

**BRANCBURG TOWNSHIP
SCHOOL DISTRICT**

**Branchburg Township School District
Branchburg, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Branchburg Township School District

Branchburg, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Branchburg Township School District Board of Education

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
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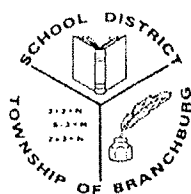
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INTRODUCTORY SECTION
(UNAUDITED)



BRANCHBURG TOWNSHIP SCHOOL DISTRICT

"Excellence in Education"

240 Baird Road • Branchburg, New Jersey 08876-4200 • Fax (908) 526-6144
Telephone: (908) 722-3335

October 21, 2016

Honorable President and
Members of the Board of Education
Branchburg Township School District
240 Baird Road
Branchburg, New Jersey 08876

Dear Board Members:

The comprehensive annual financial report of the Branchburg Township School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 as follows:

- The Introductory Section includes this Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors.
- The Financial Section includes the Independent Auditors' Report, the Management's Discussion and Analysis, and the Basic Financial Statements, Notes, and other schedules that provide an overview of the District's financial position.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditors' report on internal control over financial reporting and on compliance with applicable laws and regulations and findings and recommendations. 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*.

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
 Page 2
 October 21, 2016

1. REPORTING ENTITY AND ITS SERVICES: Branchburg Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Branchburg Township School District and all its schools constitute the District's reporting entity.

The Branchburg Township School District provides a full range of educational services for pupils in grades Kindergarten through 8. Resident pupils in grades 9-12 attend Somerville High School on a tuition basis. The K-8 programs include regular, special education and enrichment instruction which offer a wide range of opportunities for pupils of varying abilities. The District also offers a pre-K special education program that accepts up to 22 parent paid regular education students.

The District had K-8 enrollment of 1,465 students during the 2015-2016 school year – a decrease of 98 students from the previous school year.

K - 8 ENROLLMENT

<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2006-07	1,950	(0.45%)
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)
2012-13	1,696	(2.36%)
2013-14	1,636	(3.54%)
2014-15	1,563	(4.46%)
2015-16	1,465	(6.26%)

In addition to the K-8 enrollment, the District had 776 students in 2015-2016 who attended Somerville High School as well as out of district special education placements for which the District pays tuition.

Based on demographic projections prepared in February 2011 by Whitehall Associates, the Board of Education determined that all four schools were no longer needed to meet the District's projected growth in enrollment. On March 3, 2011 the Board of Education voted to request approval of the NJ Department of Education to close Old York School and on April 14, 2011, the New Jersey Department of Education approved the District's request.

For the 2015-16 school year, the District was configured as follows:

Whiton Elementary School (WES)	Grades Pre-K, K, 1, 2, 3
Stony Brook School (SBS)	Grades 4, 5
Branchburg Central Middle School (BCMS)	Grades 6, 7, and 8

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
 Page 3
 October 21, 2016

2. 2015-2016 MAJOR INITIATIVES:

The vision of Branchburg Township School District is “Excellence in Education.” The mission of the Branchburg Township School District is to inspire our children to learn, think, grow, and excel in life. In pursuit of this vision and mission, our major initiatives for the 2015-2016 school year are outlined below, along with highlights of our resulting accomplishments.

1. *Full implementation and assessment of the RTI program to provide targeted instruction to move all students forward.*

To this end, we

- Administered formative assessments aligned to the core curriculum and yielded individualized instructional points for all students.
- Implemented a Master Schedule that provided specifically designated time for the remediation, support, and extension of instructional material.
- Supported specific and targeted conversations among administration, coaches, teachers, and specialists to review student data and develop instructional goals.

2. *To develop and support a master schedule that provides additional collaborative professional development time within grade level and across content areas.*

To this end, we

- Continued the refinement of the PLC model to insure fidelity of work around student achievement.
- Worked to examine rigor as it pertained to curriculum and the work we ask students to do.
- Used Best Practices to organize and analyze student data within the RTI Model.
- Utilized fluid entrance and exit criteria to insure maximum use of instructional staff and resources for students.

3. *To fully utilize technology in an authentic way to support teaching and learning.*

To this end, we

- Evaluated best practices in technology integration, program use, and implementation.
- Assessed our current practices regarding real world and student directed learning experiences in the classroom.
- Provided multiple and varied opportunities for staff to access technology training related to real world and student directed learning.
- Monitored the implementation of the 1:1 ratio of students to laptops within the sixth grade class and its impact on learning.

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
 Page 4
 October 21, 2016

2. 2015-2016 MAJOR INITIATIVES: (Cont'd)

4. *Develop and communicate a district budget and process that optimizes educational opportunities for all students, supports the district goals, and plans for the maximum utilization of our facilities while continuing to be fiscally responsible to our community.*

To this end, we

- Implemented an effective communication system with parents and the community that provided an opportunity for all voices to be heard.
- Maintained an active partnership with the community organizations whose purpose it is to support the work of our schools.
- Developed and submitted fiscally responsible building and department budgets that reinforced the goals of the District and that were aligned with current conditions.

3. 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 internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, 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 those programs. This internal control system is also subject to periodic evaluation by the District management.

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

4. 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 appropriations budget approved by vote of the Board of Education. Annual appropriations 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 ended June 30, 2016 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 reappropriations of fund

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
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 October 21, 2016

4. BUDGETARY CONTROLS: (Con'td)


balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2016.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (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: Summary of Significant Accounting Policies.

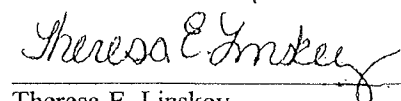
6. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements 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*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Governmental Auditing Standards* are included in the single audit section of this report.

7. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Branchburg Township 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 could not have been accomplished without the efficient and dedicated services of our Board office staff.

Respectfully submitted,

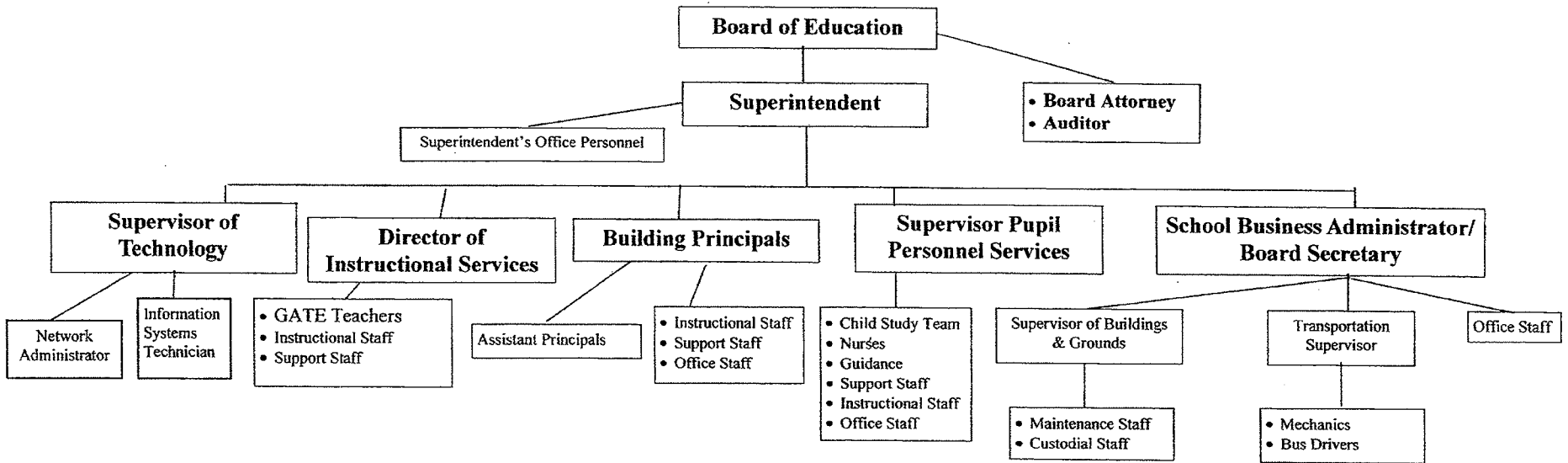


 Rebecca Gensel
 Superintendent of Schools



 Theresa E. Linskey
 Business Administrator/Board Secretary

Branchburg Township School District
1110 ORGANIZATIONAL CHART



BRANCBURG TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Zoltan Ambrus, President	January 2017
Theresa Joyce, Vice President	January 2019
Ellwood Cutler	January 2019
Jack Dempsey	January 2018
Kristen Fabriczi	January 2019
Carmela Noto	January 2018
Catherine Palmieri	January 2018
Olga Phelps	January 2017
Keerti Purohit	January 2017

OTHER OFFICIALS

TITLE

Rebecca Gensel	Superintendent of Schools
Theresa Linskey	School Business Administrator/Board Secretary
David Rubin, Esq.	Board Attorney
Tina Neely	Director of Student Services
Caroline Flamos	Supervisor of Language Arts and Humanities
Jennifer Hauser	Director of Science, Technology, Engineering, Mathematics, and the Arts
Matthew Barbosa	Principal, Branchburg Central Middle School
Frank Altmire	Principal, Stony Brook School
Dee Shober	Principal, Whiton Elementary School

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

ARCHITECT

(No Architect of Record)

ATTORNEY

David B. Rubin, Esq.
44 Bridge Street
P.O. Box 4579
Metuchen, New Jersey 08840

AUDIT FIRM

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Mount Arlington Corporate Center
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and
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FINANCIAL ADVISOR

Phoenix Advisors
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Bordentown, New Jersey 08505

OFFICIAL DEPOSITORY

TD Bank
Milltown Road
Bridgewater, New Jersey 08807

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Branchburg 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 Branchburg Township School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2016, 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.

The Honorable President and Members
of the Board of Education
Branchburg Township School District
Page 2

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 Branchburg Township School District, in the County of Somerset, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nisivoccia, LLP

October 21, 2016
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

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

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

This section of the Branchburg Township School District's (the "District's") annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's overall net position at June 30, 2016 was \$11,198,827.
- Overall net position increased \$1,014,706 on a district-wide basis over the course of the year.
- Overall revenue was \$52,169,766.
- Overall expenditures were \$51,141,743.
- General Fund fund balance at June 30, 2016 was \$5,387,400 (on the budgetary basis), an increase of \$1,064,104 from the prior year.

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 and community education.
- *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.
- *Notes to the Basic Financial Statements* provide additional information essential to a full understanding of the district-wide and fund financial statements.

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.

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

**Figure A-1
Organization of Branchburg Board of Education's Financial Report**

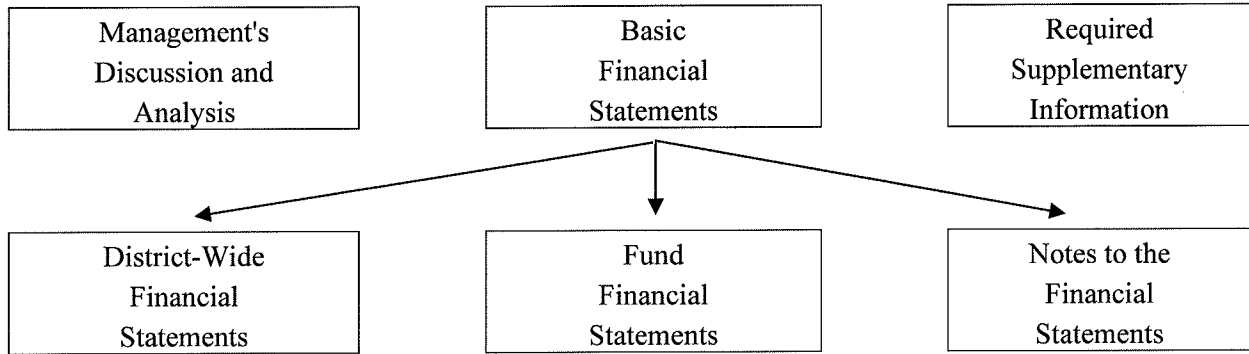


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

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 and community education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
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 are 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

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

District-Wide Statements

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

The two District-wide statements report the District's *net position* and how they have changed. Net position is the difference between the District's assets, deferred inflows and outflows and liabilities and 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 and community education programs are 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.

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Fund Financial Statements

- *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

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$11,198,827 on June 30, 2016, \$1,014,706 or 9.96% more than the year before (See Figure A-3). Net position from governmental activities increased \$998,794 and net position from business-type activities increased by \$15,912 (See Figure A-4). Net investment in capital assets increased \$2,402,721, restricted net position increased \$1,130,721 and unrestricted net position decreased \$2,518,736.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Current and Other Assets	\$ 5,598,233	\$ 4,455,945	\$ 265,909	\$ 201,263	\$ 5,864,142	\$ 4,657,208	25.92%
Capital Assets, Net	38,439,767	39,187,752	104,770	117,109	38,544,537	39,304,861	-1.93%
Total Net Assets	44,038,000	43,643,697	370,679	318,372	44,408,679	43,962,069	1.02%
Deferred Outflows of Resources	2,577,275	1,035,360			2,577,275	1,035,360	148.93%
Long-Term Liabilities	34,446,443	33,841,961			34,446,443	33,841,961	1.79%
Other Liabilities	1,113,535	523,517	60,249	23,854	1,173,784	547,371	114.44%
Total Liabilities	35,559,978	34,365,478	60,249	23,854	35,620,227	34,389,332	3.58%
Deferred Inflows of Resources	166,900	423,976			166,900	423,976	-60.63%
Net Position:							
Net Investment in							
Capital Assets	16,567,660	14,152,600	104,770	117,109	16,672,430	14,269,709	16.84%
Restricted	4,063,944	2,933,223			4,063,944	2,933,223	38.55%
Unrestricted/(Deficit)	(9,743,207)	(7,196,220)	205,660	177,409	(9,537,547)	(7,018,811)	-35.89%
Total Net Position	\$ 10,888,397	\$ 9,889,603	\$ 310,430	\$ 294,518	\$ 11,198,827	\$ 10,184,121	9.96%

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net position. The District's *combined* net position increased by \$1,014,706, or 9.96%, over the course of the fiscal year. Net investment in capital assets increased \$2,402,721 due to a \$2,845,000 net reduction in debt from current year maturities and defeasances offset by refunding bonds issued, an increase in deferred amount on refunding of \$318,045 for a current year bond refunding and \$1,013,984 in capital additions (net of deletions) from governmental activities offset by \$1,774,308 in depreciation (\$1,761,969 from governmental and \$12,339 from business-type activities). Restricted net position increased by \$1,130,721 due to increases in the capital reserve of \$1,026,689, current year excess surplus of \$191,630 and excess surplus designated for subsequent year's expenditures of \$17,476 offset by decreases in the maintenance reserve of \$26,200, capital projects of \$29,773 and in debt service of \$49,101. Unrestricted net position decreased by \$2,518,736 due to an increase in net pension liability of \$1,372,509, a net increase in bond issuance premium of \$2,111,287 due to the bond refunding, an increase in accrued interest of \$88,821, a decrease in encumbrances of \$202,394 and a net decrease in the change in pension proportion of \$40,889; offset by a net decrease in compensated absences of \$34,314, a decrease in investment gains in pension of \$287,524 and increases in General Fund fund balance designated for subsequent year's expenditures of \$30,860, unassigned fund balance of \$26,043, changes in pension assumptions of \$687,706, a \$202,466 difference between expected and actual pension experience and an increase of \$28,251 in business-type activities. (See Figure A-4).

