

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK,
COUNTY OF MIDDLESEX, NEW JERSEY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

The School Business Administrator's Staff

Of the North Brunswick Township Board of Education

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INTRODUCTORY SECTION

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

Administrative Offices:
Maple Meade School Building, Old Georges Road
Post Office Box 6016
North Brunswick, N.J. 08902
Tele. (732) 289-3000

District Web Site: www.nbtschools.org

LETTER OF TRANSMITTAL

November 10, 2016

Honorable President and
Members of the Board of Education
North Brunswick Township School District
North Brunswick, New Jersey 08902

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the North Brunswick Township School District for the fiscal year ended June 30, 2016. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 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 contains a table of contents, Letter of Transmittal, List of Principal Officials and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes and an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District generally presented on a multi-year basis;

- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit including the independent auditor's report on compliance for each major federal and state program and report on internal control over compliance along with findings and questioned costs if any, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

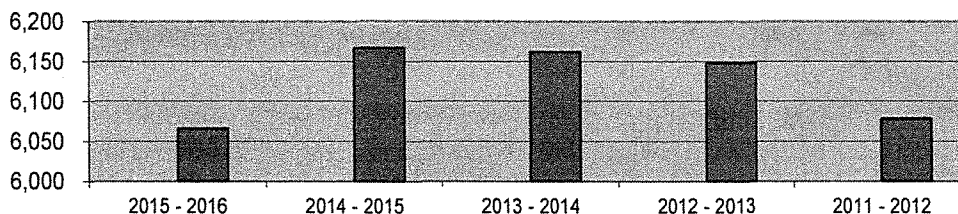
The North Brunswick Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The North Brunswick Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of programs and services appropriate to grades pre -K through 12. These include regular education programs for the very able students (including gifted and talented), as well as special education for handicapped youngsters in and out of the District. Four elementary schools, a middle school and a high school comprise the District's educational facilities.

The District's enrollment at October 15, 2015 was 6,066 students, which is a 1.64% decrease above the previous October 15 count. The following details the changes in enrollment over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015 - 2016	6,066	(1.64%)
2014 - 2015	6,167	0.08%
2013 - 2014	6,162	0.23%
2012 - 2013	6,148	1.15%
2011 - 2012	6,078	3.05%

District Enrollment



2. ECONOMIC CONDITION AND OUTLOOK

A tax levy cap of 2% has recently been enacted for all New Jersey school districts, which will further limit the amount of revenue that can be raised through taxation.

3. LONG TERM FINANCIAL PLANNING/MAJOR INITIATIVES

The Board has currently completed a capital project at the high school which includes the renovation of the Steve Libro Field and the Stan Williston Field to turf fields with a new scoreboard. The bleachers and press box were renovated and a new sound system was implemented. The field lighting was upgraded. New fencing and pavement were also installed. District administrators are also evaluating the long term financial impact of increased state mandated initiatives and decreased levels of state funding.

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are performed to determine adequacy of the internal control structure, 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.

5. BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservation of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS

The 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 and account groups and is in compliance with GASB Statement 34 standards. The funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. DEBT ADMINISTRATION

The District's outstanding debt issues included \$40,160,000 of general obligation bonds as of June 30, 2016. Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2016 the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

8. FINANCIAL STATUS

The Business Administrator and the Finance Committee continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from North Brunswick Township. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.

9. OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants who are licensed public school accountants. Gerard Stankiewicz, CPA, PSA of Samuel Klein and Company, Certified Public Accountants 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 the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS

We would like to express our appreciation of the members of the North Brunswick 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 financial and accounting staff.

