956	
Restricted	5,042,277	3,321,701			5,042,277	3,321,701	
Unrestricted/(Deficit)	<u>(2,595,059)</u>	<u>(2,842,948)</u>	<u>31,947</u>	<u>10,801</u>	<u>(2,563,112)</u>	<u>(2,832,147)</u>	
Total Net Position	<u>\$ 10,105,206</u>	<u>\$ 8,553,698</u>	<u>\$ 55,635</u>	<u>\$ 37,812</u>	<u>\$ 10,160,841</u>	<u>\$ 8,591,510</u>	18.27%

Changes in Net Position. Net position from governmental activities increased \$1,551,508 and net position from business-type activities increased \$17,823.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percentage Change
	2019/2020	2019/2020	2018/2019	2018/2019	2019/2020	2018/2019	2019/2020
Revenue:							
Program Revenue:							
Charges for Services	\$ 13,480	\$ 102,166	\$ 12,000	\$ 126,515	\$ 115,646	\$ 138,515	
Operating Grants and Contributions	3,894,570	30,094	4,344,582	39,886	3,924,664	4,384,468	
General Revenue:							
Property Taxes	17,015,079		16,682,800		17,015,079	16,682,800	
Other	103,231	9	90,630	6	103,240	90,636	
Total Revenue	21,026,360	132,269	21,130,012	166,407	21,158,629	21,296,419	-0.65%
Expenses:							
Instruction	9,055,152		9,458,722		9,055,152	9,458,722	
Pupil and Instruction Services	6,845,578		7,142,411		6,845,578	7,142,411	
Administrative and Business	1,094,154		1,156,744		1,094,154	1,156,744	
Maintenance and Operations	1,026,063		1,063,788		1,026,063	1,063,788	
Transportation	1,070,948		1,067,846		1,070,948	1,067,846	
Other	382,957	114,446	392,629	159,488	497,403	552,117	
Total Expenses	19,474,852	114,446	20,282,140	159,488	19,589,298	20,441,628	-4.17%
Increase/(Decrease) in Net Position	\$ 1,551,508	\$ 17,823	\$ 847,872	\$ 6,919	\$ 1,569,331	\$ 854,791	83.59%

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, 2020**

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

Figure A-5

	Net Cost of Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2019/2020</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2018/2019</u>
Instruction	\$ 9,055,152	\$ 5,600,716	\$ 9,458,722	\$ 5,621,758
Pupil and Instruction Services	6,845,578	6,773,768	7,142,411	7,060,165
Administrative and Business	1,094,154	930,004	1,156,744	951,046
Maintenance and Operations	1,026,063	1,026,063	1,063,788	1,063,788
Transportation	1,070,948	853,294	1,067,846	836,172
Other	382,957	382,957	392,629	392,629
	<u>\$ 19,474,852</u>	<u>\$ 15,566,802</u>	<u>\$ 20,282,140</u>	<u>\$ 15,925,558</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$17,823. (Refer to Figure A-4).

- Food services revenues exceeded expenses by \$17,823, 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, 2020**

Capital Asset and Long-Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	Change 2019/2020
Sites and Site Improvements	\$ 13,416	\$ 26,830			\$ 13,416	\$ 26,830	
Buildings and Building Improvements	7,574,167	7,955,458			7,574,167	7,955,458	
Machinery and Equipment	70,405	92,657	\$ 23,688	\$ 27,011	94,093	119,668	
Total Capital Assets (Net of Depreciation)	\$ 7,657,988	\$ 8,074,945	\$ 23,688	\$ 27,011	\$ 7,681,676	\$ 8,101,956	-5.19%

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2019/2020	2018/2019	Change 2019/2020
Compensated Absences Payable	\$ 308,149	309,056	
Net Pension Liability - PERS	2,211,332	2,366,180	
	\$ 2,519,481	\$ 2,675,236	-5.82%

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, and HVAC equipment. 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
- The possibility of the Coronavirus extending into the next years' district expenditures is also of great concern due to the uncertainty of how long we will have to deal with the virus. The continued cost to the district for such things as disinfecting the building, PPE costs, salaries, and technology costs are also of immediate concern.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,041,819	\$ 43,983	\$ 1,085,802
Receivables from State Government	226,303	137	226,440
Receivables from Federal Government		2,755	2,755
Inventories		4,687	4,687
Restricted Cash and Cash Equivalents:			
Capital Reserve	2,255,700		2,255,700
Maintenance Reserve	1,350,541		1,350,541
Tuition Reserve	965,000		965,000
Capital Assets, Net			
Sites (Land)	7,444		7,444
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	7,650,544	23,688	7,674,232
Total Assets	<u>13,497,351</u>	<u>75,250</u>	<u>13,572,601</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	587,962		587,962
Total Deferred Outflows of Resources	<u>587,962</u>		<u>587,962</u>
LIABILITIES			
Accounts Payable	284,496	2,827	287,323
Payable to State Government	2,599		2,599
Unearned Revenue	24,584	16,788	41,372
Noncurrent Liabilities:			
Due Beyond One Year	2,519,481		2,519,481
Total Liabilities	<u>2,831,160</u>	<u>19,615</u>	<u>2,850,775</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,148,947		1,148,947
Total Deferred Inflows of Resources	<u>1,148,947</u>		<u>1,148,947</u>
NET POSITION			
Net Investment in Capital Assets	7,657,988	23,688	7,681,676
Restricted for:			
Capital Projects	2,255,700		2,255,700
Maintenance Reserve	752,760		752,760
Tuition Reserve	875,000		875,000
Excess Surplus	1,158,817		1,158,817
Unrestricted/(Deficit)	<u>(2,595,059)</u>	<u>31,947</u>	<u>(2,563,112)</u>
Total Net Position	<u>\$ 10,105,206</u>	<u>\$ 55,635</u>	<u>\$ 10,160,841</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, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,455,107		\$ 1,890,705	\$ (4,564,402)		\$ (4,564,402)
Special Education	2,278,489		1,512,542	(765,947)		(765,947)
Other Special Instruction	189,531		51,189	(138,342)		(138,342)
Other Instruction	132,025			(132,025)		(132,025)
Support Services:						
Tuition	4,722,056	\$ 13,480		(4,708,576)		(4,708,576)
Student & Instruction Related Services	2,123,522		58,330	(2,065,192)		(2,065,192)
General Administrative Services	439,458		87,993	(351,465)		(351,465)
School Administrative Services	300,876		76,157	(224,719)		(224,719)
Central Services	353,820			(353,820)		(353,820)
Plant Operations and Maintenance	1,026,063			(1,026,063)		(1,026,063)
Pupil Transportation	1,070,948		217,654	(853,294)		(853,294)
Unallocated Depreciation	382,957			(382,957)		(382,957)
Total Governmental Activities	19,474,852	13,480	3,894,570	(15,566,802)		(15,566,802)
Business-Type Activities:						
Food Service	114,446	102,166	30,094		\$ 17,814	17,814
Total Business-Type Activities	114,446	102,166	30,094		17,814	17,814
Total Primary Government	\$ 19,589,298	\$ 115,646	\$ 3,924,664	(15,566,802)	17,814	(15,548,988)

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 17,015,079	\$ 17,015,079	\$ 17,015,079
Miscellaneous Income	103,231	9	103,240
Total General Revenue	17,118,310	9	17,118,319
Change in Net Position	1,551,508	17,823	1,569,331
Net Position - Beginning	8,553,698	37,812	8,591,510
Net Position - Ending	\$ 10,105,206	\$ 55,635	\$ 10,160,841

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,704,388	\$ 25,212	\$ 1,729,600
Receivables From State Government	224,332	1,971	226,303
Restricted Cash and Cash Equivalents	3,883,460		3,883,460
Total Assets	<u>\$ 5,812,180</u>	<u>\$ 27,183</u>	<u>\$ 5,839,363</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable - Vendors	\$ 151,496		\$ 151,496
Payable to State Government		\$ 2,599	2,599
Unearned Revenue		24,584	24,584
Total Liabilities	<u>151,496</u>	<u>27,183</u>	<u>178,679</u>
Fund Balances:			
Restricted:			
Capital Reserve	\$ 2,255,700		2,255,700
Maintenance Reserve	752,760		752,760
Tuition Reserve - 2020-2021	450,000		450,000
Tuition Reserve - 2021-2022	425,000		425,000
Excess Surplus - 2020-2021	213,496		213,496
Excess Surplus - 2021-2022	945,321		945,321
Assigned for:			
Year-End Encumbrances	212,138		212,138
Subsequent Year's Expenditures	56,826		56,826
Unassigned:			
General Fund	349,443		349,443
Total Fund Balances	<u>5,660,684</u>		<u>5,660,684</u>
Total Liabilities and Fund Balances	<u>\$ 5,812,180</u>	<u>\$ 27,183</u>	<u>\$ 5,839,363</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:			
Total Fund Balances from above			\$ 5,660,684
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.			7,657,988
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.			(308,149)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.			(2,211,332)
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			454,962
Deferred Inflows			(1,148,947)
Net Position of Governmental Activities			<u>\$ 10,105,206</u>

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 17,015,079		\$ 17,015,079
Tuition from Individuals	13,480		13,480
Other Restricted Miscellaneous Revenue	12,485		12,485
Unrestricted Miscellaneous Revenue	85,246	\$ 5,500	90,746
Total - Local Sources	17,126,290	5,500	17,131,790
State Sources	2,821,114	53,903	2,875,017
Federal Sources		281,142	281,142
Total Revenues	19,947,404	340,545	20,287,949
EXPENDITURES:			
Current:			
Regular Instruction	3,466,775	187,289	3,654,064
Special Education Instruction	1,180,225	153,256	1,333,481
Other Special Instruction	105,508		105,508
School-Sponsored/Other Instruction	106,150		106,150
Support Services and Undistributed Costs:			
Tuition	4,722,056		4,722,056
Student and Other Instruction Related Services	1,687,617		1,687,617
General Administration Services	283,734		283,734
School Administration Services	159,455		159,455
Central Services	270,542		270,542
Plant Operations and Maintenance	917,179		917,179
Student Transportation	1,064,202		1,064,202
Unallocated Benefits	4,047,709		4,047,709
Capital Outlay	22,968		22,968
Total Expenditures	18,034,120	340,545	18,374,665
Net Change in Fund Balances	1,913,284		1,913,284
Fund Balance - July 1	3,747,400		3,747,400
Fund Balance - June 30	\$ 5,660,684	\$ -0-	\$ 5,660,684

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,913,284

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 amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (424,706)
Capital Outlays	<u>7,749</u>
	(416,957)

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 (+).