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Revenue:							
Program Revenue:							
Charges for Services	\$ 152,146	\$ 117,608	\$ 592,524	\$ 544,113	\$ 744,670	\$ 661,721	12.54%
Operating Grants/Contributions	9,772,045	8,493,488	94,357	90,134	9,866,402	8,583,622	14.94%
Capital Grants/Contributions		71,615				71,615	-100.00%
General Revenue:							
Property Taxes	41,094,213	39,742,056			41,094,213	39,742,056	3.40%
Unrestricted Federal/State Aid	341,210	335,832			341,210	335,832	1.60%
Other	121,135	106,726	2,136	2,064	123,271	108,790	13.31%
Total Revenue	<u>51,480,749</u>	<u>48,867,325</u>	<u>689,017</u>	<u>636,311</u>	<u>52,169,766</u>	<u>49,503,636</u>	5.39%
Expenses:							
Instruction	20,835,921	19,690,258			20,835,921	19,690,258	5.82%
Pupil and Instruction Services	18,442,341	18,326,610			18,442,341	18,326,610	0.63%
Administrative and Business	3,364,035	3,611,131			3,364,035	3,611,131	-6.84%
Maintenance and Operations	2,315,820	2,296,007			2,315,820	2,296,007	0.86%
Transportation	2,714,783	2,920,064			2,714,783	2,920,064	-7.03%
Other	2,822,419	2,584,902	646,424	665,162	3,468,843	3,250,064	6.73%
Total Expenses	<u>50,495,319</u>	<u>49,428,972</u>	<u>646,424</u>	<u>665,162</u>	<u>51,141,743</u>	<u>50,094,134</u>	2.09%
Transfers & Other Items	13,364		(26,681)		(13,317)		-100.00%
Change in Net Position	<u>\$ 998,794</u>	<u>\$ (561,647)</u>	<u>\$ 15,912</u>	<u>\$ (28,851)</u>	<u>\$ 1,014,706</u>	<u>\$ (590,498)</u>	271.84%

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2015-2016 fiscal school year was \$52,169,766. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$41,094,213, or 78.77% of total revenue. (See Figure A-5). Another 19.56% came from state and federal aid and the remaining 1.56% came from charges for services and miscellaneous sources. The District basically conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5

Sources of School District Revenue - Fiscal Years 2016 and 2015

	<u>2016</u>	<u>Percentage</u>	<u>2015</u>	<u>Percentage</u>
Sources of Income:				
Grants and Contributions	\$ 9,866,402	18.91%	\$ 8,655,237	17.48%
Property Taxes	41,094,213	78.77%	39,742,056	80.28%
Unrestricted Federal and State Aid	341,210	0.65%	335,832	0.68%
Charges for Services	744,670	1.43%	661,721	1.34%
Other	123,271	0.24%	108,790	0.22%
Total Revenue	<u>\$ 52,169,766</u>	<u>100.00%</u>	<u>\$ 49,503,636</u>	<u>100.00%</u>

The total cost of all programs and services was \$51,141,743. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (82.11%). (See Figure A-6). The District's administration and business activities accounted for 6.58% of total expenses. The District's maintenance and operations accounted for 4.53% of total expenses. It is important to note that other expenses for the year (6.78%) include \$1,360,087 of interest on long-term debt, \$1,462,332 of unallocated depreciation and \$646,424 of expenses from its business-type activities.

Figure A-6

Sources of School District Expenses - Fiscal Years 2016 and 2015

Expense Category:	<u>2016</u>	<u>Percentage</u>	<u>2015</u>	<u>Percentage</u>
Instruction	\$ 20,835,921	40.74%	\$ 19,690,258	39.31%
Pupil and Instruction Services	18,442,341	36.06%	18,326,610	36.58%
Administrative and Business	3,364,035	6.58%	3,611,131	7.21%
Maintenance and Operations	2,315,820	4.53%	2,296,007	4.58%
Transportation	2,714,783	5.31%	2,920,064	5.83%
Other	3,468,843	6.78%	3,250,064	6.49%
	<u>\$ 51,141,743</u>	<u>100.00%</u>	<u>\$ 50,094,134</u>	<u>100.00%</u>

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities

The financial position of the District's Governmental Activities improved significantly. However, maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits costs and the costs associated with training new teachers.

Careful management of expenses remains essential for the District to sustain its financial health. The following measures implemented by the District resulted in significant cost saving and have lead to superior transportation efficiency and fiscal restraint. The District's cost-saving measures included:

- Joint Transportation with surrounding school districts
- All employees contribute towards health and dental benefits
- Group purchasing for electric, gas, insurance and telecommunications
- Shared transportation operations with Readington Township School District
- Continuation of in-district special education programs

Due to the constraints placed upon the District by legislation enacted in the past several years, it is crucial that the District continually examines its expenses. Parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 20,835,921	\$ 19,690,258	\$ 13,873,960	\$ 13,685,028
Pupil and Instruction Services	18,442,341	18,326,610	17,204,566	17,318,215
Administration and Business	3,364,035	3,611,131	2,687,838	2,992,822
Maintenance and Operations	2,315,820	2,296,007	2,114,839	2,050,973
Transportation	2,714,783	2,920,064	1,867,506	2,114,321
Other	2,822,419	2,584,902	2,822,419	2,584,902
	<u>\$ 50,495,319</u>	<u>\$ 49,428,972</u>	<u>\$ 40,571,128</u>	<u>\$ 40,746,261</u>

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$50,495,319.
- The federal and state governments subsidized certain programs with grants and contributions (\$10,113,255).
- Most of the District's costs were financed by \$41,094,213 of District taxes.
- The District billed \$152,146 in charges for services.
- The remaining \$121,135 of the District's funding came from \$112,631 in miscellaneous revenue and \$8,504 in investment earnings.

Business-Type Activities

- Net position from the District's business-type activities (Food Service and Community Education programs) increased \$15,912 as a result of an overall increase of \$42,593 in the Food Service program's net position offset by the closing of the Community Education Program (\$26,681). (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position remains stable due to cost containment, evaluation of programs and services and declining enrollment.

Student enrollment decreased by 98 students in 2015-16. The District anticipates an additional decrease in enrollment of 12 students for the upcoming 2016-17 school year.

The District anticipates that the uncertain economic times will continue to impact the District. The District had a multi-year practice of utilizing funds from its unassigned fund balance to offset or reduce the tax levy.

The District must continue practice of sound financial management in order to maintain a stable financial position and achieve educational excellence.

General Fund Budgetary Highlights

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

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Capital Assets

The District's capital assets decreased \$760,324 – from \$39,304,861 to \$38,544,537 – or 1.93%, over the course of the fiscal year. (See Figure A-8.) (More detailed information about the District's capital assets is presented in Note 8 to the basic financial statements.)

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600	0.00%
Construction in Progress		64,609				64,609	-100.00%
Site Improvements	294,087	264,956			294,087	264,956	10.99%
Buildings and Building Improvements	33,775,143	34,750,825			33,775,143	34,750,825	-2.81%
Furniture, Machinery & Equipment	2,002,937	1,739,762	\$ 104,770	\$ 117,109	2,107,707	1,856,871	13.51%
Total Capital Assets, Net	\$ 38,439,767	\$ 39,187,752	\$ 104,770	\$ 117,109	\$ 38,544,537	\$ 39,304,861	-1.93%

The decrease in capital assets was attributable to current year depreciation of \$1,774,308 (\$1,761,969 from its governmental and \$12,339 from its business-type activities) which were offset by \$1,013,984 in current year governmental activities capital asset acquisitions (net of deletions).

Long-Term Liabilities

The District's long-term liabilities increased \$604,482 – from \$33,841,961 to \$34,446,443 – or 1.79%, over the course of the fiscal year. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percent Change
	2015/2016	2014/2015	
General Obligation Bonds (Financed with Property Taxes)	\$ 22,945,000	\$ 25,790,000	-11.03%
Unamortized Bond Issuance Premium	2,273,497	162,210	1301.58%
Net Pension Liability	8,486,841	7,114,332	19.29%
Other Long-term Liabilities	741,105	775,419	-4.43%
	\$ 34,446,443	\$ 33,841,961	1.79%

The increase in long-term debt was attributable to increases in the net pension liability of \$1,372,509 and unamortized bond issuance premium of \$2,111,287 offset by a net decrease in bonds of \$2,845,000 (due to \$1,235,000 of maturities and \$1,610,000 reduction due to the bond refunding) and a net decrease in compensated absences payable of \$34,314.

**BRANCBURG TOWNSHIP SCHOOL DISTRICT
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Factors Bearing on the District's Future

Currently, the District is in good financial condition. Everyone associated with the Branchburg Board of Education is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were:

- Declining enrollment
- Unpredictable state and federal Aid
- Increasing salary and benefit costs
- Capital needs

In addition to the factors listed, the district's employees are currently contributing to their health benefit cost on a tiered system, thereby offsetting premium increases. In 2016-2017 all employees will be at the maximum tier of contributions. In the future, there will be no offset to the ever increasing health benefit premiums which will have an effect on future budgets.

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, 240 Baird Road, Branchburg, New Jersey 08876.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,397,609	\$ 177,141	\$ 1,574,750
Internal Balances	(76,655)	76,655	
Receivable from State Government	309,362	413	309,775
Receivable from Federal Government	51,704	6,041	57,745
Other Accounts Receivable	78,851		78,851
Inventories		5,659	5,659
Restricted Assets - Cash and Cash Equivalents			
Capital Reserve	1,893,562		1,893,562
Maintenance Reserve	23,800		23,800
Emergency Reserve	120,000		120,000
Tuition Reserve	1,800,000		1,800,000
Capital Assets:			
Sites (Land)	2,367,600		2,367,600
Depreciable Site Improvements, Building & Building Improvements & Furniture, Machinery & Equipment	36,072,167	104,770	36,176,937
Total Assets	44,038,000	370,679	44,408,679
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	1,072,893		1,072,893
Changes in Assumptions - Pensions	911,419		911,419
Changes in Proportion - Pensions	46,358		46,358
Difference between Expected and Actual Experience - Pensions	202,466		202,466
District Contribution Subsequent to the Measurement Date - Pensions	344,139		344,139
Total Deferred Outflows of Resources	2,577,275		2,577,275
LIABILITIES:			
Accrued Interest Payable	558,563		558,563
Interfund Payable	25,373		25,373
Accounts Payable	516,371	40,912	557,283
Payable to State Government	1,673		1,673
Prepaid Sales		13,061	13,061
Unearned Revenue	11,555	6,276	17,831
Noncurrent Liabilities:			
Due Within One Year	1,668,676		1,668,676
Due Beyond One Year	32,777,767		32,777,767
Total Liabilities	35,559,978	60,249	35,620,227
DEFERRED INFLOWS OF RESOURCES:			
Investment Gains - Pensions	136,452		136,452
Charges in Proportion - Pensions	30,448		30,448
Total Deferred Inflows of Resources	166,900		166,900

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016
(Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 16,567,660	\$ 104,770	\$ 16,672,430
Restricted for:			
Capital Projects	1,893,562		1,893,562
Tuition Reserve	1,800,000		1,800,000
Excess Surplus	226,582		226,582
Emergency Reserve	120,000		120,000
Other Purposes	23,800		23,800
Unrestricted/(Deficit)	<u>(9,743,207)</u>	<u>205,660</u>	<u>(9,537,547)</u>
Total Net Position	<u>\$ 10,888,397</u>	<u>\$ 310,430</u>	<u>\$ 11,198,827</u>

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,313,817		\$ 3,102,001		\$ (10,211,816)		\$ (10,211,816)
Special Education	4,926,087	\$ 152,146	3,087,306		(1,686,635)		(1,686,635)
Other Special Instruction	1,947,619		468,171		(1,479,448)		(1,479,448)
School-Sponsored/Other Instruction	648,398		152,337		(496,061)		(496,061)
Support Services:							
Tuition	12,987,601				(12,987,601)		(12,987,601)
Student & Instruction Related Services	5,454,740		1,237,775		(4,216,965)		(4,216,965)
General Administration Services	925,050		118,872		(806,178)		(806,178)
School Administration Services	1,710,545		407,653		(1,302,892)		(1,302,892)
Central Services	602,408		141,830		(460,578)		(460,578)
Administrative Information Technology	126,032		7,842		(118,190)		(118,190)
Plant Operations and Maintenance	2,315,820		200,981		(2,114,839)		(2,114,839)
Pupil Transportation	2,714,783		847,277		(1,867,506)		(1,867,506)
Interest on Long-Term Debt	1,360,087				(1,360,087)		(1,360,087)
Unallocated Depreciation	1,462,332				(1,462,332)		(1,462,332)
Total Governmental Activities	50,495,319	152,146	9,772,045		(40,571,128)		(40,571,128)

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities:							
Food Service Program	\$ 646,424	\$ 592,524	\$ 94,357			\$ 40,457	\$ 40,457
Total Business-type Activities	646,424	592,524	94,357			40,457	40,457
Total Primary Government	<u>\$ 51,141,743</u>	<u>\$ 744,670</u>	<u>\$ 9,866,402</u>	<u>\$ - 0 -</u>	\$ (40,571,128)	40,457	(40,530,671)
General Revenue:							
Property Taxes, Levied for General Purposes, Net					38,963,858		38,963,858
Taxes Levied for Debt Service					2,130,355		2,130,355
Federal and State Aid not Restricted					341,210		341,210
Miscellaneous Income					121,135	2,136	123,271
Transfers					26,681	(26,681)	
Other Item - SDA Grants Cancelled					(13,317)		(13,317)
Total General Revenue, Transfers and Other Items					41,569,922	(24,545)	41,545,377
Change in Net Position					998,794	15,912	1,014,706
Net Position - Beginning					9,889,603	294,518	10,184,121
Net Position - Ending					<u>\$ 10,888,397</u>	<u>\$ 310,430</u>	<u>\$ 11,198,827</u>

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

FUND FINANCIAL STATEMENTS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,397,609				\$ 1,397,609
Receivables From State Government	309,362				309,362
Receivables From Federal Government		\$ 51,704			51,704
Interfund Receivable	38,776				38,776
Other Accounts Receivable	78,851				78,851
Restricted Cash and Cash Equivalents	3,837,362				3,837,362
Total Assets	\$ 5,661,960	\$ 51,704	\$ -0-	\$ -0-	\$ 5,713,664
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 172,232				\$ 172,232
Interfund Payable	102,028	\$ 38,776			140,804
Payable to State Government		1,673			1,673
Unearned Revenue	300	11,255			11,555
Total Liabilities	274,560	51,704			326,264
Fund Balances:					
Restricted for:					
Capital Reserve	1,893,562				1,893,562
Maintenance Reserve	23,800				23,800
Emergency Reserve	120,000				120,000
Tuition Reserve - For 2016-2017	900,000				900,000
Tuition Reserve - For 2017-2018	900,000				900,000
Excess Surplus	209,106				209,106
Excess Surplus - Subsequent Year's Expenditures	17,476				17,476
Assigned:					
For Subsequent Year's Expenditures	430,860				430,860
Year-end Encumbrances	212,364				212,364
Unassigned	680,232				680,232
Total Fund Balances	5,387,400				5,387,400

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Total Liabilities and Fund Balances	\$ 5,661,960	\$ 51,704	\$ -0-	\$ -0-	\$ 5,713,664
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are different because:					
Total Fund Balances (Above)					\$ 5,387,400
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$69,541,916 and accumulated depreciation is \$31,102,149.					38,439,767
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.					(23,686,105)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.					(8,486,841)
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:					
Change in Assumptions - Pensions					911,419
Difference between Expected and Actual Experience - Pensions					202,466
Investment Gains - Pensions					(136,452)
Change in Proportions - Pensions					15,910
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.					(558,563)
Bond Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original premium was \$2,337,309 and accumulated amortization is \$63,812.					(2,273,497)
The Deferred Amount on the Refunding is not reported as expenditures in the Governmental Funds in the year of the expenditure. The Deferred Amount on the Refunding is \$1,957,455 of which \$884,562 has been amortized.					1,072,893
Net Position - Governmental Activities					<u>\$ 10,888,397</u>

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 38,963,858			\$ 2,130,355	\$ 41,094,213
Tuition	152,146				152,146
Interest Earned on Capital Reserve Funds	1,657				1,657
Interest Earned on Investments	6,847				6,847
Miscellaneous	112,631	\$ 30,767			143,398
Total - Local Sources	39,237,139	30,767		2,130,355	41,398,261
State Sources	5,468,476	2,488		100,844	5,571,808
Federal Sources		487,007			487,007
Total Revenue	44,705,615	520,262		2,231,199	47,457,076
EXPENDITURES:					
Current:					
Regular Instruction	7,827,712	66,386			7,894,098
Special Education Instruction	2,568,805	415,590			2,984,395
Other Special Instruction	1,096,442				1,096,442
School-Sponsored/Other Instruction	372,395				372,395
Support Services and Undistributed Costs:					
Tuition	12,987,601				12,987,601
Student & Instruction Related Services	3,124,224	31,286			3,155,510
General Administration Services	708,491				708,491
School Administration Services	967,675				967,675
Central Services	366,049				366,049
Administrative Information Technology	111,774				111,774
Plant Operations and Maintenance	1,881,080				1,881,080
Pupil Transportation	1,850,927				1,850,927
Unallocated Benefits	8,872,757				8,872,757

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Capital Outlay	\$ 948,716	\$ 7,000			\$ 955,716
Debt Service:					
Principal				\$ 1,235,000	1,235,000
Interest and Other Charges				1,045,300	1,045,300
Total Expenditures	43,684,648	520,262		2,280,300	46,485,210
Excess/(Deficit) of Revenue over/(under) Expenditures	1,020,967			(49,101)	971,866
OTHER FINANCING SOURCES/(USES):					
Transfers In	43,137				43,137
Transfers Out			\$ (16,456)		(16,456)
SDA Grants Cancelled			(13,317)		(13,317)
School Refunding Bonds Issued				15,490,000	15,490,000
School Bonds Defeased				(17,100,000)	(17,100,000)
Bond Premium				2,127,240	2,127,240
Bond Issuance Costs				(141,823)	(141,823)
Deferred Amount on Refunding				(375,417)	(375,417)
Total Other Financing Sources/(Uses)	43,137		(29,773)		13,364
Net Change in Fund Balances	1,064,104		(29,773)	(49,101)	985,230
Fund Balance—July 1	4,323,296		29,773	49,101	4,402,170
Fund Balance—June 30	\$ 5,387,400	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 5,387,400

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 985,230
Amounts Reported for Governmental Activities in the Statement Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletions of capital assets, net of accumulated depreciation in the period.	
Depreciation Expense	\$ (1,761,969)
Deletion of Capital Assets, Net of Accumulated Depreciation	(321,861)
Capital Outlays	<u>1,335,845</u>
	(747,985)
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, 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 (+).	
	34,314
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+).	
	1,235,000
The governmental funds report the effect of the deferred amount on refunding relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).	
	(57,372)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction to the reconciliation (-). When the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	
	(88,821)
The governmental funds report the effect of premiums and the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
	15,953
Debt issued for the advanced refunding less the amount of bonds defeased are are not recorded in the governmental funds.	
School Bonds Issued	\$(15,490,000)
School Bonds Defeased	17,100,000
Deferred Amount on School Bond Refunding	375,417
School Bond Premium	<u>(2,127,240)</u>
	(141,823)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(1,372,509)
Deferred Outflows:	
Changes in Assumptions	687,706
Changes in Proportion	(10,441)
Difference between Expected and Actual Experience	202,466
Deferred Inflows:	
Changes in Proportion	(30,448)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>287,524</u>
Change in Net Position of Governmental Activities (from Exhibit A-2)	<u>\$ 998,794</u>

Exhibit B-4

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities - Enterprise Funds
	Major Fund
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 177,141
Accounts Receivable:	
State	413
Federal	6,041
Interfund Receivable:	
General Fund	76,655
Inventories	5,659
 Total Current Assets	 265,909
 Non-Current Assets:	
Capital Assets	514,039
Less: Accumulated Depreciation	(409,269)
 Total Non-Current Assets	 104,770
 Total Assets	 370,679
 LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	40,912
Prepaid Sales	13,061
Unearned Revenue	6,276
 Total Current Liabilities	 60,249
 NET POSITION:	
Investment in Capital Assets	104,770
Unrestricted	205,660
 Total Net Position	 \$ 310,430

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

Exhibit B-5

BRANCHBURG BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities-Enterprise Funds		
	Major Fund		Total
	Food Service	Non-Major Fund	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 284,392		\$ 284,392
Daily Sales - Non-Reimbursable Programs	308,132		308,132
Total Operating Revenue	592,524		592,524
Operating Expenses:			
Cost of Sales - Reimbursable Programs	158,849		158,849
Cost of Sales - Non-Reimbursable Programs	142,675		142,675
Salaries, Benefits & Payroll Taxes	283,190		283,190
Supplies and Materials	15,268		15,268
Food Service Management Fee	16,340		16,340
Purchased Professional Services	17,763		17,763
Depreciation	12,339		12,339
Total Operating Expenses	646,424		646,424
Operating (Loss)	(53,900)		(53,900)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	4,821		4,821
Federal Sources:			
National School Lunch Program	69,580		69,580
Food Distribution Program	19,956		19,956
Local Sources:			
Interest Income	2,136		2,136
Total Non-Operating Revenue	96,493		96,493
Change in Net Position before Transfers	42,593		42,593
Transfer - General Fund		\$ (26,681)	(26,681)
Change in Net Position	42,593	(26,681)	15,912
Net Position - Beginning of Year	267,837	26,681	294,518
Net Position - End of Year	\$ 310,430	\$ -0-	\$ 310,430

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Major Fund</u>		
	<u>Food Service</u>	<u>Non-Major Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 588,730		\$ 588,730
Payments to Employees	(283,190)		(283,190)
Payments to Suppliers	(291,310)		(291,310)
Net Cash Provided by/(Used for) Operating Activities	<u>14,230</u>		<u>14,230</u>
Cash Flows from Investing Activities:			
Interest Income	2,136		2,136
Net Cash Provided by Investing Activities	<u>2,136</u>		<u>2,136</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	73,910		73,910
Cash Disbursed to General Fund		\$ (26,681)	(26,681)
Cash Disbursed to Community Education Fund	(1,352)		(1,352)
Cash Received from Food Service Program		1,352	1,352
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>72,558</u>	<u>(25,329)</u>	<u>47,229</u>
Net Increase (Decrease) in Cash and Cash Equivalents	88,924	(25,329)	63,595
Cash and Cash Equivalents, July 1	88,217	25,329	113,546
Cash and Cash Equivalents, June 30	<u>\$ 177,141</u>	<u>\$ -0-</u>	<u>\$ 177,141</u>
Reconciliation of Operating (Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating (Loss)	\$ (53,900)		\$ (53,900)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,339		12,339
Federal Food Distribution Program	19,956		19,956
Changes in Assets and Liabilities:			
(Increase) in Inventory	(560)		(560)
(Decrease) in Prepaid Sales	(3,794)		(3,794)
Increase in Unearned Revenue	2,945		2,945
Increase in Accounts Payable	37,244		37,244
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 14,230</u>	<u>\$ -0-</u>	<u>\$ 14,230</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$22,901 and utilized \$19,956 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2016.

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

Exhibit B-7

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 62,106	\$ 625,608	\$ 2,240
Interfund Receivable:			
General Fund	<u>25,373</u>	<u> </u>	<u> </u>
Total Assets	<u>87,479</u>	<u>625,608</u>	<u>2,240</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	1,145		
Accrued Salaries and Wages	25,662		
Summer Savings Deductions Payable	1,207		
Due to Student Groups	<u>59,465</u>	<u> </u>	<u> </u>
Total Liabilities	<u>87,479</u>	<u> </u>	<u> </u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		625,608	
Held in Trust for Flexible Spending Claims			<u>2,240</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 625,608</u>	<u>\$ 2,240</u>

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

Exhibit B-8

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 46,456	\$ 9,460
Interest Earnings	892	
Total Additions	<u>47,348</u>	<u>9,460</u>
DEDUCTIONS:		
Unemployment Benefit Claims	58,800	
Flexible Spending Claims		8,977
Total Deductions	<u>58,800</u>	<u>8,977</u>
Change in Net Position	(11,452)	483
Net Position - July 1	<u>637,060</u>	<u>1,757</u>
Net Position - June 30	<u>\$ 625,608</u>	<u>\$ 2,240</u>

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Branchburg 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 publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two elementary schools and a middle school located in the Township of Branchburg. 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 District 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 nonexchange 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 in the 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 governmental 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 noninstructional equipment which are classified in the capital outlay subfund.

As required by the 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. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for 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 major capital facilities (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 expenditures for principal and interest.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

Enterprise (Food Service) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The 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.

Enterprise (Community Education) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's community education program. The 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.

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 include the Student Activities and Payroll Agency Funds and the Flexible Spending and Unemployment Compensation Insurance Trust Funds.

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 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

C. Measurement Focus and Basis of Accounting: (Cont'd)

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 budgets for the fiscal year ended June 30, 2016 was submitted to the County office and 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).

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 in the GAAP financial statements.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows
and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 44,705,465	\$ 520,262
Differences - Budget to GAAP:		
Prior Year State Aid payments recognized for GAAP Statements	188,986	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	(188,836)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 44,705,615	\$ 520,262
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,684,648	\$ 520,262
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,684,648	\$ 520,262

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise funds. 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 restrict a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures 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 enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Furniture, 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amount earned by these employees but not disbursed was \$25,662.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with District personnel policies. Upon termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after varying years of service based upon employees' individual contracts.

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 after one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$5,387,400 General Fund balance at June 30, 2016, \$212,364 is assigned for encumbrances; \$1,893,562 is restricted in the capital reserve account; \$23,800 is restricted in the maintenance reserve account; \$120,000 is restricted in the emergency reserve account; \$1,800,000 is restricted in the tuition reserve account of which \$900,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2017 and \$900,000 will be appropriated as anticipated revenue for the year ending June 30, 2018; \$209,106 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2018; \$17,476 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2017; \$430,860 is designated for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; and \$680,232 is unassigned fund balance which is \$188,836 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2017.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73 (S1701), the designation for 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 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, 2016 as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$188,836 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 state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two 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 two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$9,743,207 in governmental activities, which is due to accrued interest payable of \$558,563, \$741,105 of compensated absences payable, an unamortized bond premium of \$2,273,497, investment gains in pensions of \$136,452, changes in proportion in pensions of \$30,448 and net pension liability of \$8,486,841 offset by \$430,860 of fund balance assigned for subsequent year's expenditures, \$212,364 of fund balance assigned for encumbrances, changes in pension assumptions of \$911,419, changes in proportion in pensions of \$46,358, difference between expected and actual experience in pensions of \$202,466 and Governmental Funds unassigned fund balance of \$680,232. This deficit does not indicate that the District is having 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 inflows of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments and changes in proportions in pensions. The District had deferred outflows of resources at June 30, 2016 for the Deferred Amount on Bond Refunding, changes in assumptions in pensions, changes in proportions in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date for pensions.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

R. Net Position: (Cont'd)

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.

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, an emergency 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 in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2016.

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 amounts designated for subsequent year's expenditures at June 30, 2016.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

T. Revenue - Exchange and Nonexchange 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.

Nonexchange 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 nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are sales for food service and summer enrichment program fees. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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.

Investments are stated at cost, which approximates market. 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, 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.

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%.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve	Tuition Reserve	
Checking and Savings Accounts	<u>\$ 2,264,704</u>	<u>\$ 1,893,562</u>	<u>\$ 23,800</u>	<u>\$ 120,000</u>	<u>\$ 1,800,000</u>	<u>\$ 6,102,066</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$6,102,066 and the bank balance was \$6,948,640.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 4. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. 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.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	50,000
Decreased by:		
Budget Withdrawals		(26,200)
Ending Balance, June 30, 2016	\$	23,800

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 a transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriation, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015		\$	866,873
Increased by:			
Interest Earnings	\$		1,657
Transfer by Board Resolution June 2016			1,200,000
Unexpended Funds of Completed Capital Projects			16,456
Unexpended Funds of Budgeted Withdrawal for Capital Outlay			<u>87,076</u>
			<u>1,305,189</u>
Decreased by:			
Budgeted Withdrawal for Capital Outlay			<u>2,172,062</u>
			<u>(278,500)</u>
Ending Balance, June 30, 2016			<u><u>\$ 1,893,562</u></u>

The balance in the capital reserve account as of June 30, 2016 does not exceed the LRFPP 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 District's LRFPP.

NOTE 6. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution in June 2011. The account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015		\$	<u>120,000</u>
Ending Balance, June 30, 2016			<u><u>\$ 120,000</u></u>

NOTE 7. 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. 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.

The District established a \$900,000 tuition reserve during 2014/2015 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2017 and a \$900,000 tuition reserve during 2015/2016 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2018.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,367,600			\$ 2,367,600
Construction in Progress	64,609		\$ (64,609)	
Total Capital Assets not Being Depreciated	<u>2,432,209</u>		<u>(64,609)</u>	<u>2,367,600</u>
Capital Assets Being Depreciated:				
Site Improvements	1,099,725	\$ 74,232		1,173,957
Buildings and Building Improvements	57,098,224	608,976	(246,960)	57,460,240
Machinery and Equipment	8,179,482	652,637	(292,000)	8,540,119
Total Capital Assets Being Depreciated	<u>66,377,431</u>	<u>1,335,845</u>	<u>(538,960)</u>	<u>67,174,316</u>
Governmental Activities Capital Assets	<u>68,809,640</u>	<u>1,335,845</u>	<u>(603,569)</u>	<u>69,541,916</u>
Less Accumulated Depreciation for:				
Site Improvements	(834,769)	(45,101)		(879,870)
Buildings and Building Improvements	(22,347,399)	(1,356,606)	18,908	(23,685,097)
Machinery and Equipment	(6,439,720)	(360,262)	262,800	(6,537,182)
Total Accumulated Depreciation	<u>(29,621,888)</u>	<u>(1,761,969)</u>	<u>281,708</u>	<u>(31,102,149)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 39,187,752</u>	<u>\$ (426,124)</u>	<u>\$ (321,861)</u>	<u>\$ 38,439,767</u>
Business -Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 514,039			\$ 514,039
Less: Accumulated Depreciation	(396,930)	\$ (12,339)		(409,269)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 117,919</u>	<u>\$ (12,339)</u>	<u>\$ -0-</u>	<u>\$ 104,770</u>

The District transferred \$64,609 of completed construction projects to depreciable capital assets during the fiscal year and had no active capital projects as of June 30, 2016.

Depreciation expense was charged to governmental functions as follows:

Student & Instruction Related Services	\$ 120,984
Plant Operations and Maintenance	74,358
Pupil Transportation	104,295
Unallocated Depreciation	1,462,332
	<u>\$ 1,761,969</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in the long-term liabilities reported in the District-wide financial statements:

	Balance June 30, 2015	Accrued	Retired	Balance June 30, 2016
Serial Bonds Payable	\$ 25,790,000	\$ 15,490,000	\$ 18,335,000	\$ 22,945,000
Unamortized Bond Issuance Premium	162,210	2,127,240	15,953	2,273,497
Net Pension Liability	7,114,332	1,372,509		8,486,841
Compensated Absences Payable	775,419	25,086	59,400	741,105
	<u>\$ 33,841,961</u>	<u>\$ 19,014,835</u>	<u>\$ 18,410,353</u>	<u>\$ 34,446,443</u>

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 and will be retired through the Debt Service Fund. The current portion of bonds payable is \$1,505,000 and the long-term portion is \$21,440,000.

On March 15, 2016, the District issued refunding school bonds of \$15,490,000 with interest rates ranging from 2.00% to 5.00% to refund \$15,770,000 of 2006 refunding school bonds with interest rates ranging from 4.00% to 5.00% and \$1,330,000 of 2007 school bonds with an interest rate of 4.00%. The bonds mature on July 15, 2016 through 2031 and are non-callable. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2006 refunding school bonds and 2007 school bonds were called on July 15, 2016. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the refunding, the District will realize a total of \$2,808,945 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$2,358,677, or 13.79%, of the bonds refunded.

The District had bonds outstanding as of June 30, 2016 as follows:

Purpose	<u>Serial Bonds</u>		Amount
	Final Maturity	Interest Rates	
Refunding Bonds of 2006	07/15/16	4.00% to 5.00%	\$ 490,000
School Bonds of 2007	02/01/17	4.00%	235,000
Refunding Bonds of 2010	02/01/26	3.00% to 4.00%	6,730,000
Refunding Bonds of 2016	07/15/31	2.00% to 5.00%	15,490,000
			<u>\$ 22,945,000</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

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

<u>Fiscal Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,505,000	\$ 1,115,627	\$ 2,620,627
2018	1,215,000	836,794	2,051,794
2019	1,285,000	802,194	2,087,194
2020	1,370,000	758,294	2,128,294
2021	1,470,000	707,494	2,177,494
2022-2026	8,520,000	2,619,056	11,139,056
2027-2031	6,190,000	942,313	7,132,313
2032	1,390,000	45,450	1,435,450
	<u>\$ 22,945,000</u>	<u>\$ 7,827,222</u>	<u>\$ 30,772,222</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the District has no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$14,770 and the long-term portion is \$726,335.

There is no liability for compensated absences in the District's Enterprise Funds.

D. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$148,906 and is separated from the long-term liability balance of \$2,124,591.

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, 2016 is \$-0- and the long-term portion is \$8,486,841. See Note 11 for further information on the PERS.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2016, the District made transfers to capital outlay accounts in the amount of \$297,145 for equipment which did not require County Superintendent approval.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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 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. 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$325,036 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$8,486,841 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.0378%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$560,726. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 181,668	
	2015	5.72	729,751	
Difference Between Expected & Actual Experience	2015	5.72	202,466	
Changes in Proportion	2014	6.44	46,358	
	2015	5.72		\$ 30,448
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		316,378
	2015	5.00		(179,926)
District Contribution Subsequent to the Measurement Date	2015	1.00	344,139	
			<u>\$ 1,504,382</u>	<u>\$ 166,900</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. 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 District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 177,942
2017	177,942
2018	177,942
2019	283,401
2020	160,206
	<u>\$ 977,433</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. 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 (7.90% at June 30, 2015) 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 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2015 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:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 10,548,105	\$ 8,486,841	\$ 6,758,692

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

During the fiscal year ended 2016, the State of New Jersey contributed \$1,026,484 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,050,157.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$82,709,452. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.131%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability	
Attributable to the District	82,709,452
Total	\$ 82,709,452

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$5,050,157 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 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:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		\$ 7,521,378,257	\$ 554,399,005

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. 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)

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate-TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's 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.