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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	154,848
Change in Deferred Outflows	(274,086)
Change in Deferred Inflows	<u>173,512</u>

Change in Net Position of Governmental Activities (A-2)

\$ 1,551,508

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 43,983
Intergovernmental Accounts Receivable:	
State	137
Federal	2,755
Inventories	4,687
Total Current Assets	<u>51,562</u>
Non-Current Assets:	
Capital Assets	140,529
Less: Accumulated Depreciation	<u>(116,841)</u>
Total Non-Current Assets	<u>23,688</u>
Total Assets	<u>75,250</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	2,827
Unearned Revenue - Prepaid Sales	15,365
Unearned Revenue - Donated Commodities	1,423
Total Liabilities	<u>19,615</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	23,688
Unrestricted	<u>31,947</u>
Total Net Position	<u>\$ 55,635</u>

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, 2020

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 43,202
Daily Sales - Non-Reimbursable Programs	58,964
Total Operating Revenue	<u>102,166</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	24,549
Cost of Sales - Non-Reimbursable Programs	33,505
Salaries, Benefits & Payroll Taxes	35,099
Management Fee	12,000
Miscellaneous Expense	5,970
Depreciation Expense	3,323
Total Operating Expenses	<u>114,446</u>
Operating Loss	<u>(12,280)</u>
Non-Operating Income:	
Local Sources:	
Interest Income	9
State Sources:	
State School Lunch Program	1,128
Summer Seamless Option	30
Federal Sources:	
National School Lunch Program	20,387
Summer Seamless Option	2,077
Food Distribution Program	6,472
Total Non-Operating Income	<u>30,103</u>
Change in Net Position	17,823
Net Position - Beginning of Year	<u>37,812</u>
Net Position - End of Year	<u><u>\$ 55,635</u></u>

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows Used for Operating Activities:	
Receipts from Customers	\$ 102,166
Payments to Food Service Contractor	(103,740)
Net Cash Used for Operating Activities	<u>(1,574)</u>
Cash Flows Provided by Financing Activities:	
Interest Income	<u>9</u>
Net Cash Provided by Financing Activities	<u>9</u>
Cash Flows Provided by Noncapital Financing Activities:	
State Sources	1,149
Federal Sources	21,911
Net Cash Provided by Noncapital Financing Activities	<u>23,060</u>
Net Increase in Cash and Cash Equivalents	21,495
Cash and Cash Equivalents, July 1	<u>22,488</u>
Cash and Cash Equivalents, June 30	<u>\$ 43,983</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (12,280)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	3,323
Food Distribution Program	6,472
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,095)
Increase in Unearned Revenue - Prepaid Sales	7,788
Increase in Unearned Revenue - Donated Commodities	674
(Decrease) in Accounts Payable	(5,456)
Net Cash Used for Operating Activities	<u>\$ (1,574)</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 \$7,146 and Utilized Commodities Valued at \$6,472.

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, 2020

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 113,625	\$ 9,302	\$ 63,214
Total Assets	<u>113,625</u>	<u>9,302</u>	<u>63,214</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	64,839		
Due to Student Groups	<u>48,786</u>		
Total Liabilities	<u>113,625</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims			63,214
Restricted for Flexible Spending Claims		<u>9,302</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ 9,302</u>	<u>\$ 63,214</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, 2020

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 9,623	\$ 10,477
Total Contributions	<u>9,623</u>	<u>10,477</u>
Investment Earnings:		
Interest	2	30
Net Investment Earnings	<u>2</u>	<u>30</u>
Total Additions	<u>9,625</u>	<u>10,507</u>
DEDUCTIONS:		
Flexible Spending Claims	10,983	
Unemployment Claims		2,927
Total Deductions	<u>10,983</u>	<u>2,927</u>
Change in Net Position	(1,358)	7,580
Net Position - Beginning of the Year	<u>10,660</u>	<u>55,634</u>
Net Position - End of the Year	<u>\$ 9,302</u>	<u>\$ 63,214</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, 2020

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, 2020
(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, 2020
(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, 2020 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, 2020
(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	\$ 19,952,790	\$ 337,643
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.		2,902
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	76,083	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(81,469)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 19,947,404	\$ 340,545

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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	\$ 18,034,120	\$ 337,643
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.		2,902
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 18,034,120	\$ 340,545

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, 2020
(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, 2020.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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, 2020
(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 \$5,660,684 General Fund Balance at June 30, 2020, \$2,255,700 is restricted in the capital reserve account; \$752,760 is restricted in the maintenance reserve account; \$875,000 is restricted in the tuition reserve account; \$945,321 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, 2022; \$213,496 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; \$212,138 is assigned for year-end encumbrances; \$56,826 has been assigned for subsequent year's expenditures and has been included as anticipated revenue for the fiscal year ended June 30, 2021 and \$349,443 is unassigned (which is \$81,469 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, 2020 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$81,469 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 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 two state aid payments.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 \$2,595,059 in its governmental activities, which is due to General Fund unassigned fund balance of \$349,443, \$212,138 of General Fund fund balance assigned for encumbrances, \$56,826 of General Fund fund balance assigned for subsequent year's expenditures, \$454,962 of deferred outflows for pensions; net of deferred inflows for pensions of \$1,148,947, the balance of \$308,149 for compensated absences, and the net pension liability of \$2,211,332. 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, 2020 related to pension.

The District had deferred inflows of resources at June 30, 2020 related to 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, 2020

(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, 2020.

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, 2020.

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, 2020
(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, 2020

(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, 2020

(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, 2020
(Continued)

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

Investments: (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents			Cash and Cash Equivalents	Total
	Capital Reserve	Maintenance Reserve	Tuition Reserve		
Checking Accounts	\$ 2,255,700	\$ 752,760	\$ 875,000	\$ 1,959,724	\$ 5,843,184

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$5,843,184 and the bank balance was \$6,078,210.

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District made approved transfers from capital reserve account to within the capital outlay accounts of \$160,000 and \$34,445 for a total of \$194,445, to repave the main parking lot which was approved by the county superintendent.

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, 2020 is as follows:

Beginning Balance, July 1, 2019	\$ 1,649,243
Interest Earnings	902
Deposit by Board Resolution - June 11, 2020	800,000
Withdrawal from Capital Reserve by Resolution	(194,445)
Ending Balance, June 30, 2020	\$ 2,255,700

The balance in the capital reserve account at June 30, 2020 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the Districts LRFP.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019	\$ 750,000
Interest Earnings	541
Deposit by Board Resolution - June 11, 2020	<u>2,219</u>
Ending Balance, June 30, 2020	<u>\$ 752,760</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 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	\$ 3,750		17,367,433
Machinery and Equipment	578,167	3,999	\$ (7,513)	574,653
Total Capital Assets Being Depreciated	<u>18,216,615</u>	<u>7,749</u>	<u>(7,513)</u>	<u>18,216,851</u>
Governmental Activities Capital Assets	<u>18,224,059</u>	<u>7,749</u>	<u>(7,513)</u>	<u>18,224,295</u>
Less Accumulated Depreciation for:				
Site Improvements	(255,379)	(13,414)		(268,793)
Buildings and Building Improvements	(9,408,225)	(385,041)		(9,793,266)
Machinery and Equipment	(485,510)	(26,251)	7,513	(504,248)
	<u>(10,149,114)</u>	<u>(424,706)</u>	<u>7,513</u>	<u>(10,566,307)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,074,945</u>	<u>\$ (416,957)</u>	<u>\$ -0-</u>	<u>\$ 7,657,988</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 140,529			\$ 140,529
Less: Accumulated Depreciation	<u>(113,518)</u>	<u>\$ (3,323)</u>		<u>(116,841)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,011</u>	<u>\$ (3,323)</u>	<u>\$ -0-</u>	<u>\$ 23,688</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 22,254
General Administration	7,008
School Administration	7,008
Central Services	3,483
Operations and Maintenance of Plant	1,996
Unallocated	<u>382,957</u>
	<u>\$ 424,706</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Retired	Balance 6/30/2020
Compensated Absences Payable	\$ 309,056	\$ 14,093	\$ 15,000	\$ 308,149
Net Pension Liability - PERS	2,366,180		154,848	2,211,332
	\$ 2,675,236	\$ 14,093	\$ 169,848	\$ 2,519,481

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, 2020, the District has no bonds outstanding.