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 98,297,092	\$ 82,709,452	\$ 69,279,767

Pension Plan Fiduciary Net Position - TPAF

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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 \$18,650 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$26,607 for the fiscal year ended June 30, 2016.

NOTE 12. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,222,258, \$1,123,126 and \$901,366 for 2016, 2015, and 2014, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 13. DEFERRED COMPENSATION

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

- AXA Equitable
- Lincoln Investment Planning
- Fidelity Investments

AXA Equitable is the plan administrator for the District’s Internal Revenue Code Section 457 plan.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 38,776	\$ 102,028
Special Revenue Fund		38,776
Proprietary Fund - Food Service	76,655	
Fiduciary Funds	25,373	
	\$ 140,804	\$ 140,804

The interfund receivable in the General Fund and the interfund payable in Special Revenue Fund represent funds advanced to the Special Revenue Fund for cash flow purposes awaiting the collection of federal grants receivable. The interfund between the General Fund and the Payroll Agency Fiduciary Fund is the amount of accrued salary earned which will be transferred to the fiduciary funds. The interfund between the Food Service Fund and the General Fund is attributable to federal and state subsidies which have not yet been transferred to the Food Service Fund.

NOTE 15. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. 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 maintains insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Branchburg Township School District is a member of the New Jersey Schools Insurance Group (“NJSIG”) (the “Group”). The Group provides its members with Workers’ Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The Group is a risk-sharing fund that is both an insured and a self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at 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 Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group’s liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Group as of June 30, 2016 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 311,014,416</u>
Net Position	<u>\$ 68,222,364</u>
Total Revenue	<u>\$ 124,872,219</u>
Total Expenses	<u>\$ 113,965,181</u>
Change in Net Position	<u>\$ 10,907,038</u>
Member Dividends	<u>\$ -0-</u>

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. 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.

A summary of the District and employee contributions, interest, reimbursements to the State for benefits paid and balance of the District's Unemployment Fiduciary Fund for the current and previous two years follows:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ - 0 -	\$ 47,348	\$ 58,800	\$ 625,608
2015	- 0 -	48,349	35,516	637,060
2014	- 0 -	49,464	42,947	624,227

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2016:

	<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>
Vendors	\$ 172,232		\$ 172,232	\$ 40,912
Due to the State of New Jersey		\$ 344,139	344,139	
	<u>\$ 172,232</u>	<u>\$ 344,139</u>	<u>\$ 516,371</u>	<u>\$ 40,912</u>

NOTE 18. 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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 19. 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.

Litigation

The District estimates that any potential claims (not covered by insurance) resulting from litigation would not materially affect its financial position.

Encumbrances

At June 30, 2016, there were \$212,364 of encumbrances in the general fund and governmental funds.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0379983601%	0.037806674%
District's proportionate share of the net pension liability	\$ 7,114,332	\$ 8,486,841
District's covered employee payroll	\$ 2,552,695	\$ 2,625,017
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	278.70%	323.31%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 313,253	\$ 325,036
Contributions in relation to the contractually required contribution	<u>(313,253)</u>	<u>(325,036)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,625,017	\$ 2,354,627
Contributions as a percentage of covered employee payroll	11.93%	13.80%

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

BRANCBURG 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 TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0129949562%	0.0130860545%
State's proportionate share of the net pension liability attributable to the District	\$ 69,453,811	\$ 82,709,452
District's covered employee payroll	\$ 12,821,832	\$ 13,262,413
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	541.68%	623.64%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FISCAL YEAR
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
Contractually required contribution	\$ 3,737,267	\$ 5,050,157
Contributions in relation to the contractually required contribution	(707,480)	(1,026,484)
Contribution deficiency/(excess)	\$ 3,029,787	\$ 4,023,673
District's covered employee payroll	\$ 13,262,413	\$ 14,997,930
Contributions as a percentage of covered employee payroll	5.33%	6.84%

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
Local Sources:					
Local Tax Levy	\$ 38,963,858		\$ 38,963,858	\$ 38,963,858	
Tuition - From Individuals	70,000		70,000	65,675	\$ (4,325)
Tuition - From Other LEA's	32,000		32,000	86,471	54,471
Rents and Royalties				50,670	50,670
Interest Earned on Capital Reserve Funds				1,657	1,657
Interest on Investments				6,847	6,847
Unrestricted Miscellaneous Revenue	38,000		38,000	61,961	23,961
Total - Local Sources	<u>39,103,858</u>		<u>39,103,858</u>	<u>39,237,139</u>	<u>133,281</u>
State Sources:					
Transportation Aid	408,584		408,584	408,584	
Categorical Special Education Aid	1,310,668		1,310,668	1,310,668	
Security Aid	194,058		194,058	194,058	
Per Pupil Growth Aid	23,145		23,145	23,145	
PARCC Readiness Aid	23,145		23,145	23,145	
Extraordinary Aid	250,000		250,000	287,480	37,480
Nonpublic Transportation				21,882	21,882
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				1,026,484	1,026,484
Post-Retirement Medical Benefits				1,222,258	1,222,258
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				950,622	950,622
Total State Sources	<u>2,209,600</u>		<u>2,209,600</u>	<u>5,468,326</u>	<u>3,258,726</u>
Total Revenue	<u>41,313,458</u>		<u>41,313,458</u>	<u>44,705,465</u>	<u>3,392,007</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 70,320		\$ 70,320	\$ 42,108	\$ 28,212
Kindergarten - Salaries of Teachers	546,220		546,220	541,929	4,291
Grades 1-5 - Salaries of Teachers	3,795,983	\$ (91,013)	3,704,970	3,704,970	
Grades 6-8 - Salaries of Teachers	2,857,135	(43,745)	2,813,390	2,813,390	
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000		10,000	2,019	7,981
Purchased Professional-Educational Services	3,500	18,405	21,905	15,078	6,827
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	800		800	795	5
Other Purchased Services	143,343	(58,287)	85,056	58,460	26,596
General Supplies	636,325	31,263	667,588	637,004	30,584
Textbooks	13,000		13,000	11,475	1,525
Workmen's Compensation	11,680	(11,680)			
Other Objects	980		980	484	496
Total Regular Programs - Instruction	8,089,286	(155,057)	7,934,229	7,827,712	106,517
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	261,730		261,730	252,843	8,887
Other Salaries for Instruction	59,320	22,500	81,820	81,636	184
Purchased Professional-Educational Services	48,000		48,000	36,249	11,751
General Supplies	2,000	1,200	3,200	2,907	293
Total Learning and/or Language Disabilities	371,050	23,700	394,750	373,635	21,115

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,934,123	\$ (45,554)	\$ 1,888,569	\$ 1,880,461	\$ 8,108
Other Salaries for Instruction	201,983	(20,032)	181,951	105,642	76,309
General Supplies	28,500	2,040	30,540	29,719	821
Other Purchased Services	12,000		12,000		12,000
Workmen's Compensation	5,840	(5,840)			
Total Resource Room/Resource Center	<u>2,182,446</u>	<u>(69,386)</u>	<u>2,113,060</u>	<u>2,015,822</u>	<u>97,238</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	117,240	(54,655)	62,585	46,547	16,038
Other Salaries for Instruction	62,896	4,054	66,950	66,950	
Purchased Professional-Educational Services	12,000		12,000	3,063	8,937
General Supplies	9,950	(8,825)	1,125	951	174
Total Preschool Disabilities - Part Time	<u>202,086</u>	<u>(59,426)</u>	<u>142,660</u>	<u>117,511</u>	<u>25,149</u>
Preschool Disabilities - Full Time:					
Salaries of Teachers		61,837	61,837	61,837	
Total Preschool Disabilities - Full Time		<u>61,837</u>	<u>61,837</u>	<u>61,837</u>	
Total Special Education - Instruction	<u>2,755,582</u>	<u>(43,275)</u>	<u>2,712,307</u>	<u>2,568,805</u>	<u>143,502</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	906,960	63,845	970,805	953,240	17,565
Other Salaries for Instruction	17,648		17,648	16,256	1,392
Total Basic Skills/Remedial - Instruction	<u>924,608</u>	<u>63,845</u>	<u>988,453</u>	<u>969,496</u>	<u>18,957</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 118,040	\$ 8,150	\$ 126,190	\$ 126,190	
General Supplies	1,000		1,000	756	\$ 244
Total Bilingual Education - Instruction	<u>119,040</u>	<u>8,150</u>	<u>127,190</u>	<u>126,946</u>	<u>244</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	56,377		56,377	46,081	10,296
Supplies and Materials	4,850		4,850	1,788	3,062
Total School-Sponsored Cocurricular Activities - Instruction	<u>61,227</u>		<u>61,227</u>	<u>47,869</u>	<u>13,358</u>
Other Instructional Programs:					
Salaries	78,685		78,685	74,061	4,624
Supplies and Materials	9,780		9,780	9,709	71
Total Other Instructional Programs	<u>88,465</u>		<u>88,465</u>	<u>83,770</u>	<u>4,695</u>
Before/After School Programs- Support Services:					
Salaries	8,800	538	9,338	9,338	
Total Before/After School Programs - Support Services	<u>8,800</u>	<u>538</u>	<u>9,338</u>	<u>9,338</u>	
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	183,335	57,757	241,092	227,043	14,049
Purchased Professional & Technical Services	16,500		16,500	4,375	12,125
General Supplies	500		500		500
Total Other Supplemental/At-Risk Programs - Instruction	<u>200,335</u>	<u>57,757</u>	<u>258,092</u>	<u>231,418</u>	<u>26,674</u>
Total Instruction	<u>12,247,343</u>	<u>(68,042)</u>	<u>12,179,301</u>	<u>11,865,354</u>	<u>313,947</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Expenditures:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 10,358,571		\$ 10,358,571	\$ 10,332,538	\$ 26,033
Tuition to Other LEAs Within the State - Special	1,682,251	\$ (30,000)	1,652,251	1,456,214	196,037
Tuition to Private Schools for the Disabled - Within the St	1,479,242	(8,165)	1,471,077	1,099,919	371,158
Tuition to Co. Voc. School District - Regular	72,105	38,165	110,270	98,930	11,340
Total Undistributed Expenditures - Instruction	<u>13,592,169</u>		<u>13,592,169</u>	<u>12,987,601</u>	<u>604,568</u>
Attendance & Social Work:					
Salaries	10,309	51	10,360	10,360	
Total Attendance & Social Work	<u>10,309</u>	<u>51</u>	<u>10,360</u>	<u>10,360</u>	
Health Services:					
Salaries	392,905	(54,653)	338,252	280,913	57,339
Purchased Professional and Technical Services	5,500		5,500	5,500	
Supplies and Materials	6,900		6,900	5,355	1,545
Total Health Services	<u>405,305</u>	<u>(54,653)</u>	<u>350,652</u>	<u>291,768</u>	<u>58,884</u>
Speech, OT, PT and Related Services:					
Salaries	560,578	(4,000)	556,578	554,121	2,457
Purchased Professional - Educational Services	59,000	(15,000)	44,000	20,422	23,578
Supplies and Materials	9,088	885	9,973	9,703	270
Total Speech, OT, PT and Related Services	<u>628,666</u>	<u>(18,115)</u>	<u>610,551</u>	<u>584,246</u>	<u>26,305</u>
Other Support Services - Students - Extra Services					
Salaries	85,095	53,000	138,095	136,573	1,522
Total Other Support Services - Students - Extra Services	<u>85,095</u>	<u>53,000</u>	<u>138,095</u>	<u>136,573</u>	<u>1,522</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Guidance:					
Salaries of Other Professional Staff	\$ 365,828	\$ (3,800)	\$ 362,028	\$ 362,028	
Total Guidance	<u>365,828</u>	<u>(3,800)</u>	<u>362,028</u>	<u>362,028</u>	
Child Study Team:					
Salaries of Other Professional Staff	566,064	5,693	571,757	571,221	\$ 536
Salaries of Secretarial and Clerical Assistants	85,556	9	85,565	85,565	
Purchased Professional - Educational Services	21,100	48,339	69,439	69,439	
Miscellaneous Purchased Services (400-500 series)	22,300	748	23,048	22,847	201
Supplies and Materials	17,208	(3,400)	13,808	13,719	89
Other Objects	1,700	(62)	1,638	1,593	45
Total Child Study Team	<u>713,928</u>	<u>51,327</u>	<u>765,255</u>	<u>764,384</u>	<u>871</u>
Educational Media Services - School Library:					
Salaries	564,380	1	564,381	548,367	16,014
Supplies and Materials	15,600		15,600	14,890	710
Total Educational Media Services - School Library	<u>579,980</u>	<u>1</u>	<u>579,981</u>	<u>563,257</u>	<u>16,724</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	192,556	(6,662)	185,894	150,690	35,204
Salaries of Other Professional Staff	85,445	6,662	92,107	81,033	11,074
Salaries of Secretarial and Clerical Assistants	30,750	4,000	34,750	33,845	905
Purchased Professional - Educational Services	15,000		15,000	7,225	7,775
Other Purchased Services (400-500 series)	165,921	(5,432)	160,489	77,375	83,114
Supplies and Materials	3,000		3,000	2,760	240
Other Objects	4,000		4,000	1,757	2,243
Total Improvement of Instructional Services	<u>496,672</u>	<u>(1,432)</u>	<u>495,240</u>	<u>354,685</u>	<u>140,555</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 11,750		\$ 11,750	\$ 8,897	\$ 2,853
Purchased Professional - Educational Services	85,000		85,000	31,695	53,305
Other Purchased Services (400-500 series)	28,325		28,325	16,331	11,994
Total Instructional Staff Training Services	125,075		125,075	56,923	68,152
General Administration:					
Salaries	289,184	\$ (8,864)	280,320	278,202	2,118
Legal Services	50,000	2,637	52,637	51,476	1,161
Audit Fees	36,500	1,500	38,000	38,000	
Other Purchased Professional Services	14,600	28,950	43,550	36,343	7,207
Communications/Telephone	67,500	(12,182)	55,318	54,403	915
BOE Other Purchased Services	1,200		1,200	721	479
Miscellaneous Purchased Services (400-500 series)	169,919	(20,106)	149,813	138,422	11,391
General Supplies	4,000	129	4,129	4,110	19
BOE In-House Training and Meeting Supplies	1,000	3,399	4,399	4,330	69
Judgement Against School District		70,000	70,000	70,000	
Miscellaneous Expenditures	19,780	(1,861)	17,919	12,208	5,711
Board of Education Dues and Fees	23,000	(102)	22,898	20,276	2,622
Total General Administration	676,683	63,500	740,183	708,491	31,692
School Administration:					
Salaries of Principals/Assistant Principals	622,439	(2,146)	620,293	498,892	121,401
Salaries of Other Professional Staff	94,095	1,178	95,273	95,273	
Salaries of Secretarial and Clerical Assistants	360,127	968	361,095	359,887	1,208
Other Purchased Services (400-500 series)	10,325	(2)	10,323	4,127	6,196
Supplies and Materials	5,870	61	5,931	4,559	1,372
Other Objects	5,859		5,859	4,937	922
Total School Administration	1,098,715	59	1,098,774	967,675	131,099

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Expenditures:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Central Services:					
Salaries	\$ 318,001	\$ 13,931	\$ 331,932	\$ 331,932	
Purchased Professional Services	5,300	(1,000)	4,300	3,600	\$ 700
Miscellaneous Purchased Services (400-500 series)	20,500	750	21,250	20,512	738
Supplies and Materials	12,000	(2,535)	9,465	7,532	1,933
Miscellaneous Expenditures	3,000	(400)	2,600	2,473	127
Total Central Services	358,801	10,746	369,547	366,049	3,498
Administrative Information Technology:					
Salaries	18,354		18,354	18,354	
Purchased Technical Services	81,800		81,800	70,098	11,702
Other Purchased Services (400-500 series)	36,500		36,500	17,295	19,205
Supplies and Materials	29,400	(12,206)	17,194	5,952	11,242
Other Objects	370		370	75	295
Workmen's Compensation	584	(584)			
Total Administrative Information Technology	167,008	(12,790)	154,218	111,774	42,444
Required Maintenance for School Facilities:					
Salaries	330,745	(10,270)	320,475	320,095	380
Cleaning, Repair and Maintenance Services	146,685	(23,229)	123,456	87,429	36,027
General Supplies	130,656	(11,037)	119,619	97,545	22,074
Other Objects	1,900	4,344	6,244	5,539	705
Workmen's Compensation	64,242	(64,242)			
Total Required Maintenance for School Facilities	674,228	(104,434)	569,794	510,608	59,186

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Custodial Services:					
Salaries	\$ 174,367	\$ (126)	\$ 174,241	\$ 150,273	\$ 23,968
Cleaning, Repair and Maintenance Services	712,997	(12,095)	700,902	691,917	8,985
Other Purchased Property Services	24,500	6,216	30,716	25,496	5,220
Insurance	43,308		43,308	42,265	1,043
Miscellaneous Purchased Services	800		800	151	649
General Supplies	68,776	9,841	78,617	69,122	9,495
Energy (Natural Gas)	113,600	(3,561)	110,039	60,781	49,258
Energy (Electricity)	522,090	(10,543)	511,547	323,326	188,221
Other Objects	1,914		1,914	515	1,399
Total Custodial Services	<u>1,662,352</u>	<u>(10,268)</u>	<u>1,652,084</u>	<u>1,363,846</u>	<u>288,238</u>
Care and Upkeep of Grounds:					
Other Objects		6,626	6,626	6,626	
Total Care and Upkeep of Grounds		<u>6,626</u>	<u>6,626</u>	<u>6,626</u>	
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	667,528	49,173	716,701	716,684	17
Between Home & School - Special Education	179,303	13,037	192,340	192,340	
Other than Between Home & School	76,146	4,215	80,361	66,386	13,975
Other Purchased Professional and Technical Services	62,755	26,187	88,942	76,773	12,169
Cleaning, Repair and Maintenance Services	3,534		3,534	1,760	1,774
Contracted Services:					
Between Home & School - Vendors	97,240		97,240	88,083	9,157
Regular Students - ESC's & CTSA's	94,976	(94,976)			
Special Ed. Students - ESC's & CTSA's	601,423	(50,612)	550,811	527,434	23,377

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Student Transportation Services:					
Contracted Services:					
Aid in Lieu Payments - Nonpublic Students	\$ 56,576	\$ (11,000)	\$ 45,576	\$ 43,458	\$ 2,118
Aid in Lieu Payments - Choice Students		4,000	4,000	2,652	1,348
Miscellaneous Purchased Services - Transportation	500	700	1,200	996	204
General Supplies	133,027	(20,147)	112,880	61,076	51,804
Transportation Supplies	211,420	(125,000)	86,420	73,285	13,135
Workmen's Compensation	87,949	(87,949)			
Other Objects	700		700		700
Total Student Transportation Services	<u>2,273,077</u>	<u>(292,372)</u>	<u>1,980,705</u>	<u>1,850,927</u>	<u>129,778</u>
Unallocated Benefits:					
Social Security Contributions	350,000	(200)	349,800	319,043	30,757
Other Retirement Contributions - PERS	401,438	(4,250)	397,188	325,036	72,152
Other Retirement Contributions - Regular	12,000	6,650	18,650	18,650	
Workmen's Compensation		170,295	170,295	128,707	41,588
Health Benefits	5,250,740	(108,160)	5,142,580	4,711,645	430,935
Tuition Reimbursement	71,250	500	71,750	71,750	
Other Employee Benefits	73,875	(50,500)	23,375	12,602	10,773
Unused Sick Payment to Terminated/Retired Staff		85,960	85,960	85,960	
Total Unallocated Benefits	<u>6,159,303</u>	<u>100,295</u>	<u>6,259,598</u>	<u>5,673,393</u>	<u>586,205</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Expenditures:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Nonbudgeted:					
On-Behalf TPAF Pension Contribution				\$ 1,026,484	\$ (1,026,484)
On-Behalf TPAF Post-Retirement Medical Benefits				1,222,258	(1,222,258)
Reimbursed TPAF Social Security Contributions				950,622	(950,622)
Total On-Behalf Contributions				<u>3,199,364</u>	<u>(3,199,364)</u>
Total Personal Services - Employee Benefits	<u>\$ 6,159,303</u>	<u>\$ 100,295</u>	<u>\$ 6,259,598</u>	<u>8,872,757</u>	<u>(2,613,159)</u>
Total Undistributed Expenditures	<u>30,073,194</u>	<u>(212,259)</u>	<u>29,860,935</u>	<u>30,870,578</u>	<u>(1,009,643)</u>
Total Current Expense	<u>42,320,537</u>	<u>(280,301)</u>	<u>42,040,236</u>	<u>42,735,932</u>	<u>(695,696)</u>
Capital Outlay:					
Equipment:					
Auditory Impairments		3,275	3,275	3,275	
School Administrative		16,996	16,996	5,110	11,886
Administrative Information Technology	30,000	21,418	51,418	34,268	17,150
Required Maintenance of School Facilities	9,000	50,479	59,479	58,775	704
School Buses - Regular	<u>247,000</u>	<u>204,977</u>	<u>451,977</u>	<u>240,080</u>	<u>211,897</u>
Total Equipment	<u>286,000</u>	<u>297,145</u>	<u>583,145</u>	<u>341,508</u>	<u>241,637</u>
Facilities Acquisition and Construction Services:					
Construction Services	683,655	(16,844)	666,811	564,484	102,327
Other Objects - SDA Debt Service Assessment	<u>42,724</u>		<u>42,724</u>	<u>42,724</u>	
Total Facilities Acquisition and Construction Services	<u>726,379</u>	<u>(16,844)</u>	<u>709,535</u>	<u>607,208</u>	<u>102,327</u>
Total Capital Outlay Expenditures	<u>1,012,379</u>	<u>280,301</u>	<u>1,292,680</u>	<u>948,716</u>	<u>343,964</u>
Total Expenditures	<u>43,332,916</u>		<u>43,332,916</u>	<u>43,684,648</u>	<u>(351,732)</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (2,019,458)	\$ - 0 -	\$ (2,019,458)	\$ 1,020,817	\$ 3,040,275
Other Financing Sources/(Uses):					
Transfer from Enterprise Fund - Community Education Program				26,681	26,681
Transfer from Capital Projects Fund - Unexpended Balances				16,456	16,456
Total Other Financing Sources/(Uses)				43,137	43,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,019,458)		(2,019,458)	1,063,954	3,083,412
Fund Balance, July 1	4,512,282		4,512,282	4,512,282	
Fund Balance, June 30	\$ 2,492,824	\$ - 0 -	\$ 2,492,824	\$ 5,576,236	\$ 3,083,412
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,893,562	
Maintenance Reserve				23,800	
Tuition Reserve - For 2016-2017				900,000	
Tuition Reserve - For 2017-2018				900,000	
Emergency Reserve				120,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				17,476	
Excess Surplus				209,106	
Assigned:					
Designated for Subsequent Year's Expenditures				430,860	
Year-end Encumbrances				212,364	
Unassigned				869,068	
				5,576,236	
Reconciliation to Governmental Fund Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(188,836)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,387,400	

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 27,509	\$ 20,372	\$ 47,881	\$ 30,767	\$ (17,114)
State Sources	9,574	(5,413)	4,161	2,488	(1,673)
Federal Sources	580,433	21,603	602,036	487,007	(115,029)
Total Revenue	<u>617,516</u>	<u>36,562</u>	<u>654,078</u>	<u>520,262</u>	<u>(133,816)</u>
Expenditures:					
Instruction:					
Salaries of Teachers	18,934	(2,676)	16,258	14,976	1,282
Purchased Professional and Technical Services	688	21,426	22,114	18,620	3,494
Tuition	495,157	174	495,331	395,331	100,000
General Supplies	45,068	23,165	68,233	52,260	15,973
Textbooks	2,205	(1,005)	1,200	789	411
Total Instruction	<u>562,052</u>	<u>41,084</u>	<u>603,136</u>	<u>481,976</u>	<u>121,160</u>
Support Services:					
Salaries of Other Professional Staff	7,441	(1,651)	5,790	5,053	737
Purchased Professional and Technical Services	4,104	(4,104)			
Purchased Professional/Educational Services	30,500		30,500	19,552	10,948
Other Purchased Services	5,133	1,233	6,366	5,395	971
Supplies and Materials	1,286		1,286	1,286	
Total Support Services	<u>48,464</u>	<u>(4,522)</u>	<u>43,942</u>	<u>31,286</u>	<u>12,656</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	7,000		7,000	7,000	
Total Facilities Acquisition and Construction Services	<u>7,000</u>		<u>7,000</u>	<u>7,000</u>	
Total Expenditures	<u>617,516</u>	<u>36,562</u>	<u>654,078</u>	<u>520,262</u>	<u>133,816</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 44,705,465	\$ 520,262
Differences - Budget to GAAP:		
Prior Year State Aid Payments recognized for GAAP statements	188,986	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(188,836)	
	<u>\$ 44,705,615</u>	<u>\$ 520,262</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
	<u>\$ 44,705,615</u>	<u>\$ 520,262</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,684,648	\$ 520,262
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,684,648</u>	<u>\$ 520,262</u>

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, 2016 was submitted to the County office and was approved by a vote 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. All budget amendments and transfers must be made by school Board resolution. All budgeting 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 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 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 in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>No Child Left Behind</u>			<u>IDEA, Part B</u>	
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III Immigrant</u>	<u>Basic</u>	<u>Preschool</u>
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 42,649	\$ 24,055	\$ 4,713	\$ 395,331	\$ 20,259
Total Revenue	<u>42,649</u>	<u>24,055</u>	<u>4,713</u>	<u>395,331</u>	<u>20,259</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	14,976				
Purchased Professional and Technical Services					
Tuition				395,331	
General Supplies	22,656		3,821		13,259
Textbooks					
Total Instruction	<u>37,632</u>		<u>3,821</u>	<u>395,331</u>	<u>13,259</u>
Support Services:					
Salaries of Other Professional Staff	3,731				
Purchased Professional and Educational Services		19,552			
Other Purchased Services		4,503	892		
Supplies and materials	1,286				
Total Support Services	<u>5,017</u>	<u>24,055</u>	<u>892</u>		
Facilities Acquisition/Construction:					
Instructional Equipment					7,000
Total Facilities Acquisition/Construction					<u>7,000</u>
Total Expenditures	<u>\$ 42,649</u>	<u>\$ 24,055</u>	<u>\$ 4,713</u>	<u>\$ 395,331</u>	<u>\$ 20,259</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic			Local Grants	Totals June 30, 2016
	Textbooks	Nursing	Technology		
REVENUE:					
Local Sources				\$ 30,767	\$ 30,767
State Sources	\$ 789	\$ 1,322	\$ 377		2,488
Federal Sources					487,007
Total Revenue	789	1,322	377	30,767	520,262
EXPENDITURES:					
Instruction:					
Salaries of Teachers					14,976
Purchased Professional and Technical Services				18,620	18,620
Tuition					395,331
General Supplies			377	12,147	52,260
Textbooks	789				789
Total Instruction	789		377	30,767	481,976
Support Services:					
Salaries of Other Professional Staff		1,322			5,053
Purchased Professional and Educational Services					19,552
Other Purchased Services					5,395
Supplies and materials					1,286
Total Support Services		1,322			31,286
Facilities Acquisition/Construction:					
Instructional Equipment					7,000
Total Facilities Acquisition/Construction					7,000
Total Expenditures	\$ 789	\$ 1,322	\$ 377	\$ 30,767	\$ 520,262

CAPITAL PROJECTS FUND

Exhibit F-1

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Other Financing Uses:	
Operating Transfer Out - General Fund - Unexpended Balances	\$ (16,456)
SDA Grant Cancelled	<u>(13,317)</u>
Total Other Financing Uses	<u>(29,773)</u>
Net Change in Fund Balance	<u>(29,773)</u>
Fund Balance - July 1	<u>29,773</u>
Fund Balance - June 30	<u><u>\$ - 0 -</u></u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL BLEACHER SAFETY RAILS AND WALL PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 4,298	\$ (4,298)		
Transfer from Capital Reserve	5,787	(2,537)	\$ 3,250	\$ 3,250
	<u>10,085</u>	<u>(6,835)</u>	<u>3,250</u>	<u>3,250</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Construction Services	3,250		3,250	3,250
	<u>3,250</u>		<u>3,250</u>	<u>3,250</u>
Total Expenditures				
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	<u>\$ 6,835</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number:	SP0510-020-01-OAED
Grant Date	11/10/2005
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 10,745
Revised Authorized Cost	\$ 3,250
Percentage Completion	100%
Original Target Completion Date	12/31/2006
Revised Target Completion Date	12/31/2007

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 9,863	\$ (5,829)	\$ 4,034	\$ 4,034
Transfer from Capital Reserve	14,795	(8,745)	6,050	6,050
	<u>24,658</u>	<u>(14,574)</u>	<u>10,084</u>	<u>10,084</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	10,084		10,084	10,084
	<u>10,084</u>		<u>10,084</u>	<u>10,084</u>
Total Expenditures				
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 14,574</u>	<u>\$ (14,574)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-020-09-0ZXU
Grant Date	9/24/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 24,658
Revised Authorized Cost	\$ 10,084
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
STONY BROOK SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,633	\$ (1,067)	\$ 566	\$ 566
Transfer from Capital Reserve	2,449	(1,599)	850	850
Total Revenue and Other Financing Sources	<u>4,082</u>	<u>(2,666)</u>	<u>1,416</u>	<u>1,416</u>
Expenditures:				
Purchased Professional and Technical Services	1,416		1,416	1,416
Total Expenditures	<u>1,416</u>		<u>1,416</u>	<u>1,416</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,666</u>	<u>\$ (2,666)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-060-09-0ZXW
Grant Date	9/24/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 4,082
Revised Authorized Cost	\$ 1,416
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
WHITON SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 3,256	\$ (2,123)	\$ 1,133	\$ 1,133
Transfer from Capital Reserve	4,883	(3,184)	1,699	1,699
Total Revenue and Other Financing Sources	<u>8,139</u>	<u>(5,307)</u>	<u>2,832</u>	<u>2,832</u>
Expenditures:				
Purchased Professional and Technical Services	2,832		2,832	2,832
Total Expenditures	<u>2,832</u>		<u>2,832</u>	<u>2,832</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 5,307</u>	<u>\$ (5,307)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-090-09-0ZXX
Grant Date	9/27/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 8,139
Revised Authorized Cost	\$ 2,832
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS

OLD YORK SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,855	\$ (392)	\$ 2,463	\$ 2,463
Total Revenue and Other Financing Sources	<u>2,855</u>	<u>(392)</u>	<u>2,463</u>	<u>2,463</u>
Expenditures:				
Supplies and Materials	<u>2,463</u>		<u>2,463</u>	<u>2,463</u>
Total Expenditures	<u>2,463</u>		<u>2,463</u>	<u>2,463</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 392</u>	<u>\$ (392)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,855
Revised Authorized Cost	\$ 2,463
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

PROPRIETARY FUNDS

Exhibit G-1

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 177,141		\$ 177,141
Accounts Receivable:			
State	413		413
Federal	6,041		6,041
Interfund Receivable:			
General Fund	76,655		76,655
Inventories	5,659		5,659
Total Current Assets	<u>265,909</u>		<u>265,909</u>
Capital Assets:			
Furniture & Equipment	514,039		514,039
Accumulated Depreciation	(409,269)		(409,269)
Total Capital Assets, Net	<u>104,770</u>		<u>104,770</u>
Total Assets	<u>370,679</u>		<u>370,679</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	40,912		40,912
Prepaid Sales	13,061		13,061
Unearned Revenue	6,276		6,276
Total Current Liabilities	<u>60,249</u>		<u>60,249</u>
NET POSITION:			
Investment in Capital Assets	104,770		104,770
Unrestricted	205,660		205,660
Total Net Position	<u>\$ 310,430</u>	<u>\$ -0-</u>	<u>\$ 310,430</u>