B. Bonds Authorized But Not Issued

As of June 30, 2020, the District had no bonds authorized but not issued.

C. Capital Leases Payable

As of June 30, 2020, 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 \$308,149.

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, 2020, 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, 2020 is \$-0- and the long-term portion is \$2,211,332. 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, 2020
(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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$127,024 for fiscal year 2020.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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, 2019.

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

At June 30, 2020, the District reported a liability of \$2,211,332 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.01223%, which was an increase of 0.00021% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$65,722. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 5,845	
	2015	5.72	36,135	
	2016	5.57	178,830	
	2017	5.48		\$ 317,445
	2018	5.63		256,524
	2019	5.21		193,577
				<u>220,810</u>
Changes in Proportion	2014	6.44		35,589
	2015	5.72	69,346	
	2016	5.57	78,422	
	2017	5.48		242,192
	2018	5.63		58,944
	2019	5.21	46,693	
				<u>194,461</u>
Difference Between Expected and Actual Experience	2015	5.72	10,026	
	2016	5.57	5,427	
	2017	5.48	9,441	
	2018	5.63		9,769
	2019	5.21	14,797	
			<u>39,691</u>	<u>9,769</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(40,815)
	2017	5.00		48,981
	2018	5.00		34,070
	2019	5.00		(7,329)
				<u>34,907</u>
Contribution Subsequent to Measurement Date	2019	1.00	133,000	
			<u>\$ 587,962</u>	<u>\$ 1,148,947</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
2020	\$ (63,850)
2021	(207,139)
2022	(184,963)
2023	(86,850)
2024	(8,919)
	\$ (551,721)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019 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, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 2,793,272	\$ 2,211,332	\$ 1,720,965

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/annual-reports.shtml.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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. 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:

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, 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 2020, the State of New Jersey contributed \$1,024,332 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,611,511.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$27,321,771. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.045%, which was an increase of 0.001% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		27,321,771
Total	\$	27,321,771

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,611,511 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 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, 2020
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			<u>8,729,264,342</u>	<u>17,163,131,436</u>
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			<u>1,203,503,264</u>	<u>213,344,311</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.0		(431,855,192)
	2017	5.0		452,016,524
	2018	5.0		288,091,115
	2019	5.0		(144,882,771)
			<u>163,369,676.00</u>	
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</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:

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	<u>\$ (7,607,077,817)</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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, 2019) 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, 2019 are summarized in the following table:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate - TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State.. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, 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, 2020
(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, 2019 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, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Total Net Pension Liability Associated with the District	\$ 32,218,415	\$ 27,321,771	\$ 23,259,103

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 \$6,681 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$8,253 for the fiscal year ended June 30, 2020.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2019 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	\$ 359,852,548
Net Position	\$ 107,824,596
Total Revenue	\$ 140,293,549
Total Expenses	\$ 115,049,808
Change in Net Position	\$ 25,243,741
Members' Dividends	\$ -0-

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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>
2019-2020	\$ -0-	\$ 30	\$ 10,477	\$ 2,927	\$ 63,214
2018-2019	-0-	24	10,758	7	55,634
2017-2018	-0-	22	10,017	8,878	44,859

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

There were no interfunds as of June 30, 2020.

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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, 2020 there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
\$ 212,138	\$ 212,138

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. ACCOUNTS PAYABLE

At June 30, 2020 the District had the following accounts payable:

	<u>Governmental Funds</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities Proprietary Funds</u>
	<u>General Fund</u>			
Vendors	\$ 151,496		\$ 151,496	\$ 2,827
Due to State of New Jersey		\$ 133,000	133,000	
	<u>\$ 151,496</u>	<u>\$ 133,000</u>	<u>\$ 284,496</u>	<u>\$ 2,827</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, 2020, the District has \$450,000 and \$425,000 in the tuition reserve which will be used to pay for any tuition adjustments for the fiscal years ending June 30, 2021 and June 30, 2022, respectively.

Beginning Balance, July 1, 2019	\$ 450,000
Deposit by Board Resolution - June 11, 2020	<u>425,000</u>
Ending Balance, June 30, 2020	<u>\$ 875,000</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. 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.

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-notice-oheb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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.

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.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 19,187,684
Changes for Year:	
Service Cost	658,953
Interest Cost	757,893
Changes in Assumptions	(2,522,590)
Differences Between Expected and Actual Experience	265,651
Member Contributions	16,212
Gross Benefit Payments	(546,925)
Net Changes	(1,370,806)
Balance at June 30, 2019	\$ 17,816,878

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 21,048,774	\$ 17,816,878	\$ 15,249,637

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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 14,680,313	\$ 17,816,878	\$ 21,969,046

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$538,052 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, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,074,244
	2018	9.51		1,784,131
	2019	9.29	\$ 237,055	
			<u>237,055</u>	<u>3,858,375</u>
Differences between Expected and Actual Experience	2018	9.51		1,686,559
	2019	9.29		2,790,159
				<u>4,476,718</u>
Changes in Proportion	N/A	N/A	1,448,062	
			<u>\$ 1,685,117</u>	<u>\$ 8,335,093</u>

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

Fiscal Year Ending June 30,	Total
2020	\$ (1,087,279)
2021	(1,087,279)
2022	(1,087,279)
2023	(1,087,279)
2024	(1,087,279)
Thereafter	<u>(2,661,643)</u>
	<u>\$ (8,098,038)</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Food Service Enterprise Fund has been (or likely will be) impacted by COVID-19 for the fiscal year ending June 30, 2021.

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0133399767%	0.0134767609%	0.0148774342%	0.0124228029%	0.0120174700%	0.0122725746%
District's proportionate share of the net pension liability	\$ 2,549,535	\$ 3,025,263	\$ 4,406,269	\$ 2,891,830	\$ 2,366,180	\$ 2,211,332
District's covered employee payroll	\$ 867,215	\$ 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	293.99%	363.40%	448.49%	317.52%	279.11%	256.41%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 87,509	\$ 115,864	\$ 158,428	\$ 143,956	\$ 120,451	\$ 127,024
Contributions in relation to the contractually required contribution	(87,509)	(115,864)	(158,428)	(143,956)	(120,451)	(127,024)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 832,497	\$ 982,465	\$ 910,760	\$ 847,756	\$ 862,427	\$ 913,269
Contributions as a percentage of covered employee payroll	10.51%	11.79%	17.40%	16.98%	13.97%	13.91%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0496230291%	0.0470828278%	0.0429856592%	0.0478064840%	0.0439997291%	0.0445190663%
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	\$ 27,321,771
District's covered employee payroll	\$ 4,232,054	\$ 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	626.69%	689.10%	706.63%	716.49%	587.02%	525.21%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,427,127	\$ 1,817,016	\$ 2,540,746	\$ 2,232,929	\$ 1,631,817	\$ 1,611,511
Contributions in relation to the contractually required contribution	(254,547)	(344,160)	(518,927)	(663,685)	(875,583)	(1,024,332)
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>	<u>\$ 587,179</u>
District's covered employee payroll	\$ 4,318,422	\$ 4,785,433	\$ 4,498,734	\$ 4,768,456	\$ 5,202,052	\$ 5,080,605
Contributions as a percentage of covered employee payroll	33.05%	7.19%	11.53%	13.92%	16.83%	20.16%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 961,080	\$ 796,728	\$ 658,953
Interest Cost	676,284	785,129	757,893
Changes in Assumptions	(2,785,642)	(2,201,883)	(2,522,590)
Differences Between Expected and Actual Experience		(1,076,692)	265,651
Member Contributions	18,235	17,733	16,212
Gross Benefit Payments	(495,200)	(513,072)	(546,925)
Net Change in Total OPEB Liability	(1,625,243)	(2,192,057)	(1,370,806)
Total OPEB Liability - Beginning	23,004,984	21,379,741	19,187,684
Total OPEB Liability - Ending	<u>\$ 21,379,741</u>	<u>\$ 19,187,684</u>	<u>\$ 17,816,878</u>
District's Covered Employee Payroll *	\$ 5,409,494	\$ 5,616,212	\$ 6,064,479
Total OPEB Liability as a Percentage of Covered Employee Payroll	395%	342%	294%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the on the June 30, 2016, 2017 and 2018 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, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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 Healthy 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.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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 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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,015,079		\$ 17,015,079	\$ 17,015,079	
Tuition From Individuals	12,450		12,450	13,480	\$ 1,030
Interest Earned on Maintenance Reserve				541	541
Interest Earned on Capital Reserve Funds				902	902
Restricted Miscellaneous Revenue	12,485		12,485	12,485	
Unrestricted Miscellaneous Revenue	95,000			83,803	83,803
Total - Local Sources	17,135,014		17,040,014	17,126,290	86,276
State Sources:					
Extraordinary Aid	100,000		100,000	205,610	105,610
Categorical Special Education Aid	538,978		538,978	538,978	
Categorical Security Aid	66,237		66,237	66,237	
Categorical Transportation Aid	217,074		217,074	217,074	
Nonpublic Transportation Aid				580	580
TPAF Pension Contributions (non-budgeted)				1,024,332	1,024,332
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				386,820	386,820
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,360	18,360
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				685	685
Reimbursed TPAF Social Security Contributions (non-budgeted)				367,824	367,824
Total State Sources	922,289		922,289	2,826,500	1,904,211
TOTAL REVENUES	18,057,303		17,962,303	19,952,790	1,990,487