Exhibit G-2

BRANCHBURG BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	<u>Totals</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 284,392		\$ 284,392
Daily Sales - Non-Reimbursable Programs	308,132		308,132
Total Operating Revenue	<u>592,524</u>		<u>592,524</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	158,849		158,849
Cost of Sales - Non-Reimbursable Programs	142,675		142,675
Salaries, Benefits & Payroll Taxes	283,190		283,190
Supplies and Materials	15,268		15,268
Food Service Management Fee	16,340		16,340
Purchased Professional/Technical Services	17,763		17,763
Depreciation	12,339		12,339
Total Operating Expenses	<u>646,424</u>		<u>646,424</u>
Operating (Loss)	<u>(53,900)</u>		<u>(53,900)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	4,821		4,821
Federal Sources:			
National School Lunch Program	69,580		69,580
Food Distribution Program	19,956		19,956
Local Sources:			
Interest Income	2,136		2,136
Total Non-Operating Revenue	<u>96,493</u>		<u>96,493</u>
Change in Net Position before Transfers	42,593		42,593
Transfer - General Fund		\$ (26,681)	(26,681)
Change in Net Position	42,593	(26,681)	15,912
Net Position - Beginning of Year	<u>267,837</u>	<u>26,681</u>	<u>294,518</u>
Net Position - End of Year	<u>\$ 310,430</u>	<u>\$ -0-</u>	<u>\$ 310,430</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 588,730		\$ 588,730
Payments to Employees	(283,190)		(283,190)
Payments to Suppliers	(291,310)		(291,310)
Net Cash Provided by/(Used for) Operating Activities	<u>14,230</u>		<u>14,230</u>
Cash Flows from Investing Activities:			
Interest Income	2,136		2,136
Net Cash Provided by Investing Activities	<u>2,136</u>		<u>2,136</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	73,910		73,910
Cash Disbursed to General Fund		\$ (26,681)	(26,681)
Cash Disbursed to Community Education Fund	(1,352)		(1,352)
Cash Received from Food Service Program		1,352	1,352
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>72,558</u>	<u>(25,329)</u>	<u>47,229</u>
Net Increase (Decrease) in Cash and Cash Equivalents	88,924	(25,329)	63,595
Cash and Cash Equivalents, July 1	<u>88,217</u>	<u>25,329</u>	<u>113,546</u>
Cash and Cash Equivalents, June 30	<u>\$ 177,141</u>	<u>\$ -0-</u>	<u>\$ 177,141</u>
Reconciliation of Operating (Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating (Loss)	\$ (53,900)		\$ (53,900)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,339		12,339
Federal Food Distribution Program	19,956		19,956
Changes in Assets and Liabilities:			
(Increase) in Inventory	(560)		(560)
(Decrease) in Prepaid Sales	(3,794)		(3,794)
Increase in Unearned Revenue	2,945		2,945
Increase in Accounts Payable	37,244		37,244
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 14,230</u>	<u>\$ -0-</u>	<u>\$ 14,230</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$22,901 and utilized \$19,956 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 59,465	\$ 2,641	\$ 62,106	\$ 625,608	\$ 2,240
Interfund Receivable:					
General Fund		25,373	25,373		
Total Assets	<u>59,465</u>	<u>28,014</u>	<u>87,479</u>	<u>625,608</u>	<u>2,240</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		1,145	1,145		
Summer Savings Deductions Payable		1,207	1,207		
Accrued Salaries and Wages		25,662	25,662		
Due to Student Groups	59,465		59,465		
Total Liabilities	<u>59,465</u>	<u>28,014</u>	<u>87,479</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				625,608	
Held in Trust for Flexible Spending Claims					2,240
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 625,608</u>	<u>\$ 2,240</u>

Exhibit H-2

BRANCBURG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
	<u>Trust</u>	<u>Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 46,456	\$ 9,460	\$ 55,916
Interest Earnings	892		892
	<u>47,348</u>	<u>9,460</u>	<u>56,808</u>
Total Additions			
DEDUCTIONS:			
Unemployment Benefit Claims	58,800		58,800
Flexible Spending Claims		8,977	8,977
	<u>58,800</u>	<u>8,977</u>	<u>67,852</u>
Total Deductions			
Change in Net Position	(11,452)	483	(10,969)
Net Position- July 1	<u>637,060</u>	<u>1,757</u>	<u>638,817</u>
Net Position - June 30	<u>\$ 625,608</u>	<u>\$ 2,240</u>	<u>\$ 627,848</u>

Exhibit H-3

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 64,731	\$ 177,870	\$ 183,136	\$ 59,465
Total Assets	<u>\$ 64,731</u>	<u>\$ 177,870</u>	<u>\$ 183,136</u>	<u>\$ 59,465</u>
LIABILITIES:				
Due to Student Groups	\$ 64,731	\$ 177,870	\$ 183,136	\$ 59,465
Total Liabilities	<u>\$ 64,731</u>	<u>\$ 177,870</u>	<u>\$ 183,136</u>	<u>\$ 59,465</u>

Exhibit H-4

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary and Middle Schools:				
Central Middle School	\$ 42,531	\$ 122,233	\$ 121,205	\$ 43,559
Whiton School	10,437	25,858	26,360	9,935
Stony Brook School	11,763	29,779	35,571	5,971
	<u>64,731</u>	<u>177,870</u>	<u>183,136</u>	<u>59,465</u>
Total Student Activites	\$ 64,731	\$ 177,870	\$ 183,136	\$ 59,465

Exhibit H-5

BRANCBURG TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 134,508	\$ 8,786,122	\$ 8,917,989	\$ 2,641
Interfund Receivable	18,067	25,373	18,067	25,373
Total Assets	<u>\$ 152,575</u>	<u>\$ 8,811,495</u>	<u>\$ 8,936,056</u>	<u>\$ 28,014</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 133,022	\$ 8,629,367	\$ 8,761,244	\$ 1,145
Summer Savings Deductions Payable	1,197	156,466	156,456	1,207
Accrued Salaries and Wages	18,356	25,662	18,356	25,662
Total Liabilities	<u>\$ 152,575</u>	<u>\$ 8,811,495</u>	<u>\$ 8,936,056</u>	<u>\$ 28,014</u>

LONG-TERM DEBT

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2015	Issued	Retired or Matured	Defeased Debt	Balance June 30, 2016
			Outstanding							
			Date	Amount						
Refunding School Bonds 2006	07/15/06	\$ 18,100,000	7/15/16	\$ 490,000	5.000%	\$ 16,695,000		\$ 435,000	\$ 15,770,000	\$ 490,000
School Bonds 2007	02/01/2007	3,305,000	2/1/17	235,000	4.000%	1,790,000		225,000	1,330,000	235,000
Refunding Bonds of 2010	11/16/2010	9,760,000	2/1/17	490,000	4.000%	7,305,000		575,000		6,730,000
			2/1/18	515,000	4.000%					
			2/1/19	535,000	4.000%					
			2/1/20	555,000	4.000%					
			2/1/21	585,000	4.000%					
			2/1/22	605,000	4.000%					
			2/1/23	815,000	3.250%					
			2/1/24	835,000	4.000%					
			2/1/25	880,000	3.500%					
			2/1/26	915,000	3.625%					
Refunding Bonds of 2016	03/15/2016	15,490,000	7/15/16	290,000	2.000%					
			7/15/17	700,000	2.000%					
			7/15/18	750,000	3.000%					
			7/15/19	815,000	3.509%					
			7/15/20	885,000	4.000%					
			7/15/21	955,000	3.686%					
			7/15/22	750,000	3.600%					
			7/15/23	830,000	5.000%					
			7/15/24	915,000	5.000%					
			7/15/25	1,020,000	5.000%					
			7/15/26	1,120,000	5.000%					
			7/15/27	1,185,000	5.000%					
			7/15/28	1,245,000	5.000%					
			7/15/29	1,295,000	2.500%					
7/15/30	1,345,000	3.336%								
7/15/31	1,390,000	3.270%								
						<u>\$ 15,490,000</u>				<u>15,490,000</u>
						<u>\$ 25,790,000</u>	<u>\$ 15,490,000</u>	<u>\$ 1,235,000</u>	<u>\$ 17,100,000</u>	<u>\$ 22,945,000</u>

Exhibit I-2

BRANCBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

REVENUE:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 2,130,355		\$ 2,130,355	\$ 2,130,355	
State Sources:					
Debt Service State Aid Support	100,844		100,844	100,844	
Total Revenue	2,231,199		2,231,199	2,231,199	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,036,300	\$ 9,000	1,045,300	1,045,300	
Redemption of Principal	1,194,900	40,100	1,235,000	1,235,000	
Total Regular Debt Service	2,231,200	49,100	2,280,300	2,280,300	
Total Expenditures	2,231,200	49,100	2,280,300	2,280,300	
Deficiency of Revenue Under Expenditures	(1)	(49,100)	(49,101)	(49,101)	
OTHER FINANCING SOURCES/(USES):					
School Refunding Bonds Issued				15,490,000	\$ (15,490,000)
School Bonds Defeased				(17,100,000)	17,100,000
Bond Premium				2,127,240	(2,127,240)
Bond Issuance Cost				(141,823)	141,823
Deferred Bond Interest				(375,417)	375,417
Total Other Financing Sources				- 0 -	- 0 -
Excess of Revenues Over Expenditures	(1)	(49,100)	(49,101)	(49,101)	
Fund Balance, July 1	49,101		49,101	49,101	
Fund Balance, June 30	\$ 49,100	\$ (49,100)	\$ - 0 -	\$ - 0 -	\$ - 0 -

STATISTICAL SECTION

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

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>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.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>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.</p>	J-14 thru J-15
<p>Operating Information</p> <p>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.</p>	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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets (Deficit)	\$ (1,299,261)	\$ (13,004,518)	\$ (9,343,289)	\$ (8,385,886)	\$ (7,809,967)	\$ 12,288,257	\$ 12,313,755	\$ 12,688,164	\$ 14,152,600	\$ 16,567,660
Restricted	4,274,525	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944
Unrestricted (Deficit)	389,520	(819,201)	930,271	1,339,087	1,467,536	1,279,667	721,738	(6,503,523)	(7,196,220)	(9,743,207)
Total Governmental Activities										
Net Position (Deficit)	<u>\$ 3,364,784</u>	<u>\$ (9,196,444)</u>	<u>\$ (7,825,702)</u>	<u>\$ (6,222,344)</u>	<u>\$ (5,405,253)</u>	<u>\$ 17,054,622</u>	<u>\$ 17,486,882</u>	<u>\$ 10,451,250</u>	<u>\$ 9,889,603</u>	<u>\$ 10,888,397</u>
Business-Type Activities:										
Investment in Capital Assets	\$ 26,203	\$ 119,389	\$ 94,558	\$ 147,465	\$ 122,634	\$ 122,988	\$ 108,593	\$ 117,919	\$ 117,109	\$ 104,770
Unrestricted	132,155	156,837	109,820	102,929	169,147	232,932	216,248	205,450	177,409	205,660
Total Business-Type Activities Net Position	<u>\$ 158,358</u>	<u>\$ 276,226</u>	<u>\$ 204,378</u>	<u>\$ 250,394</u>	<u>\$ 291,781</u>	<u>\$ 355,920</u>	<u>\$ 324,841</u>	<u>\$ 323,369</u>	<u>\$ 294,518</u>	<u>\$ 310,430</u>
District-Wide:										
Net Investment in Capital Assets (Deficit)	\$ (1,273,058)	\$ (12,885,129)	\$ (9,248,731)	\$ (8,238,421)	\$ (7,687,333)	\$ 12,411,245	\$ 12,422,348	\$ 12,806,083	\$ 14,269,709	\$ 16,672,430
Restricted	4,274,525	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944
Unrestricted (Deficit)	521,675	(662,364)	1,040,091	1,442,016	1,636,683	1,512,599	937,986	(6,298,073)	(7,018,811)	(9,537,547)
Total District-Wide Net Position (Deficit)	<u>\$ 3,523,142</u>	<u>\$ (8,920,218)</u>	<u>\$ (7,621,324)</u>	<u>\$ (5,971,950)</u>	<u>\$ (5,113,472)</u>	<u>\$ 17,410,542</u>	<u>\$ 17,811,723</u>	<u>\$ 10,774,619</u>	<u>\$ 10,184,121</u>	<u>\$ 11,198,827</u>

Source: Branchburg Township School District financial reports.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

Expenses:	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Instruction:										
Regular	\$ 13,271,443	\$ 12,646,693	\$ 21,060,976	\$ 20,728,221	\$ 21,578,746	\$ 21,351,863	\$ 11,581,107	\$ 11,292,106	\$ 12,601,388	\$ 13,313,817
Special Education	4,427,861	3,820,666	6,696,002	7,450,996	7,068,084	7,004,098	3,765,366	4,539,183	5,035,984	4,926,087
Other Special Instruction	367,710	1,183,566	1,271,018	1,381,013	1,267,377	1,351,578	1,693,233	1,521,015	1,603,234	1,947,619
School-Sponsored/Other Instruction		217,358	208,497	236,499	165,574	159,147	181,921	267,367	449,652	648,398
Support Services:										
Tuition	10,961,121	10,390,326					12,443,083	12,753,265	13,260,547	12,987,601
Student & Instruction Related Services	4,810,377	4,870,027	4,558,519	4,834,050	4,137,990	4,021,558	4,536,021	4,344,120	5,066,063	5,454,740
School Administration Services	1,690,540	1,885,519	1,979,933	1,987,159	1,876,725	1,575,222	1,600,538	1,519,679	1,804,833	1,710,545
General Administration Services	1,433,143	720,726	634,198	697,131	724,148	779,619	685,898	787,418	886,590	925,050
Central Services and Administrative										
Information Technology		1,047,036	949,876	921,521	765,201	845,897	906,253	790,336	919,708	728,440
Plant Operations and Maintenance	2,678,729	3,007,956	2,684,795	2,363,098	2,217,271	1,888,476	1,820,123	1,904,141	2,296,007	2,315,820
Pupil Transportation	2,481,713	2,747,030	2,722,269	2,617,313	2,244,168	2,570,788	2,422,786	2,584,224	2,920,064	2,714,783
Capital Outlay								34,194		
Interest On Long-Term Debt	1,372,291	1,495,607	1,436,255	1,496,907	1,231,818	1,269,558	1,200,262	1,157,988	1,156,024	1,360,087
Unallocated Depreciation							1,440,329	1,394,239	1,428,878	1,462,332
Total Governmental Activities Expenses	43,494,928	44,032,510	44,202,338	44,713,908	43,277,102	42,817,804	44,276,920	44,889,275	49,428,972	50,495,319
Business-Type Activities:										
Food Service			727,299	727,260	690,981	658,318	700,556	646,166	665,162	646,424
Community Education	701,563	763,588	51,701	73,725	67,365	57,293	64,436			
Total Business-Type Activities Expenses	701,563	763,588	779,000	800,985	758,346	715,611	764,992	646,166	665,162	646,424

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total District-Wide Expenses	\$44,196,491	\$44,796,098	\$44,981,338	\$45,514,893	\$44,035,448	\$43,533,415	\$45,041,912	\$45,535,441	\$50,094,134	\$51,141,743
Program Revenues:										
Governmental Activities:										
Charges For Services			6,825	122,949	140,274	181,050	174,100	154,218	117,608	152,146
Operating Grants and Contributions	7,358,419	5,232,838	5,184,648	5,649,995	4,422,591	5,330,011	5,493,585	5,269,020	8,493,488	9,772,045
Capital Grants and Contributions					441,526	13,198		55,470	71,615	
Total Governmental Activities Program Revenues	7,358,419	5,232,838	5,191,473	5,772,944	5,004,391	5,524,259	5,667,685	5,478,708	8,682,711	9,924,191
Business-Type Activities:										
Charges for Services:										
Food Service	587,971	617,291	610,983	612,303	641,284	593,262	559,399	555,927	544,113	592,524
Community Education			7,645	73,909	55,181	59,017	72,295			
Operating Grants and Contributions	77,345	86,128	87,380	102,247	101,447	107,023	100,137	87,321	90,134	94,357
Total Business-Type Activities Program Revenues	665,316	703,419	706,008	788,459	797,912	759,302	731,831	643,248	634,247	686,881
Total District-Wide Program Revenues	8,023,735	5,936,257	5,897,481	6,561,403	5,802,303	6,283,561	6,399,516	6,121,956	9,316,958	10,611,072
Net Revenue/(Expense) - Governmental Activities	(36,136,509)	(38,799,672)	(39,010,865)	(38,940,964)	(38,272,711)	(37,293,545)	(38,609,235)	(39,410,567)	(40,746,261)	(40,571,128)
Net Revenue/(Expense) - Business-Type Activities	(36,247)	(60,169)	(72,992)	(12,526)	39,566	43,691	(33,161)	(2,918)	(30,915)	40,457
Total District-Wide Net Revenue/(Expense)	(36,172,756)	(38,859,841)	(39,083,857)	(38,953,490)	(38,233,145)	(37,249,854)	(38,642,396)	(39,413,485)	(40,777,176)	(40,530,671)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	34,778,141	35,971,264	36,152,955	37,147,672	36,906,051	36,590,431	36,283,559	36,801,457	37,536,975	38,963,858
Taxes Levied for Debt Service	497,305	2,007,932	2,079,616	2,101,907	1,962,989	2,038,829	2,092,418	2,102,973	2,205,081	2,130,355