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 332,604		\$ 332,604	\$ 276,709	\$ 55,895
Grades 1-5 - Salaries of Teachers	1,658,082	1,500	1,659,582	1,536,949	122,633
Grades 6-8 - Salaries of Teachers	1,294,838	1,500	1,296,338	1,261,411	34,927
Regular Programs - Home Instruction:					
Salaries of Teachers	105,045		105,045	51,546	53,499
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	18,000		18,000		18,000
Purchased Technical Services	41,550		41,550	27,467	14,083
Other Purchased Services	39,200	4,000	43,200	42,109	1,091
General Supplies	80,110	(16,000)	64,110	46,083	18,027
Textbooks	85,000		85,000	68,244	16,756
Other Objects	179,267	(8,600)	170,667	156,257	14,410
Total Regular Programs - Instruction	3,833,696	(17,600)	3,816,096	3,466,775	349,321
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	77,140	3,000	80,140	79,848	292
Other Salaries for Instruction	28,046		28,046	26,419	1,627
Purchased Professional - Educational Services	41,029		41,029	3,107	37,922
General Supplies	1,000		1,000	249	751
Total Multiple Disabilities	147,215	3,000	150,215	109,623	40,592

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 791,466	\$ 10,500	\$ 801,966	\$ 801,601	\$ 365
Other Salaries for Instruction	77,198	12,000	89,198	82,233	6,965
General Supplies	2,000		2,000	1,346	654
Total Resource Room/Resource Center	870,664	22,500	893,164	885,180	7,984
Preschool Disabilities - Part-time - Instruction:					
Salaries of Teachers	170,608		170,608	150,264	20,344
Other Salaries for Instruction	29,566		29,566	29,566	
Purchased Professional-Educational Services	6,200		6,200	5,150	1,050
General Supplies	500		500	442	58
Total Preschool Disabilities - Part-time - Instruction	206,874		206,874	185,422	21,452
Total Special Education Instruction	1,224,753	25,500	1,250,253	1,180,225	70,028
Extended School Year:					
Salaries of Teachers	32,000	1,300	33,300	29,916	3,384
Other Salaries for Instruction	10,000		10,000	3,692	6,308
Total Extended School Year	42,000	1,300	43,300	33,608	9,692
Bilingual Education - Instruction:					
Salaries of Teachers	70,660	4,500	75,160	71,900	3,260
General Supplies	500		500	500	
Total Bilingual Education - Instruction	71,160	4,500	75,660	71,900	3,760

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Co curricular Activities - Instruction:					
Salaries	\$ 77,000		\$ 77,000	\$ 46,158	\$ 30,842
Supplies and Materials	11,500		11,500	9,268	2,232
Total School-Sponsored Co curricular Activities - Instruction	88,500		88,500	55,426	33,074
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	44,000		44,000	40,750	3,250
Purchased Services	10,000		10,000	3,746	6,254
Other Objects	10,000		10,000	6,228	3,772
Total School-Sponsored Co curricular Athletics - Instruction	64,000		64,000	50,724	13,276
Total Instruction	5,324,109	\$ 13,700	5,337,809	4,858,658	479,151
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,974,910	(4,500)	3,970,410	3,720,718	249,692
Tuition to Other LEAs Within the State - Special	599,000	7,000	606,000	366,546	239,454
Tuition to County Vocational School District - Regular	7,000	(7,000)			
Tuition to Private Schools for the Handicapped - Within State	941,120	(125,000)	816,120	634,792	181,328
Total Undistributed Expenditures - Instruction	5,522,030	(129,500)	5,392,530	4,722,056	670,474
Health Services:					
Salaries	160,791		160,791	115,897	44,894
Purchased Professional and Technical Services	11,500		11,500	629	10,871
Supplies and Materials	5,126		5,126	2,110	3,016
Total Health Services	177,417		177,417	118,636	58,781

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT, and Related Services:					
Salaries	\$ 186,184		\$ 186,184	\$ 184,320	\$ 1,864
Purchased Professional-Educational Services	1,500	1,187	2,687	2,687	
Supplies and Materials	1,000	(187)	813	312	501
Total Speech, OT, PT, and Related Services	<u>188,684</u>	<u>1,000</u>	<u>189,684</u>	<u>187,319</u>	<u>2,365</u>
Guidance:					
Salaries of Other Professional Staff	133,100		133,100	133,100	
Salaries of Secretarial and Clerical Assistants	92,955	4,800	97,755	97,611	144
Supplies and Materials	2,500		2,500		2,500
Other Objects	1,000		1,000		1,000
Total Guidance	<u>229,555</u>	<u>4,800</u>	<u>234,355</u>	<u>230,711</u>	<u>3,644</u>
Child Study Team:					
Salaries of Other Professional Staff	476,853	(1,700)	475,153	446,602	28,551
Salaries of Secretarial and Clerical Assistants	23,243		23,243	23,063	180
Purchased Professional - Educational Services	333,304	133,500	466,804	353,433	113,371
Other Purchased Professional and Technical Services	11,000	(6,300)	4,700	2,569	2,131
Other Purchased Services	500		500	63	437
Supplies and Materials	3,000		3,000	1,521	1,479
Total Child Study Team	<u>847,900</u>	<u>125,500</u>	<u>973,400</u>	<u>827,251</u>	<u>146,149</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 113,000		\$ 113,000	\$ 93,789	\$ 19,211
Other Purchased Services	13,500		13,500	1,690	11,810
Supplies and Materials	250		250		250
Other Objects	250		250		250
Total Improvement of Instructional Services	127,000		127,000	95,479	31,521
Educational Media Services/School Library:					
Salaries	69,928		69,928	67,158	2,770
Salaries of Technology Coordinators	142,192	\$ 10,000	152,192	145,933	6,259
Purchased Professional and Technical Services	2,500	(1,000)	1,500	317	1,183
Supplies and Materials	23,000	(5,000)	18,000	8,053	9,947
Other Objects	3,000		3,000		3,000
Total Educational Media Services/School Library	240,620	4,000	244,620	221,461	23,159
Instructional Staff Training Services:					
Purchased Professional-Educational Services	10,035	(2,000)	8,035	6,760	1,275
Total Instructional Staff Training Services	10,035	(2,000)	8,035	6,760	1,275
Support Services - General Administration:					
Salaries	187,199		187,199	187,039	160
Legal Services	40,000	15,000	55,000	27,980	27,020
Other Purchased Professional Services	28,500	10,000	38,500	36,870	1,630
Purchased Technical Services	14,500	(5,000)	9,500	9,103	397
Other Purchased Services	5,500	7,800	13,300	11,022	2,278

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration: (Cont'd):					
General Supplies	\$ 3,050	2,000	\$ 5,050	2,962	\$ 2,088
Miscellaneous Expenditures	12,000	(1,000)	11,000	8,758	2,242
Total Support Services - General Administration	290,749	28,800	319,549	283,734	35,815
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	137,701		137,701	137,404	297
Salaries of Secretarial and Clerical Assistants	20,631	3,500	24,131	20,470	3,661
Other Purchased Services	3,250	8,250	11,500	617	10,883
Supplies and Materials	500	1,250	1,750	60	1,690
Other Objects	1,500	3,000	4,500	904	3,596
Total Support Services - School Administration	163,582	16,000	179,582	159,455	20,127
Central Services:					
Salaries	267,099	5,000	272,099	268,008	4,091
Miscellaneous Purchased Services	4,500	11,000	15,500	2,508	12,992
Supplies and Materials	100	5,000	5,100		5,100
Miscellaneous Expenditures	2,500	6,100	8,600	26	8,574
Total Central Services	274,199	27,100	301,299	270,542	30,757
Required Maintenance for School Facilities:					
Salaries	141,851		141,851	132,403	9,448
Other Purchased Services		250	250	75	175
Cleaning, Repair and Maintenance Services	214,032	(17,750)	196,282	191,500	4,782
General Supplies	27,200	(2,500)	24,700	21,204	3,496
Total Required Maintenance for School Facilities	383,083	(20,000)	363,083	345,182	17,901

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 237,556		237,556	\$ 232,613	\$ 4,943
Purchased Professional and Technical Services	20,500		20,500	9,280	11,220
Cleaning, Repair, and Maintenance Services	90,000		90,000	36,178	53,822
Other Purchased Property Services	22,000		22,000	18,886	3,114
Insurance	55,000		55,000	55,000	
Miscellaneous Purchased Services	2,000		2,000	1,801	199
General Supplies	46,005		46,005	20,338	25,667
Energy (Natural Gas)	85,000	\$ (85,000)			
Energy (Electricity)	195,000	81,000	276,000	184,522	91,478
Other Objects	19,000		19,000	13,379	5,621
Total Custodial Services	<u>772,061</u>	<u>(4,000)</u>	<u>768,061</u>	<u>571,997</u>	<u>196,064</u>

Student Transportation Services:

Salaries for Pupil Transportation:					
Between Home and School - Regular	20,777		20,777	20,777	
Management Fee - ESC & CTSA Transportation Program	1,000		1,000	472	528
Contracted Services:					
Between Home and School - Vendors	446,929		436,929	427,944	8,985
Other than Between Home and School - Vendors	18,000	(10,000)	8,000	9,344	8,656
Between Home and School - Joint Agreements	122,000		122,000	59,801	62,199
Regular Students - ECSs & CTSA	474,000		474,000	324,546	149,454
Special Education Students - Joint Agreements	55,120		55,120	48,490	6,630