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Federal and State Aid not Restricted	\$ 320,428	\$ 1,247,289	\$ 132,129	\$ 42,861	\$ 46,279	\$ 45,976	\$ 291,803	\$ 299,973	\$ 335,832	\$ 341,210
Investment Earnings	313,907	283,909	68,236	16,829	10,633	5,495		6,832	5,641	8,504
Miscellaneous Income	3,763	105,061	78,493	51,121	172,761	209,060	375,600	358,702	101,085	112,631
Disposal of Capital Assets, Net	(19,945)				(8,911)					
Other Item - SDA Grants Cancelled	(6,188)						(1,885)			(13,317)
Transfers				(57,560)						26,681
Total Governmental Activities General Revenues and Other Changes in Net Position	35,887,411	39,615,455	38,511,429	39,302,830	39,089,802	38,889,791	39,043,380	39,569,937	40,184,614	41,569,922
Business-Type Activities:										
Investment Earnings	8,731	3,416	1,147	982	1,821	1,861	2,082	1,446	2,064	2,136
Transfers				57,560						(26,681)
Total Business-Type Activities General Revenues and Other Changes in Net Position	8,731	3,416	1,147	58,542	1,821	1,861	2,082	1,446	2,064	(24,545)
Total District-Wide General Revenues and Other Changes in Net Position	35,896,142	39,618,871	38,512,576	39,361,372	39,091,623	38,891,652	39,045,462	39,571,383	40,186,678	41,545,377
Change in Net Position:										
Governmental Activities	(249,098)	815,783	(499,436)	361,866	817,091	1,596,246	434,145	159,370	(561,647)	998,794
Business-Type Activities	(27,516)	(56,753)	(71,845)	46,016	41,387	45,552	(31,079)	(1,472)	(28,851)	15,912
Total District-Wide Change in Net Position	\$ (276,614)	\$ 759,030	\$ (571,281)	\$ 407,882	\$ 858,478	\$ 1,641,798	\$ 403,066	\$ 157,898	\$ (590,498)	\$ 1,014,706

Source: Branchburg Township School District financial reports.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 1,669,829	\$ 2,450,422	\$ 2,306,637	\$ 2,428,761						
Unreserved	764,169	771,054	364,349	619,146						
Restricted					\$ 2,048,042	\$ 3,430,415	\$ 4,395,786	\$ 4,046,207	\$ 2,854,349	\$ 4,063,944
Assigned					569,966	970,545	367,149	588,804	814,758	643,224
Unassigned					271,584	639,082	789,724	655,013	654,189	680,232
Total General Fund	\$ 2,433,998	\$ 3,221,476	\$ 2,670,986	\$ 3,047,907	\$ 2,889,592	\$ 5,040,042	\$ 5,552,659	\$ 5,290,024	\$ 4,323,296	\$ 5,387,400
Other Governmental Funds:										
Unreserved	\$ 1	\$ 1	\$ 1							
Restricted				\$ 1	\$ 1	\$ 56,283	\$ 55,603	\$ 1	\$ 49,101	
Committed						87,969	29,774	220,401	29,773	
Total Other Governmental Funds	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 144,252	\$ 85,377	\$ 220,402	\$ 78,874	\$ - 0 -
Total All Governmental Funds	\$ 2,433,999	\$ 3,221,477	\$ 2,670,987	\$ 3,047,908	\$ 2,889,593	\$ 5,184,294	\$ 5,638,036	\$ 5,510,426	\$ 4,402,170	\$ 5,387,400

Source: Branchburg Township School District financial reports.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$36,647,737	\$37,979,196	\$38,232,571	\$39,249,579	\$38,869,040	\$38,629,260	\$38,375,977	\$38,904,430	\$39,742,056	\$41,094,213
Tuition				122,949	140,274	181,050	174,100	154,218	117,608	152,146
Interest Earned on Investments	313,907	283,909	68,236	16,829	10,633	5,495	6,822	5,678	4,486	6,847
Interest Earned on Capital Reserve Funds							784	1,154	1,155	1,657
Miscellaneous	48,500	105,061	116,734	89,392	200,353	264,990	397,261	395,573	122,360	143,398
State Sources	5,653,274	5,908,090	4,758,655	4,791,043	4,077,737	4,528,008	5,231,918	4,888,618	5,257,349	5,571,808
Federal Sources	608,545	572,036	526,706	863,542	805,067	805,247	524,203	698,974	592,524	487,007
Total Revenue	43,271,963	44,848,292	43,702,902	45,133,334	44,103,104	44,414,050	44,711,065	45,048,645	45,837,538	47,457,076
Expenditures:										
Instruction:										
Regular Instruction	9,146,988	8,855,230	8,195,430	8,526,204	7,514,573	7,812,732	7,753,939	7,772,386	7,955,251	7,894,098
Special Education Instruction	3,018,113	2,551,043	3,282,308	3,738,960	3,389,417	3,297,808	2,651,711	3,231,971	3,273,576	2,984,395
Other Special Instruction	315,399	813,771	857,702	901,844	837,930	908,235	1,119,462	1,019,463	964,216	1,096,442
School-Sponsored/Other Instruction		154,297	146,598	177,286	109,245	107,905	132,002	184,228	274,810	372,395
Support Services:										
Tuition	10,961,121	10,390,326	11,350,774	10,236,394	12,348,665	12,230,142	12,443,083	12,753,265	13,260,547	12,987,601
Student & Instruction-Related Services	3,623,869	3,531,040	3,264,382	3,395,185	2,840,856	2,853,159	3,175,024	3,069,273	3,131,629	3,155,510
General Administration Services	1,163,812	572,168	525,504	582,163	566,992	663,012	572,880	670,472	693,985	708,491
School Administration Services	1,241,789	1,286,234	1,428,005	1,329,685	1,238,319	1,065,733	1,098,884	1,051,393	1,077,939	967,675
Central Services		469,508	437,461	463,652	397,195	404,860	398,009	359,335	344,400	366,049
Administrative Information Technology		319,428	283,328	231,526	164,164	221,727	335,077	280,473	266,495	111,774
Plant Operations and Maintenance	2,037,292	2,419,517	2,273,441	1,918,142	1,918,612	1,678,931	1,629,510	1,758,171	1,926,153	1,881,080
Pupil Transportation	1,970,653	2,251,875	2,386,381	2,238,423	1,927,125	2,266,862	2,170,791	2,223,660	2,152,300	1,850,927
Unallocated Benefits	7,695,019	8,081,781	7,359,437	8,593,088	7,783,887	7,054,051	7,949,606	7,760,772	8,334,630	8,872,757
Capital Outlay	726,308	1,229,882	1,979,972	491,554	944,078	301,907	575,916	781,293	1,033,513	955,716
Debt Service:										
Principal	625,000	705,000	750,000	805,000	1,025,000	1,045,000	1,075,000	1,125,000	1,165,000	1,235,000
Interest and Other Charges	1,244,581	1,475,496	1,447,242	1,415,967	1,216,122	1,205,625	1,174,544	1,135,100	1,091,350	1,045,300
Total Expenditures	43,769,944	45,106,596	45,967,965	45,045,073	44,222,180	43,117,689	44,255,438	45,176,255	46,945,794	46,485,210
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	(497,981)	(258,304)	(2,265,063)	88,261	(119,076)	1,296,361	455,627	(127,610)	(1,108,256)	971,866

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)	\$ 136,674			\$ 380,000						
NJEDA/SDA Grants (Cancelled)	(6,188)						\$ (1,885)			\$ (13,317)
Proceeds from the Sale of Bonds	3,305,000									
Refunding Bonds Issued					\$ 9,760,000					15,490,000
School Bonds Defeased					(9,785,000)					(17,100,000)
Bond Issuance Costs					(346,096)					(141,823)
Deferred Amount on Refunding										(375,417)
Original Issuance Bond Premium					371,096					2,127,240
Transfers In	100,600	\$ 54,562		22,128	768,061	\$ 272,025	56,310	\$ 246,231		43,137
Transfers Out	(100,600)	(54,562)		(79,688)	(768,061)	(272,025)	(56,310)	(246,231)		(16,456)
Total Other Financing Sources/(Uses)	3,435,486	- 0 -	- 0 -	322,440	- 0 -	- 0 -	(1,885)	- 0 -	- 0 -	13,364
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 2,937,505</u>	<u>\$ (258,304)</u>	<u>\$ (2,265,063)</u>	<u>\$ 410,701</u>	<u>\$ (119,076)</u>	<u>\$ 1,296,361</u>	<u>\$ 453,742</u>	<u>\$ (127,610)</u>	<u>\$ (1,108,256)</u>	<u>\$ 985,230</u>
Debt Service As a % of Noncapital Expenditures	4.54%	5.23%	5.26%	5.25%	5.46%	5.55%	5.43%	5.36%	5.17%	5.27%

Source: Branchburg Township School District financial reports.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Rentals- Use of Facilities</u>	<u>Prior Year Refunds</u>	<u>Other</u>	<u>Total</u>
2007	\$ 313,907				\$ 3,513	\$ 317,420
2008	283,909				46,260	330,169
2009	36,472	\$ 6,825			478,493	521,790
2010	16,829	122,949			51,121	190,899
2011	10,633	140,274			172,761	323,668
2012	5,495	181,050			209,060	395,605
2013	7,606	174,100	\$ 280,139	\$ 42,456	45,399	549,700
2014	6,832	154,218	270,624		88,078	519,752
2015	5,641	117,608	22,552		78,533	224,334
2016	8,504	152,146	50,670		61,961	273,281

Source: Branchburg Township School District financial reports.

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

Year End Dec. 31	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized) Valuation
2006	\$ 22,007,800	\$ 2,235,924,900	\$ 35,598,900	\$ 1,357,000	\$ 189,564,900	\$ 485,917,200	\$ 20,350,000	\$ 2,990,720,700	\$ 4,716,176	\$ 2,995,436,876	\$ 114,838,600	\$ 1.22	\$ 2,834,446,011
2007	24,572,100	2,282,796,800	36,287,000	1,443,400	202,426,400	529,423,800	27,851,200	3,104,800,700	4,876,247	3,109,676,947	117,491,900	1.20	3,117,947,430
2008	26,221,300	2,217,444,300	30,574,350	1,414,900	225,302,800	570,870,400	27,851,200	3,099,679,250	5,239,013	3,104,918,263	120,417,600	1.23	3,232,856,674
2009	28,139,200	2,083,863,800	29,227,750	1,399,700	244,381,650	576,246,300	28,264,200	2,991,522,600	5,691,021	2,997,213,621	147,184,800	1.29	3,217,573,758
2010	12,200,800	2,036,634,500	29,660,250	1,447,500	237,515,100	553,643,300	25,500,000	2,896,601,450	6,693,660	2,903,295,110	171,125,300	1.35	3,247,091,973
2011	11,612,800	2,013,888,700	29,501,500	1,463,200	222,270,700	516,393,900	23,460,000	2,818,590,800	5,327,753	2,823,918,553	178,020,200	1.37	3,003,216,474
2012	10,114,500	1,988,890,400	29,705,100	1,422,300	222,675,600	506,046,700	21,245,000	2,780,099,600	5,555,411	2,785,655,011	188,005,600	1.38	2,932,080,663
2013	9,576,300	1,965,401,200	29,377,200	1,359,600	217,471,500	521,820,300	20,000,000	2,765,006,100	5,153,713	2,770,159,813	203,243,200	1.40	2,839,007,795
2014	10,326,400	1,988,040,700	29,649,700	1,316,100	222,821,400	556,367,300	22,000,000	2,830,521,600	4,079,639	2,834,601,239	203,369,800	1.39	2,877,475,796
2015	22,535,500	1,995,476,000	29,974,800	1,316,000	225,697,700	576,756,700	25,000,000	2,876,756,700	4,200,235	2,880,956,935	202,713,800	1.40	2,931,494,083

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.

* Information is not available.

Source: Branchburg Township Tax Assessor.

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

Year Ended December 31,	Branchburg Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Branchburg	Somerset County		
2006	\$ 1.15	\$ 0.06	\$ 1.22	\$ 0.26	\$ 0.34	\$ 1.82	
2007	1.14	0.06	1.20	0.27	0.34	1.81	
2008	1.16	0.07	1.23	0.29	0.35	1.87	
2009	1.22	0.07	1.29	0.31	0.36	1.95	
2010	1.27	0.07	1.35	0.33	0.37	2.05	
2011	1.30	0.07	1.37	0.35	0.38	2.10	
2012	1.31	0.07	1.38	0.36	0.39	2.12	
2013	1.32	0.08	1.40	0.37	0.39	2.15	
2014	1.31	0.08	1.39	0.37	0.40	2.16	
2015	1.33	0.07	1.40	0.37	0.40	2.18	

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 calculation.

^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: Branchburg Township Tax Collector and School Business Administrator.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2015			2006		
Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
Roche & Genetech, Inc.	\$ 86,700,000	3.01%			
Imclone Systems Corporation	80,738,200	2.80%			
Cellco Partnership (Verizon)	38,450,000	1.33%			
Transco Gas Pipeline Company	28,809,100	1.00%			
S/K Old York Road Associates	28,000,000	0.97%			Information is Not Available
Individual Taxpayer #1	24,309,500	0.84%			
LSREF3/AH Chicago, LLC	15,985,000	0.55%			
Branchburg Commons	15,155,500	0.53%			
Briad Lodging Group Branchburg II	15,065,000	0.52%			
Zeus Industrial Products, Inc.	15,000,000	0.52%			
Total	\$ 348,212,300	12.09%			

Source: Branchburg Township Tax Assessor.

Exhibit J-9

BRANCBURG 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	
2007	\$ 35,275,446	\$ 34,692,093	98.89%	\$ 583,353
2008	37,979,196	37,380,276	100.00%	598,920
2009	38,232,571	38,232,571	100.00%	- 0 -
2010	39,249,579	39,249,579	100.00%	- 0 -
2011	38,869,040	38,869,040	100.00%	- 0 -
2012	38,629,260	38,629,260	100.00%	- 0 -
2013	38,375,977	38,375,977	100.00%	- 0 -
2014	38,904,430	38,904,430	100.00%	- 0 -
2015	39,742,056	39,742,056	100.00%	- 0 -
2016	41,094,213	41,094,213	100.00%	- 0 -

^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.

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

Exhibit J-10

BRANCHBURG 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	Capital Leases	Bond Anticipation Notes (BANs)			
2007	\$ 33,150,000	\$ 798,708	\$ - 0 -	\$ 33,948,708	3.04%	\$ 2,275
2008	32,805,000	632,398	- 0 -	33,437,398	3.16%	2,219
2009	32,055,000	365,312	- 0 -	32,420,312	3.12%	2,230
2010	31,250,000	469,597	- 0 -	31,719,597	2.92%	2,169
2011	30,200,000	340,135	- 0 -	30,540,135	2.66%	2,083
2012	29,155,000	235,184	- 0 -	29,390,184	2.50%	2,002
2013	28,080,000	159,260	- 0 -	28,239,260	2.40%	1,924
2014	26,955,000	80,892	- 0 -	27,035,892	2.20%	1,839
2015	25,790,000	- 0 -	- 0 -	25,790,000	2.10%	1,757
2016	22,945,000	- 0 -	- 0 -	22,945,000	1.87%	1,564

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 previous calendar year.

Source: Branchburg Township School District financial reports.

Exhibit J-11

BRANCHBURG 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 Taxable ^a	Per Capita ^b
	General		Net General		
	Obligation	Deductions	Bonded Debt		
	Bonds		Outstanding		
2007	\$ 33,150,000	\$ - 0 -	\$ 33,150,000	1.11%	\$ 2,243
2008	32,805,000	- 0 -	32,805,000	1.05%	2,212
2009	32,055,000	- 0 -	32,055,000	1.03%	2,148
2010	31,250,000	- 0 -	31,250,000	1.04%	2,074
2011	30,200,000	- 0 -	30,200,000	1.04%	2,077
2012	29,155,000	- 0 -	29,155,000	1.03%	1,994
2013	28,080,000	- 0 -	28,080,000	1.01%	1,915
2014	26,955,000	- 0 -	26,955,000	0.97%	1,836
2015	25,790,000	- 0 -	25,790,000	0.91%	1,755
2016	22,945,000	- 0 -	22,945,000	0.80%	1,564

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 previous calendar year.

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

Source: Branchburg Township School District financial reports.

Exhibit J-12

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Branchburg	\$ 10,657,606	100.00%	\$ 10,657,606
Somerset County General Obligation Debt	167,277,357	5.11%	<u>8,542,097</u>
Subtotal, Overlapping Debt			19,199,703
Branchburg School District Direct Debt			<u>22,945,000</u>
Total Direct And Overlapping Debt			<u>\$ 42,144,703</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 Branchburg Township. 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.