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services (Cont'd):					
Contracted Services:					
Special Education Students - Vendors	\$ 130,349		\$ 130,349	\$ 107,028	\$ 23,321
Aid in Lieu of Payments - Nonpublic Students	72,000	\$ 10,000	82,000	65,800	16,200
Miscellaneous Purchased Services	600		600		600
Total Student Transportation Services	1,340,775		1,340,775	1,064,202	276,573
Unallocated Benefits:					
Social Security Contributions	155,000		155,000	117,348	37,652
Other Retirement Contributions - PERS	130,000	(2,900)	127,100	127,024	76
Workmen's Compensation	73,000	(2,500)	70,500	69,093	1,407
Health Benefits	2,064,253	(37,500)	2,026,753	1,862,906	163,847
Tuition Reimbursement	30,000		30,000	29,076	924
Other Employee Benefits	145,000	(22,500)	122,500	44,241	78,259
Total Unallocated Benefits	2,597,253	(65,400)	2,531,853	2,249,688	282,165
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				1,024,332	(1,024,332)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				386,820	(386,820)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,360	(18,360)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				685	(685)
Reimbursed TPAF Social Security Contributions (non-budgeted)				367,824	(367,824)
Total On-Behalf Contributions				1,798,021	(1,798,021)
Total Personal Services - Employee Benefits	2,597,253	(65,400)	2,531,853	4,047,709	(1,515,856)
Total Undistributed Expenses	13,164,943	(13,700)	13,151,243	13,152,494	(1,251)
TOTAL GENERAL CURRENT EXPENSE	18,489,052		18,489,052	18,011,152	477,900

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Operation and Maintenance of Plant	\$ 33,300	7,150	\$ 40,450	\$ 22,968	\$ 17,482
Total Equipment	33,300	7,150	40,450	22,968	17,482
Facilities Acquisition and Construction Services:					
Construction Services		194,445	194,445		194,445
Land and Improvements	7,150	(7,150)			
Total Facilities Acquisition and Construction Services	7,150	187,295	194,445		194,445
TOTAL CAPITAL OUTLAY	40,450	194,445	234,895	22,968	211,927
TOTAL EXPENDITURES	18,529,502	194,445	18,723,947	18,034,120	689,827
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(472,199)	(194,445)	(761,644)	1,918,670	2,680,314
Fund Balance, July 1	3,823,483		3,823,483	3,823,483	
Fund Balance, June 30	\$ 3,351,284	\$ (194,445)	\$ 3,061,839	\$ 5,742,153	\$ 2,680,314

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Recapitulation:</u>	
Restricted:	
Capital Reserve	\$ 2,255,700
Maintenance Reserve	752,760
Tuition Reserve - 2020-2021	450,000
Tuition Reserve - 2021-2022	425,000
Excess Surplus - 2020-2021	213,496
Excess Surplus - 2021-2022	945,321
Assigned:	
Year-End Encumbrances	212,138
Subsequent Year's Expenditures	56,826
Unassigned	430,912
	5,742,153
Reconciliation to Governmental Funds Statement (GAAP):	
Final Two State Aid Payments not Recognized on GAAP Basis	(81,469)
Fund Balance per Governmental Funds (GAAP)	\$ 5,660,684

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 10,558		\$ 10,558	\$ 5,500	\$ (5,058)
State Sources	41,658	\$ 13,301	54,959	53,903	(1,056)
Federal Sources	247,934	30,306	278,240	278,240	
Total Revenue	300,150	43,607	343,757	337,643	(6,114)
Expenditures:					
Instruction:					
Salaries of Teachers	59,336	(10,679)	48,657	48,657	
Purchased Professional and Technical Services	13,110	(112)	12,998	12,998	
Purchased Professional and Educational Services	169,983	19,008	188,991	188,991	
General Supplies	10,558		10,558	5,500	5,058
Textbooks	6,218	(314)	5,904	5,904	
Other Objects	14,330	9,802	24,132	24,132	
Total Instruction	273,535	17,705	291,240	286,182	5,058
Support Services:					
Personal Services- Employee Benefits		14,755	14,755	14,755	
Purchased Professional and Educational Services	26,615	11,147	37,762	36,706	1,056
Total Support Services	26,615	25,902	52,517	51,461	1,056
Total Expenditures	\$ 300,150	\$ 43,607	\$ 343,757	\$ 337,643	\$ 6,114

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 19,952,790	\$ 337,643
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		2,902
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	76,083	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(81,469)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 19,947,404</u>	<u>\$ 340,545</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,034,120	\$ 337,643
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		<u>2,902</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 18,034,120</u>	<u>\$ 340,545</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 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, 2020

	Non-Public Handicapped Services			Non-Public Auxiliary Services		
	Local Programs	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory Education	Non-Public Nursing
REVENUES:						
Local Sources	\$ 5,500					
State Sources		\$ 3,717	\$ 911	\$ 2,591	\$ 3,650	\$ 12,998
Federal Sources						
Total Revenues	5,500	3,717	911	2,591	3,650	12,998
EXPENDITURES:						
Instruction:						
Salaries of Teachers						12,998
Purchased Professional and Technical Services						
Purchased Professional and Educational Services						
General Supplies	5,500					
Textbooks						
Other Objects						
Total Instruction	5,500					12,998
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional and Educational Services		3,717	911	2,591	3,650	
Total Support Services		3,717	911	2,591	3,650	
Total Expenditures	\$ 5,500	\$ 3,717	\$ 911	\$ 2,591	\$ 3,650	\$ 12,998

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non-Public Textbooks	Non-Public Technology	Non-Public Security Aid	IDEA Part B		Rural Education Achievement Program
				Basic	Preschool	
REVENUES:						
Local Sources						
State Sources	\$ 5,904	\$ 4,032	\$ 20,100	\$ 146,888	\$ 6,368	\$ 42,103
Federal Sources						
Total Revenues	5,904	4,032	20,100	146,888	6,368	42,103
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Purchased Professional and Educational Services				146,888		42,103
General Supplies						
Textbooks	5,904					
Other Objects		4,032	20,100			
Total Instruction	5,904	4,032	20,100	146,888		42,103
Support Services:						
Personal Services - Employee Benefits					6,368	
Purchased Professional and Educational Services						
Total Support Services					6,368	
Total Expenditures	\$ 5,904	\$ 4,032	\$ 20,100	\$ 146,888	\$ 6,368	\$ 42,103

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act			
	Title I	Title IIA	Title IV	Total
REVENUES:				
Local Sources				\$ 5,500
State Sources	56,912	\$ 15,969	\$ 10,000	53,903
Federal Sources				278,240
Total Revenues	56,912	15,969	10,000	337,643
EXPENDITURES:				
Instruction:				
Salaries of Teachers	42,157		6,500	48,657
Purchased Professional and Technical Services				12,998
Purchased Professional and Educational Services				188,991
General Supplies				5,500
Textbooks				5,904
Other Objects				24,132
Total Instruction	42,157		6,500	286,182
Support Services:				
Personal Services - Employee Benefits	14,755			14,755
Purchased Professional and Educational Services		15,969	3,500	36,706
Total Support Services	14,755	15,969	3,500	51,461
Total Expenditures	\$ 56,912	\$ 15,969	\$ 10,000	\$ 337,643

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 43,983
Intergovernmental Accounts Receivable:	
State	137
Federal	2,755
Inventories	4,687
	<hr/>
Total Current Assets	51,562
	<hr/>
Non-Current Assets:	
Capital Assets	140,529
Less: Accumulated Depreciation	(116,841)
	<hr/>
Total Non-Current Assets	23,688
	<hr/>
Total Assets	75,250
	<hr/>

LIABILITIES:

Current Liabilities:	
Accounts Payable	2,827
Unearned Revenue - Prepaid Sales	15,365
Unearned Revenue - Donated Commodities	1,423
	<hr/>
Total Liabilities	19,615
	<hr/>

NET POSITION:

Investment in Capital Assets	23,688
Unrestricted	31,947
	<hr/>
Total Net Position	\$ 55,635
	<hr/>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 43,202
Daily Sales - Non-Reimbursable Programs	58,964
	<hr/>
Total Operating Revenue	102,166
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	24,549
Cost of Sales - Non-Reimbursable Programs	33,505
Salaries, Benefits and Payroll Taxes	35,099
Management Fee	12,000
Miscellaneous Expense	5,970
Depreciation Expense	3,323
	<hr/>
Total Operating Expenses	114,446
	<hr/>
Operating Loss	(12,280)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	9
State Sources:	
State School Lunch Program	1,128
Seamless Summer Option	30
Federal Sources:	
National School Lunch Program	20,387
Seamless Summer Option	2,077
Food Distribution Program	6,472
	<hr/>
Total Non-Operating Income	30,103
	<hr/>
Change in Net Position	17,823
Net Position - Beginning of Year	37,812
	<hr/>
Net Position - End of Year	\$ 55,635
	<hr/> <hr/>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows Used for Operating Activities:	
Receipts from Customers	\$ 102,166
Payments to Food Service Contractor	(103,740)
	<hr/>
Net Cash Used for Operating Activities	(1,574)
	<hr/>
Cash Flows Provided by Financing Activities:	
Interest Income	9
	<hr/>
Net Cash Provided by Financing Activities	9
	<hr/>
Cash Flows Provided by Noncapital Financing Activities:	
State Sources	1,149
Federal Sources	21,911
	<hr/>
Net Cash Provided by Noncapital Financing Activities	23,060
	<hr/>
Net Increase in Cash and Cash Equivalents	21,495
Cash and Cash Equivalents, July 1	22,488
	<hr/>
Cash and Cash Equivalents, June 30	\$ 43,983
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (12,280)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	3,323
Food Distribution Program	6,472
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,095)
Increase in Unearned Revenue - Prepaid Sales	7,788
Increase in Unearned Revenue - Donated Commodities	674
(Decrease) in Accounts Payable	(5,456)
	<hr/>
Net Cash Used for Operating Activities	\$ (1,574)
	<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 \$7,146 and Utilized Commodities Valued at \$6,472.

FIDUCIARY FUNDS

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Agency		Total Agency	Flexible Spending Trust	Unemployment Compensation Trust
	Student Activity	Payroll			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 48,786	\$ 64,839	\$ 113,625	\$ 9,302	\$ 63,214
Total Assets	48,786	64,839	113,625	9,302	63,214
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	48,786	64,839	64,839	48,786	
Total Liabilities	48,786	64,839	113,625		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims Restricted for Flexible Spending Claims				9,302	63,214
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 9,302	\$ 63,214

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 9,623	\$ 10,477
Total Contributions	<u>9,623</u>	<u>10,477</u>
Investment Earnings:		
Interest	3	30
Net Investment Earnings	<u>3</u>	<u>30</u>
Total Additions	<u>9,626</u>	<u>10,507</u>
DEDUCTIONS:		
Flexible Spending Claims	10,983	
Unemployment Claims		2,927
Total Deductions	<u>10,983</u>	<u>2,927</u>
Change in Net Position	(1,357)	7,580
Net Position - Beginning of the Year	<u>10,659</u>	<u>55,634</u>
Net Position - End of the Year	<u><u>\$ 9,302</u></u>	<u><u>\$ 63,214</u></u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 49,309	\$ 77,395	\$ 77,918	\$ 48,786
Total Assets	<u>\$ 49,309</u>	<u>\$ 77,395</u>	<u>\$ 77,918</u>	<u>\$ 48,786</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 49,309	\$ 77,395	\$ 77,918	\$ 48,786
Total Liabilities	<u>\$ 49,309</u>	<u>\$ 77,395</u>	<u>\$ 77,918</u>	<u>\$ 48,786</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents		\$ 13,570,542	\$ 13,505,703	\$ 64,839
Interfund Receivable:				
General Fund	\$ 31,205	_____	31,205	_____
Total Assets	<u>\$ 31,205</u>	<u>\$ 13,570,542</u>	<u>\$ 13,536,908</u>	<u>\$ 64,839</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 31,205	\$ 13,570,542	\$ 13,536,908	\$ 64,839
Total Liabilities	<u>\$ 31,205</u>	<u>\$ 13,570,542</u>	<u>\$ 13,536,908</u>	<u>\$ 64,839</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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 7,657,988
Restricted	461,183	931,445	904,787	1,352,059	1,117,040	701,060	1,267,640	2,122,632	3,321,701	5,042,277
Unrestricted/(Deficit)	178,069	39,707	409,835	(2,141,084)	(2,656,852)	(2,443,871)	(2,942,908)	(2,899,668)	(2,842,948)	(2,595,059)
Total Governmental Activities Net Position	\$ 7,099,670	\$ 7,393,979	\$ 8,032,745	\$ 6,237,865	\$ 5,820,609	\$ 6,133,839	\$ 6,691,968	\$ 7,705,826	\$ 8,553,698	\$ 10,105,206
Business-type Activities										
Investment in Capital Assets	\$ 37,146	\$ 29,870	\$ 42,722	\$ 36,824	\$ 30,926	\$ 25,028	\$ 19,130	\$ 30,556	\$ 27,011	\$ 23,688
Unrestricted/(Deficit)	39,841	25,858	39,040	9,492	12,763	8,543	(3,166)	337	10,801	31,947
Total Business-type Activities Net Position	\$ 76,987	\$ 55,728	\$ 81,762	\$ 46,316	\$ 43,689	\$ 33,571	\$ 15,964	\$ 30,893	\$ 37,812	\$ 55,635
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 7,681,676
Restricted	461,183	931,445	904,787	1,352,059	1,117,040	701,060	1,267,640	2,122,632	3,321,701	5,042,277
Unrestricted/(Deficit)	217,910	65,565	448,875	(2,131,592)	(2,644,089)	(2,435,328)	(2,946,074)	(2,899,331)	(2,832,147)	(2,563,112)
Total District Net Position	\$ 7,176,657	\$ 7,449,707	\$ 8,114,507	\$ 6,284,181	\$ 5,864,298	\$ 6,167,410	\$ 6,707,932	\$ 7,736,719	\$ 8,591,510	\$ 10,160,841

Source: School District Financial Reports

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

	For the Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 6,455,107
Special Education	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	2,278,489
Other Special Education	127,163	74,744	81,846	88,036	89,127	212,069	213,734	174,219	199,918	189,531
School Sponsored/Other Instruction	94,854	118,448	115,608	100,070	142,969	172,004	146,095	125,968	124,266	132,025
Support Services:										
Tuition	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	4,722,056
Student & Instruction Related Services	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	2,123,522
General Administrative Services	412,387	504,614	434,693	411,356	366,502	399,116	449,799	461,918	462,707	439,458
School Administrative Services	252,216	269,402	279,767	287,991	302,411	271,320	298,195	329,399	342,091	300,876
Central Services	301,138	315,125	314,776	347,143	364,946	382,802	366,197	347,305	351,946	353,820
Plant Operations and Maintenance	984,044	1,051,292	789,651	1,010,222	1,089,375	886,362	874,006	999,355	1,063,788	1,026,063
Pupil Transportation	875,911	815,895	898,694	965,893	1,050,757	1,192,445	1,045,359	1,041,919	1,067,846	1,070,948
Transfer of Funds to Charter School				39,914	114,887	112,663	30,554			
Interest on Long-term Debt	244,709	215,017	186,725	157,000	123,550	89,667	57,066	23,200	8,589	
Capital Outlay	34,700	57,125	42,454							
Unallocated	440,149	174,536	453,559	399,461	399,461	399,460	399,460	399,460	384,040	382,957
Total Governmental Activities Expenses	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	19,474,852
Business-type Activities:										
Food Service	201,431	214,214	211,490	246,322	209,505	209,171	200,930	185,916	159,488	114,446
Total Business-type Activities Expense	201,431	214,214	211,490	246,322	209,505	209,171	200,930	185,916	159,488	114,446
Total District Expenses	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	19,589,298
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction (Tuition)										
Operating Grants and Contributions	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	3,894,570
Total Governmental Activities Program Revenues	1,349,232	1,733,460	2,214,136	2,007,954	3,304,230	3,632,468	4,470,366	5,574,996	4,356,582	3,908,050
Business-type Activities:										
Charges for Services										
Food Service	182,651	148,521	189,122	168,730	165,504	162,390	149,571	143,287	126,515	102,166
Operating Grants and Contributions	43,860	44,229	48,288	42,137	41,364	36,653	33,742	40,228	39,886	30,094
Total Business-type Activities Program Revenues	226,511	192,750	237,410	210,867	206,868	199,043	183,313	183,515	166,401	132,260
Total District Program Revenues	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	4,040,310
Net (Expense)/Revenue										
Governmental Activities	(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)	(15,566,802)
Business-type Activities	25,080	(21,464)	25,920	(35,455)	(2,637)	(10,128)	(17,617)	(2,401)	6,913	17,814
Total District-wide Net Expense	(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)	(15,548,988)

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 17,015,079
Taxes Levied for Debt Service	904,938	904,250	906,550	902,750	903,825	905,400	903,200	900,800		
Tuition	7,250	129,159	104,851	113,148	94,344	39,336	19,500	36,975		
Miscellaneous Income	103,326	390,523	229,184	147,148	238,709	217,156	151,457	65,148	90,630	103,231
Cancellation of Prior Year Accounts Receivable					(135,296)					
Total Governmental Activities	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	17,118,310
Business-type Activities:										
Appraisal Adjustment	10	205	114	9	10	10	10	6	6	9
Investment Earnings	10	205	114	9	10	10	10	6	6	9
Total Business-type Activities	20	410	228	18	20	20	20	12	12	18
Total District-wide	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	17,118,319
Change in Net Position										
Governmental Activities	290,810	294,309	638,766	754,655	(417,256)	313,230	558,129	1,348,286	847,872	1,551,508
Business-type Activities	25,090	(21,259)	26,034	(35,446)	(2,627)	(10,118)	(17,607)	(2,395)	6,919	17,823
Total District	\$ 315,900	\$ 273,050	\$ 664,800	\$ 719,209	\$ (419,883)	\$ 303,112	\$ 540,522	\$ 1,345,891	\$ 854,791	\$ 1,569,331

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 461,183	\$ 931,445	\$ 904,787	\$ 1,352,059	\$ 1,113,040	\$ 697,060	\$ 1,263,640	\$ 2,122,632	\$ 3,321,701	\$ 5,042,277
Assigned	24,000	170	213,511	214,343	6,076	132,940	42,102	69,484	75,087	268,964
Unassigned	274,759	206,157	318,654	317,940	145,786	280,232	269,191	342,145	350,612	349,443
Total General Fund	\$ 759,942	\$ 1,137,772	\$ 1,436,952	\$ 1,884,342	\$ 1,264,902	\$ 1,110,232	\$ 1,574,933	\$ 2,534,261	\$ 3,747,400	\$ 5,660,684
All Other Governmental Funds										
Restricted, Reported in:										
Debt Service Fund					\$ 4,000	\$ 4,000	\$ 4,000			
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,000	\$ 4,000	\$ 4,000	\$ -0-	\$ -0-	\$ -0-
Total Governmental Funds	\$ 759,942	\$ 1,137,772	\$ 1,436,952	\$ 1,884,342	\$ 1,268,902	\$ 1,114,232	\$ 1,578,933	\$ 2,534,261	\$ 3,747,400	\$ 5,660,684