* 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.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 82,235,445	\$ 90,428,869	\$ 94,649,874	\$ 96,128,423	\$ 95,725,331	\$ 94,373,497	\$ 90,935,178	\$ 88,198,109	\$ 87,142,102	\$ 88,649,952
Total Net Debt Applicable to Debt Limit	<u>33,150,000</u>	<u>32,805,000</u>	<u>32,055,000</u>	<u>31,250,000</u>	<u>30,200,000</u>	<u>29,155,000</u>	<u>28,080,000</u>	<u>26,955,000</u>	<u>25,790,000</u>	<u>22,945,000</u>
Legal Debt Margin	<u>\$111,954,246</u>	<u>\$122,145,907</u>	<u>\$126,695,144</u>	<u>\$130,475,127</u>	<u>\$130,060,257</u>	<u>\$ 65,218,497</u>	<u>\$ 62,855,178</u>	<u>\$ 61,243,109</u>	<u>\$ 61,352,102</u>	<u>\$ 65,704,952</u>
Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	40.31%	36.28%	33.87%	32.51%	31.55%	30.89%	30.88%	30.56%	29.60%	25.88%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	Branchburg Township
2015	\$3,032,314,430
2014	2,952,766,117
2013	<u>2,879,914,696</u>
	<u>\$8,864,995,243</u>
Average Equalized Valuation of Taxable Property	<u>\$2,954,998,414</u>
Debt Limit (3%* of Average Equalization Value)	\$ 88,649,952
Net Bonded School Debt as of June 30, 2016	<u>22,945,000</u>
Legal Debt Margin	<u>\$ 65,704,952</u>

* 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.

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

<u>Year</u>	<u>Township Population^a</u>	<u>Somerset County Per Capita Personal Income^b</u>	<u>Township Personal Income^c</u>	<u>Township Unemployment Rate^d</u>
2007	14,832	\$ 72,113	\$ 1,069,580,016	2.20%
2008	14,923	74,860	1,117,135,780	2.90%
2009	15,069	70,311	1,059,516,459	5.20%
2010	14,538	71,473	1,039,074,474	5.20%
2011	14,624	74,238	1,085,656,512	5.10%
2012	14,665	78,163	1,146,260,395	5.30%
2013	14,679	80,167	1,176,771,393	5.60%
2014	14,698	83,731	1,230,678,238	4.40%
2015	14,675	83,731 **	1,228,752,425 ***	4.20%
2016	14,675	* 83,731 **	1,228,752,425 ***	N/A

N/A - Information is not available.

* - Latest population data available (2015) was used for calculation purposes.

** - Latest Somerset County per capita personal income data available (2014) was used for calculation purposes.

*** - Latest available population data (2015) and latest available Somerset County per capita personal income (2014) was used for calculation purposes.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - SOMERSET COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2015		2006		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment

Information is Not Available

Information is Not Available

Source: Somerset County Treasurer's Office.

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	137.0	133.0	116.0	126.0	111.0	108.0	109.5	110.0	107.3	106.4
Special Education	42.0	41.0	67.0	68.0	38.5	35.7	32.7	49.7	50.5	45.0
Other Special Education			12.0	12.0	11.0	13.0	16.0	16.0	18.2	19.7
Support Services:										
Student & Instruction Related										
Services	41.0	44.0	40.0	43.0	56.8	57.4	58.0	44.6	40.5	42.9
School Administration Services	43.0	44.0	17.0	16.0	14.3	13.3	14.3	13.8	14.0	14.0
General Administration Services	9.0	11.0	11.0	11.0	7.8	8.2	3.0	3.0	3.0	3.0
Central Services and Administrative										
Information Technology					5.8	6.2	5.6	6.0	5.5	5.4
Plant Operations and Maintenance	24.0	28.0	24.0	20.0	7.0	6.0	6.0	6.0	9.2	8.6
Pupil Transportation	24.0	30.0	25.0	28.0	25.0	25.0	25.5	25.5	29.7	30.2
Total	<u>320.0</u>	<u>331.0</u>	<u>312.0</u>	<u>324.0</u>	<u>277.1</u>	<u>272.7</u>	<u>270.5</u>	<u>274.6</u>	<u>277.9</u>	<u>275.2</u>

Source: Branchburg Township School District personnel records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2007	2,569	\$ 41,174,055	\$ 16,027	8.58%	179	12:1	12:1	1,952	1,925	-0.71%	98.62%
2008	2,593	41,696,218	16,080	0.33%	184	11:1	11:1	1,905	1,838	-2.41%	96.48%
2009	2,559	41,790,751	16,331	1.56%	195	9:1	10:1	1,832	1,768	-3.83%	96.51%
2010	2,552	42,332,552	16,588	1.57%	194	9:1	10:1	1,825	1,757	-0.38%	96.27%
2011	2,579	41,036,980	15,912	-4.08%	160	12:1	11:1	1,796	1,724	-1.59%	95.99%
2012	2,483	40,565,157	16,337	2.67%	151	10:1	10:1	1,737	1,673	-3.29%	96.32%
2013	2,472	41,429,978	16,760	2.59%	158	12:1	10:1	1,696	1,630	-2.36%	96.11%
2014	2,422	42,134,862	17,397	3.80%	162	11:1	9:1	1,624	1,562	-4.25%	96.18%
2015	2,328	43,655,931	18,753	7.79%	160	10:1	9:1	1,557	1,497	-4.13%	96.15%
2016	2,236	43,249,194	19,342	3.14%	162	9:1	9:1	1,459	1,407	-6.29%	96.44%

Note: Enrollment based on annual October District count and includes high school student enrollments.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Branchburg Township School District records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
Old York Elementary School										
Square Feet	41,137	41,137	41,137	41,137	41,137	*	*	*	*	*
Capacity (Students)	311	378	378	378	378	*	*	*	*	*
Enrollment	334	323	335	337	328	*	*	*	*	*
Stony Brook Elementary School										
Square Feet	47,368	47,368	47,368	47,368	47,638	47,368	47,368	47,368	47,368	47,368
Capacity (Students)	398	398	398	398	398	398	398	398	398	398
Enrollment	329	336	295	288	265	392	360	360	350	326
Whiton Elementary School										
Square Feet	90,321	90,321	90,321	9,321	9,321	90,321	90,321	90,321	90,321	90,321
Capacity (Students)	792	792	792	792	792	792	792	792	792	792
Enrollment	604	562	552	545	555	733	733	660	647	615
Central Middle School										
Square Feet	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310
Capacity (Students)	547	733	733	733	733	733	733	733	733	733
Enrollment	682	668	647	655	644	612	603	604	566	524

Number of Schools at June 30, 2016:

Elementary = 2
Middle School = 1

* Old York Elementary School closed effective June 30, 2011.

Note: Enrollment is based on the annual October District count.

Exhibit J-19

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:

Required Maintenance for School Facilities* (Account #11-000-261-XXX)

Fiscal Year	Central Middle School	Old York Elementary School	Stony Brook Elementary School	Whiton Elementary School	Total All Facilities
2007	\$ 145,786	\$ 109,137	\$ 112,165	\$ 76,928	\$ 444,016
2008	123,458	106,363	62,472	133,710	426,003
2009	100,248	184,807	44,613	80,775	410,443
2010	158,428	56,938	60,615	108,902	384,883
2011	139,546	46,152	50,429	105,106	341,233
2012	162,321	11,135	78,898	118,332	370,686
2013	173,357	48,910	66,191	130,587	419,045
2014	169,426	46,418	87,106	100,798	403,748
2015	206,601	68,850	88,361	191,394	555,206
2016	198,555	72,799	79,390	159,864	510,608

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

Source: Branchburg Township School District records.

Exhibit J-20

BRANCBURG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:		
NJ Schools Insurance Group:		
Property - Blanket Building and Contents	\$ 68,706,596	\$ 5,000
Extra Expense - Blanket	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Electronic Data Processing (Computers)	1,339,000	1,000
Crime and Bonds:		
Faithful Performance	250,000	1,000
Forgery & Alteration	250,000	1,000
Money & Securities	100,000	500
Money Orders/Counterfiet Currency	100,000	500
Computer Fraud	250,000	1,000
Commercial General Liability	16,000,000	N/A
Commercial Automobile Liability	16,000,000	N/A
Physical Damage (Comprehensive & Collision)	Actual Cash Value	1,000
Workers Compensation	Statutory	N/A
(Including Employer's Liability)	2,000,000	N/A
School Leaders' Errors & Omissions Liability		
(Including Employment Practices Liability)		
Coverage "B" Administrative Hearings/Due Process		
Per Claim	100,000	
Aggregate	300,000	10,000
Public Employees' Faithful Performance Blanket Position Bond -	250,000	1,000
Selective Insurance Company		
Business Administrator/Board Secretary	350,000	N/A

Note: The District is part of the New Jersey Schools Insurance Group. Coverage represents the combined amounts for all of the school districts under master policies with insurance companies.

Source: Branchburg Township School District records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Branchburg 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 Board of Education of the Branchburg Township School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Branchburg Township School District
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Nisivoccia, LLP

October 21, 2016
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Branchburg Township School District (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, 2016. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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 federal or 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.

The Honorable President and Members
of the Board of Education
Branchburg Township School District
Page 2

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, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

October 21, 2016
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015		Cash Received	Budgetary Expenditures	Balance June 30, 2016		Amounts Provided to Subrecipients
					Accounts Receivable	Unearned Revenue			(Budgetary Accounts Receivable)	Budgetary Unearned Revenue	
U.S. Department of Agriculture:											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 22,901			\$ 22,901	\$ (16,625)		\$ 6,276	
Federal Food Distribution Program	10.555	N/A	7/1/14-6/30/15	22,471		\$ 3,331		(3,331)			
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	69,580			63,539	(69,580)	\$ (6,041)		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	64,190	\$ (5,575)		5,575				
Subtotal Child Nutrition Cluster					(5,575)	3,331	92,015	(89,536)	(6,041)	6,276	
Total Enterprise Funds					(5,575)	3,331	92,015	(89,536)	(6,041)	6,276	
U.S. Department of Education											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA-0510-16	7/1/15-6/30/16	395,331			395,331	(395,331)			
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-16	7/1/15-6/30/16	20,259			10,733	(20,259)	(9,526)		
Subtotal Special Education Cluster							406,064	(415,590)	(9,526)		
NCLB Consolidated:											
Title I	84.010	NCLB-0510-16	7/1/15-6/30/16	45,580			21,286	(42,649)	(21,363)		
Title I	84.010	NCLB-0510-15	7/1/14-6/30/15	27,554	(10,827)		10,827				
Title II - Part A	84.367A	NCLB-0510-16	7/1/15-6/30/16	35,634			7,953	(24,055)	(16,102)		
Title II - Part A	84.367A	NCLB-0510-15	7/1/14-6/30/15	46,483	(38,530)		38,530				
Title III - Immigrant	84.365	NCLB-0510-16	7/1/15-6/30/16	5,232				(4,713)	(4,713)		
Total Special Revenue Fund					(49,357)		484,660	(487,007)	(51,704)		
Total Federal Awards					\$ (54,932)	\$ 3,331	\$ 576,675	\$ (576,543)	\$ (57,745)	\$ 6,276	\$ - 0 -

N/A - Not applicable/available.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015			Budgetary Expenditures	Paid to Grantor	Canceled	Balance June 30, 2016		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Special Education													
Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,310,668			\$ 1,184,366	\$ (1,310,668)				\$ 126,302	\$ 1,310,668	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	408,584			369,211	(408,584)				39,373	408,584	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	194,058			175,357	(194,058)				18,701	194,058	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	23,145			20,915	(23,145)				2,230	23,145	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	23,145			20,915	(23,145)			\$ 287,480	2,230	23,145	
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	287,480				(287,480)				287,480	287,480	
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	21,882				(21,882)			21,882	21,882	21,882	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	950,622			950,622	(950,622)					950,622	
Special Education													
Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	1,310,668	\$ 126,403		126,403						1,310,668	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	408,584	39,404		39,404						408,584	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	194,058	18,715		18,715						194,058	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	23,145	2,232		2,232						23,145	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	23,145	2,232		2,232						23,145	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	291,961	291,961		291,961						291,961	
Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	23,260	23,260		23,260						23,260	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	982,059	47,943		47,943						982,059	
Total General Fund State Aid				552,150		3,273,536	(3,219,584)			309,362	498,198	6,476,464	
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	16-100-034-5120-064	9/1/15 - 6/30/16	1,200			1,200	(789)			\$ 411		789	
Textbook Aid	15-100-034-5120-064	9/1/14 - 6/30/15	2,205		\$ 493			\$ (493)				1,712	
Nursing Aid	16-100-034-5120-070	9/1/15 - 6/30/16	1,890			1,890	(1,322)			568		1,322	
Nursing Aid	15-100-034-5120-070	9/1/14 - 6/30/15	3,414		502			(502)				2,912	
Nursing Aid	13-100-034-5120-070	9/1/12 - 6/30/13	4,253		132			(132)				4,121	
Technology Aid	16-100-034-5120-373	9/1/15 - 6/30/16	546			546	(377)			169		377	
Technology Aid	15-100-034-5120-373	9/1/14 - 6/30/15	1,184		844			(844)				340	
Security Aid	16-100-034-5120-509	9/1/15 - 6/30/16	525			525				525			
Auxiliary Services:													
Compensatory Education	15-100-034-5120-067	9/1/14 - 6/30/15	1,792		1,792			(1,792)					
Handicapped Services:													
Corrective Speech	15-100-034-5120-066	9/1/14 - 6/30/15	884		884			(884)					
Total Special Revenue Fund					4,647	4,161	(2,488)	(4,647)		1,673		11,573	

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015						Balance June 30, 2016		MEMO	
				Budgetary		Cash Received	Budgetary Expenditures	Paid to Grantor	Canceled	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
				Accounts Receivable	Due to Grantor								
Capital Projects Fund:													
Schools Development Authority:													
Educational Facilities Construction	0510-020-04-OAED	N/A	\$ 4,298	\$ 4,298						\$ 4,298			
Educational Facilities Construction	0510-060-09-OZXW	N/A	566	1,633	\$ 566					1,067			\$ 566
Educational Facilities Construction	0510-060-09-OZXX	N/A	1,133	3,256		1,133				2,123			1,133
Educational Facilities Construction	0510-060-10-OZXU	N/A	4,034	9,863		4,034				5,829			4,034
Educational Facilities Construction	0510-020-14-G2OF	N/A	47,984	47,984		47,984							47,984
Educational Facilities Construction	0510-060-14-G2OG	N/A	29,143	29,143		29,143							29,143
Educational Facilities Construction	0510-090-14-G2OH	N/A	49,958	49,958		49,958							49,958
Total Capital Projects Fund				146,135		132,818				13,317			132,818
Debt Service Fund:													
Debt Service State Aid Support	16-100-034-5120-017	7/1/15-6/30/16	100,844			100,844	\$ (100,844)						100,844
Total Debt Service Fund						100,844	(100,844)						100,844
Enterprise Fund:													
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	4,467	388		388							4,467
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	4,821			4,408	(4,821)			\$ 413		\$ 413	4,821
Total Enterprise Fund				388		4,796	(4,821)			413		413	9,288
Total State Awards				\$ 698,673	\$ 4,647	\$ 3,516,155	\$ (3,327,737)	\$ (4,647)	\$ 13,317	\$ 309,775	\$ 1,673	\$ 498,611	\$ 6,731,027

N/A - Not Available.

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Branchburg Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. 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 District, 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 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 and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments 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 \$150 for the General Fund and \$-0- for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Pension and Post-Retirement Medical Contributions paid by the State on behalf of the District of \$1,026,484 and \$1,222,258, respectively.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Awards and financial assistance revenue are reported on the Board's basic financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,468,476	\$ 5,468,476
Special Revenue Fund	\$ 487,007	2,488	489,495
Debt Service Fund		100,844	100,844
Proprietary Funds - Food Service Enterprise	89,536	4,821	94,357
Total Awards	<u>\$ 576,543</u>	<u>\$ 5,576,629</u>	<u>\$ 6,153,172</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, 2016.

NOTE 7. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District had \$146,135 in prior year SDA grants receivable in connection with several construction projects. Current year collections were \$132,818, and the balance of \$13,317 was canceled. As of June 30, 2016, the District had no open grants or receivables.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 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 each of the major state programs for the District expresses an unmodified opinion on all 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, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

	<u>State</u>		<u>Award</u>	<u>Budgetary</u>
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
State:				
Special Education Categorical	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,310,668	\$ 1,310,668
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	194,058	194,058
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	23,145	23,145
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	23,145	23,145

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Summary of Auditors' Results: (Cont'd)

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:

- Not Applicable since federal expenditures 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year findings.