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 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	\$ 17,015,079
Tuition Charges	7,250	129,159	104,851	113,148	94,344	39,336	19,500	36,975	12,000	13,480
Interest Earnings	11	1,703	1,724	1,173	1,128	957	115	30	30	2,254
Miscellaneous	113,963	414,912	237,042	145,974	237,581	216,199	151,342	65,118	90,600	100,977
State Sources	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	2,875,017
Federal Sources	174,568	225,680	298,220	220,404	255,989	235,840	260,110	266,931	330,012	281,142
Total Revenue	16,305,526	16,908,996	17,453,166	17,728,783	18,467,854	18,710,577	19,324,082	20,024,513	19,807,323	20,287,949
Expenditures										
Instruction										
Regular Instruction	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	3,654,064
Special Education Instruction	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	1,333,481
Other Special Instruction	91,785	52,256	57,202	61,317	57,491	116,327	107,169	98,497	108,594	105,508
School Sponsored/Other Instruction	81,565	99,771	99,361	84,177	135,092	135,577	105,305	99,063	98,395	106,150
Support Services:										
Tuition	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	4,722,056
Student & Other Instruction Related Services	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	1,687,617
General Administration Services	330,199	409,190	353,311	319,113	254,819	253,228	270,865	266,637	290,686	283,734
School Administrative Services	195,371	189,059	195,300	199,815	190,258	147,789	148,287	150,345	173,296	159,455
Central Services	225,594	232,179	233,628	257,992	265,914	284,434	248,073	259,000	269,906	270,542
Plant Operations and Maintenance	901,209	947,379	708,456	922,242	989,678	789,936	713,318	883,713	958,800	917,179
Student Transportation	846,898	814,534	889,238	950,546	1,041,389	1,171,935	1,038,953	1,035,926	1,061,351	1,064,202
Unallocated Benefits	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	4,047,709
Charter School		54,098	39,914	39,914	114,887	112,663	30,554			
Capital Outlay	34,700	102,299	79,379	16,776	11,540	154,238	98,594		26,579	22,968
Debt Service:										
Principal	650,000	680,000	710,000	735,000	765,000	805,000	835,000	870,000		
Interest and Other Charges	254,938	224,250	196,550	167,750	134,825	100,400	68,200	34,800		
Total Expenditures	16,224,047	16,531,166	17,153,986	17,281,393	18,947,998	18,865,247	18,859,381	19,069,184	18,594,184	18,374,665
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	81,479	377,830	299,180	447,390	(480,144)	(154,670)	464,701	955,328	1,213,139	1,913,284
Other Financing Sources/(Uses)										
Cancellation of Prior Years' Accounts Receivable					(135,296)					
Total Other Financing Sources/(Uses)					(135,296)					
Net Change in Fund Balances	\$ 81,479	\$ 377,830	\$ 299,180	\$ 447,390	\$ (615,440)	\$ (154,670)	\$ 464,701	\$ 955,328	\$ 1,213,139	\$ 1,913,284
Debt Service as a Percentage of Noncapital Expenditures	5.59%	5.50%	5.31%	5.23%	4.75%	4.84%	4.81%	4.74%	0.00%	0.00%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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	216,199	256,492
2017	115	19,500	143,164	162,779
2018	30	36,975	65,118	102,123
2019	1,876	12,000	80,275	94,151
2020	2,254	13,480	95,477	111,211

Source: School District Financial Reports

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

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 10,477,400	\$ 1,353,854,300	\$ 428,924,529	\$ 540,558,600	\$ 895,000	\$ 2,334,709,829	\$ 7,449,309	\$ 2,342,159,138	0.634	\$ 2,742,028,931
2011	10,209,400	1,354,168,500	436,404,429	514,189,700	895,000	2,315,867,029	7,053,748	2,322,920,777	0.631	2,686,712,367
2012	9,690,900	1,363,832,100	431,498,229	486,797,400	895,000	2,292,713,629	7,556,503	2,300,270,132	0.648	2,527,491,629
2013	9,415,400	1,366,659,184	402,026,469	496,501,900	850,000	2,275,452,953	6,571,365	2,282,024,318	0.678	2,516,013,581
2014	9,335,900	1,416,276,000	415,589,991	497,337,300	850,000	2,339,389,191	5,608,436	2,344,997,627	0.682	2,437,746,347
2015	9,417,300	1,452,905,000	424,088,450	494,760,000	850,000	2,382,020,750	5,711,509	2,387,732,259	0.683	2,387,732,259
2016	9,168,000	1,507,478,608	426,653,860	485,381,300	850,000	2,429,531,768	5,783,750	2,435,315,518	0.685	2,466,553,944
2017	9,156,600	1,526,798,000	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	1,538,262,900	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
2019	8,488,300	1,559,650,100	405,594,020	468,322,700	855,000	2,442,910,120	5,688,658	2,448,598,778	0.695	2,497,781,356

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

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

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

Year Ended December 31,	School District of the Township of Bedminster Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation		Township of Bedminster	County of Somerset	
		Debt Service ^b	Total Direct			
2010	\$ 0.596	\$ 0.038	\$ 0.634	\$ 0.290	\$ 0.346	\$ 1.270
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
2019	0.695	-0-	0.695	0.323	0.356	1.37

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	2019		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 124,000,000	1	5.06%
SFC Owner LLC	35,993,600	2	1.47%
Lamington Farm Club	33,177,720	3	1.35%
BIT Holdings	26,350,000	4	1.08%
MIREF Bedminster	23,424,000	5	0.96%
EM Associates	21,285,000	6	0.87%
S/K Bedminster One LLC	20,250,000	7	0.83%
Crossroads Business Center	19,002,000	8	0.78%
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>13.66%</u>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 202,500,000	1	8.65%
Jaygrace Co. LLC	41,123,600	2	1.76%
MRF Bedminster	34,236,000	3	1.46%
Hamilton Farm Golf Club	31,948,000	4	1.36%
BIT Holdings	31,753,000	5	1.36%
Lamington Farm Club	31,022,800	6	1.32%
EM Associates	25,775,800	7	1.10%
S/K Bedminster One LLC	24,292,000	8	1.04%
Crossroads Business Center	23,888,000	9	1.02%
Bedminster 2 Funding	13,983,400	10	0.60%
Total	<u>\$ 460,522,600</u>		<u>19.66%</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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2020	17,015,079	17,015,079	100.00%	-0-

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)	Business-Type Activities					
2011	\$ 5,400,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,400,000	0.92%	\$ 659.90	
2012	4,720,000	-0-	-0-	-0-	-0-	-0-	4,720,000	0.77%	576.74	
2013	4,010,000	-0-	-0-	-0-	-0-	-0-	4,010,000	0.63%	490.64	
2014	3,275,000	-0-	-0-	-0-	-0-	-0-	3,275,000	0.48%	401.64	
2015	2,510,000	-0-	-0-	-0-	-0-	-0-	2,510,000	0.37%	307.82	
2016	1,705,000	-0-	-0-	-0-	-0-	-0-	1,705,000	0.23%	210.55	
2017	870,000	-0-	-0-	-0-	-0-	-0-	870,000	0.11%	107.78	
2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-	
2019	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-	
2020	-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 ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 5,400,000	-0-	\$ 5,400,000	0.23%	\$ 659.90
2012	4,720,000	-0-	4,720,000	0.20%	576.74
2013	4,010,000	-0-	4,010,000	0.17%	490.64
2014	3,275,000	-0-	3,275,000	0.14%	401.64
2015	2,510,000	-0-	2,510,000	0.11%	309.23
2016	1,705,000	-0-	1,705,000	0.07%	210.55
2017	870,000	-0-	870,000	0.04%	107.78
2018	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	0.00%	-0-
2020	-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, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Bedminster	\$ 2,573,947	100.00%	\$ 2,573,947
County of Somerset - Township's Share: General Obligation Debt	231,912,535	4.06%	<u>9,418,490</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,992,437</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 2020

	Equalized valuation basis
	2017 \$ 2,537,857,211
	2018 252,863,571
	2019 2,463,852,869
	<u>\$ 5,254,573,651</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,751,524,550</u>
Debt Limit (3% of average equalization value)	\$ 52,545,737 ^a
Net Bonded School Debt	-0-
Legal Debt Margin	<u>\$ 52,545,737</u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 81,826,191	\$ 79,732,173	\$ 77,710,656	\$ 76,005,710	\$ 76,005,710
Total Net Debt Applicable to Limit	<u>5,400,000</u>	<u>4,720,000</u>	<u>4,010,000</u>	<u>3,275,000</u>	<u>3,275,000</u>
Legal Debt Margin	<u>\$ 76,426,191</u>	<u>\$ 75,012,173</u>	<u>\$ 73,700,656</u>	<u>\$ 72,730,710</u>	<u>\$ 72,730,710</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.60%	5.92%	5.16%	4.31%	4.31%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 74,571,861	\$ 74,531,196	\$ 75,274,246	\$ 75,711,649	\$ 52,545,737
Total Net Debt Applicable to Limit	<u>1,705,000</u>	<u>870,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Legal Debt Margin	<u>\$ 72,866,861</u>	<u>\$ 73,661,196</u>	<u>\$ 75,274,246</u>	<u>\$ 75,711,649</u>	<u>\$ 52,545,737</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	2.29%	1.17%	0.00%	0.00%	0.00%

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

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

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

Year	Population ^a	Town of Bedminster Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2011	8,183	\$ 584,675,350	\$ 71,450	5.60%
2012	8,184	615,199,464	75,171	7.40%
2013	8,173	641,269,926	78,462	4.30%
2014	8,154	680,312,682	83,433	4.30%
2015	8,117	718,355	89	3.70%
2016	8,098	747,024,304	92,248	4.10%
2017	8,072	803,430,376	99,533	3.50%
2018	8,040	853,799,760	106,194	2.90%
2019	7,968	846,153,792 ***	106,194 *	2.50%
2020	7,968 **	846,153,792 ***	106,194 *	N/A

* - Latest Somerset County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest Somerset County personal income available (2018) was used for calculation purposes.

N/A - Not Available

Source:

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

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

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

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

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

Employer	2020			
	Employees	Rank	Percentage of Total Employment	
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	2011			
	Employees	Rank	Percentage of Total Employment	
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			

N/A - Not Available

*-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>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>	<u>2020</u>
Instruction										
Regular	47.1	44.0	45.0	46.0	46.0	40.6	39.6	42.5	42.5	44.6
Special Education	13.8	13.0	14.0	15.0	15.0	12.9	12.9	13.5	13.5	11.0
Other Instruction	11.0	11.0	11.0	12.0	12.0	7.5	6.8	7.0	7.0	7.0
Support Services:										
Student & Instruction Related Services	12.5	12.7	12.7	12.7	12.7	12.8	12.8	12.8	12.8	12.8
School Administrative Services	2.6	2.7	3.2	3.2	3.2	2.9	2.5	3.0	3.0	3.0
General and Business Administrative Services	2.1	2.1	2.1	2.1	2.1	1.5	1.5	2.0	2.0	2.0
Central Services	2.7	2.7	2.7	2.7	2.7	3.5	3.5	3.5	3.5	3.5
Administration Information Technology	2.9	2.0	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	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Pupil Transportation	1.3	1.3	1.3	0.8	0.8	0.8	0.5	0.5	0.5	0.5
Total	104.0	99.5	102.0	103.5	103.5	91.5	89.1	93.8	94.8	94.4

Source: School District of the Township of Bedminster Personnel Records

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Elementary				
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%	
2020	526	18,351,697	34,889	0.84%	56	9:1	513	490	0.20%	95.52%	

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000
<u>Elementary- PreK-8</u>	750	750	750	750	750	750	750	750	750	750
Bedminster Township School	580	589	586	577	543	527	532	525	516	526

Number of Schools at June 30, 2020
 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>
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
2020	345,182	345,182

* 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, 2020
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



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Independent Member
BKR International

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2020.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
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Certified Public Accountant



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Independent Member
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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, 2020. 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, 2020.

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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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, 2020

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, 2019		Cash Received	Budgetary Expenditures	Balance at June 30, 2020		Amounts Paid to Subrecipients	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue			Budgetary Accounts Receivable	Budgetary Unearned Revenue		
<u>U.S. Department of Agriculture:</u>												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
U.S.D.A. Commodities Program	10.555	N/A	7/1/19-6/30/20	\$ 7,146	\$ (5,723)		\$ 7,146	\$ (5,723)	\$ 1,423			
U.S.D.A. Commodities Program	10.555	N/A	7/1/18-6/30/19	10,180	(749)							
COVID 19 - Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	2,077		1,535		(2,077)	(542)			
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	20,387		20,376		(20,387)	(11)			
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	28,448					(2,202)			
Total Child Nutrition Cluster						29,057		(28,936)	(2,755)	1,423		
Total U.S. Department of Agriculture						29,057		(28,936)	(2,755)	1,423		
<u>U.S. Department of Education:</u>												
Passed-through State Department of Education:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027A	IDEA024020	7/1/19-9/30/20	146,888		146,888		(146,888)				
I.D.E.A. Part B, Preschool	84.173A	IDEA024020	7/1/19-9/30/20	6,368		6,368		(6,368)				
Total Special Education Cluster						153,256		(153,256)				
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA024020	7/1/19-9/30/20	56,912		56,912		(56,912)				
Title II A	84.367A	ESEA024020	7/1/19-9/30/20	15,969		15,969		(15,969)				
Title IV	84.424	ESEA024020	7/1/19-9/30/20	10,000		10,000		(10,000)				
Total Elementary and Secondary Education Act						82,881		(82,881)				
Rural Education Achievement Program	84.358	N/A	7/1/19-6/30/20	42,103		42,103		(42,103)				
Total U.S. Department of Education						278,240		(278,240)				
Total Federal Awards						\$ 307,297		\$ (307,176)	\$ (2,755)	\$ 1,423	\$ -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, 2020

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance at June 30, 2020			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	
State Department of Education:										
General Fund State Aid:										
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 217,074	\$ (21,440)	\$ 21,440	\$				\$ 217,074
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	487,018	(48,101)	48,101					487,018
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	66,237	(6,542)	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					131,085
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	(18,286)	18,286					373,137
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	217,074			\$ (217,074)		\$ (21,506)		217,074
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	538,978		485,578	(538,978)		(53,400)		538,978
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	66,237		59,674	(66,237)		(6,563)		66,237
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	205,610		205,610	(205,610)		(205,610)		205,610
Reimbursement of Nonpublic School Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	580			(580)		(580)		580
Reimbursed TPAF Social Security	20-495-034-5095-002	7/1/19-6/30/20	367,824		349,681	(367,824)		(18,143)		367,824
TPAF Pension Contributions (non-budgeted)	20-495-034-5094-002	7/1/19-6/30/20	1,024,332		1,024,332	(1,024,332)				1,024,332
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	20-495-034-5094-001	7/1/19-6/30/20	386,820		386,820	(386,820)				386,820
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-6/30/20	18,360		18,360	(18,360)				18,360
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-6/30/20	685		685	(685)				685
Total General Fund				(302,371)	2,823,069	(2,826,500)		(224,333)	(305,802)	4,115,651
Special Revenue Fund:										
Nonpublic Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	4,932	\$ 789	\$ 789	\$				4,143
Nonpublic Nursing	19-100-034-5120-070	7/1/18-6/30/19	15,423	11,166	11,166			11,166		4,257
Nonpublic Security Aid	19-100-034-5120-064	7/1/18-6/30/19	7,315	3,508	3,508			3,508		3,807
Nonpublic Textbook Aid	19-100-034-5120-509	7/1/18-6/30/19	23,850	97	97			97		23,753
Nonpublic Auxiliary Services:										
Home Instruction	19-100-034-5120-066	7/1/18-6/30/19	70	(70)	70					70
Nonpublic Handicapped Services:										
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	10,549	1,273				1,273		9,276
Nonpublic Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20	4,032		4,032	(4,032)				4,032
Nonpublic Nursing	20-100-034-5120-070	7/1/19-6/30/20	12,998		12,998	(12,998)				12,998
Nonpublic Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	5,904		5,904	(5,904)				5,904
Nonpublic Security Aid	20-100-034-5120-509	7/1/19-6/30/20	20,100		20,100	(20,100)				20,100
Nonpublic Handicapped Services:										
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	6,316		6,316	(6,316)			\$ 2,599	3,717
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	911		911	(911)				911
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	2,591		2,591	(2,591)				2,591
Nonpublic Auxiliary Services:										
Home Instruction	20-100-034-5120-066	7/1/19-6/30/20	3,650		3,650	(3,650)				3,650
Total Special Revenue Fund				(70)	16,833	(53,903)		16,833	2,599	100,766

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance at June 30, 2020			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	
Food Service Fund:										
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	\$ 30			\$ 21	\$ (30)		\$ (9)	\$ (9)
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	1,128		1,128		(1,128)			1,128
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	1,676	\$ (128)					(128)	1,676
Total Food Service Fund				(128)	1,149	1,149	(1,158)		(137)	2,834
Total State Awards				\$ (302,569)	\$ 16,833	\$ 2,880,790	\$ (2,881,561)	\$ 16,833	\$ (224,470)	\$ 2,599
										\$ (305,939)
										\$ 4,219,251

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

On-Behalf TPAF Pension System Contributions:

On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	\$ (1,024,332)				\$ 1,024,332			
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(386,820)				386,820			
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(18,360)				18,360			
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(685)				685			

Subtotal - On-Behalf TPAF Pension System Contributions

1,430,197

Total State Awards Subject to Single Audit Determination

\$ (1,451,364)

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, 2020

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, 2020. 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 elected not 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 (\$5,386) for the general fund and \$2,902 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Revenue from federal and state awards are reported in the Board’s basic financial statements on a GAAP basis as presented below:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,821,114	\$ 2,821,114
Special Revenue Fund	\$ 281,142	53,903	335,045
Food Service Fund	<u>28,936</u>	<u>1,158</u>	<u>30,094</u>
Total Awards	<u>\$ 310,078</u>	<u>\$ 2,876,175</u>	<u>\$ 3,186,253</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, 2020.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's major state programs for the current fiscal year consisted of the following:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 538,978	\$ 538,978
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	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, 2020

Status of Prior Year Findings:

There were no prior year findings.