Respectfully submitted,



Dr. Brian Zychowski
Superintendent of Schools

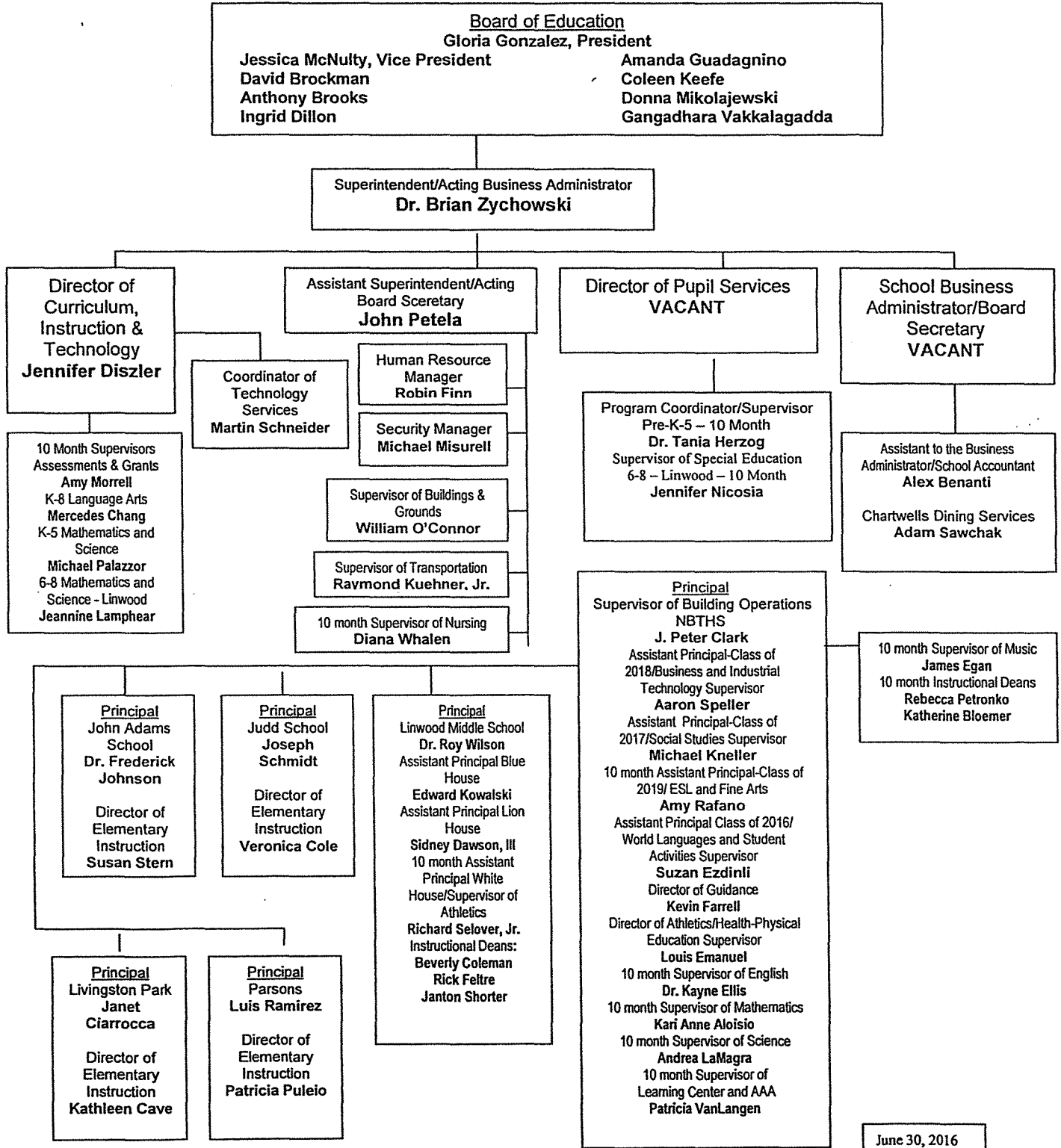


Dr. Brian Falkowski
Acting School Business Administrator



Alex Benanti
Assistant Business Administrator/Board Secretary

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
Organizational Chart 2015-2016**



June 30, 2016

**NORTH BRUNSWICK TOWNSHIP BOARD OF EDUCATION
NORTH BRUNSWICK, NEW JERSEY**

ROSTER OF OFFICIALS

June 30, 2016

<u>Members of the Board of Education*</u>	<u>Term Expires</u>
Gloria Gonzalez, President	2018
Jessica McNulty, Vice-President	2017
David Brockman	2017
Anthony Brooks	2018
Ingrid Dillon	2018
Amanda Guadagnino	2017
Coleen Keefe	2016
Donna Mikolajewski	2016
Gangadhara Vakkalagadda	2016

Other Officials

Dr. Brian Zychowski, Superintendent

John M. Petela, Asst. Superintendent

Brian Falkowski, Acting School Business Administrator

Alex Benanti, Assistant Business Administrator/Board Secretary

Gerald Seneski, Treasurer of School Funds

Jonathan Busch, Esquire, Board Attorney

**NORTH BRUNSWICK TOWNSHIP BOARD OF EDUCATION
NORTH BRUNSWICK, NEW JERSEY**

JUNE 30, 2016

Consultants and Advisors

Audit Firm

Gerard Stankiewicz, CPA, RMA, PSA
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36 West Main Street
Suite 303
Freehold, NJ 07728

Attorney

Jonathan Busch, Esq.
Busch Law Group, LLC
450 Main Street
Metuchen, NJ 08840

Bond Counsel

McManimons Scotland & Baumann
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Official Depository

TD Bank
286 Milltown Road
East Brunswick, NJ 08816

FINANCIAL SECTION

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FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
North Brunswick Township Board of Education
County of Middlesex, New Jersey

Report on the Financial Statement

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 North Brunswick Township School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2016 and the related Notes to 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the North Brunswick Township School District, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Brunswick Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of the Board of Education of the North Brunswick Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 North Brunswick Township School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 10, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

Administrative Offices:
Maple Meade School Building, Old Georges Road
Post Office Box 6016
North Brunswick, N.J. 08902
Tele. (732) 289-3000

District Web Site: www.nbtschools.org

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED

Management's Discussion and Analysis

The discussion and analysis of North Brunswick Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34- Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

Overview of Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

Financial Highlights

Key financial highlights for 2015-2016 are as follows:

- General revenues accounted for \$114,578,519 in revenue or 94.73% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and accounted for \$6,368,395 or 5.27% to total revenues of \$120,946,914.
- Total net position of governmental activities increased by \$847,467.
- The School District had \$120,810,323 in expenses, of which only \$6,368,395 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$79,925,558 along with Federal and State aid were adequate to provide for these programs.
- The Governmental – General Fund had \$97,125,600 in revenues and \$96,906,447 in expenditures. The General Fund's fund balance increased \$275,663 compared to 2015.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the North Brunswick Township School District as a financial whole; an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the North Brunswick School District, the General Fund is by far the most significant.

Reporting the School District as a Whole

Comparative Statement of Net Position and Comparative Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and change to those position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Comparative Statement of Net Position and the Comparative Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities — All of the School District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business Type Activities — This service is provided on a charge for goods or services basis to recover all the expenses of the goods and services provided. The Food Service enterprise fund is reported as a business activity. Other Business Type Activities are school facilities, integrated Pre-K, Summer Enrichment and After School.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 27-31 of this report.

Proprietary Funds

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the 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 financial statements can be found on pages 35 to 67 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2016 and 2015.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 25 and 26 of this report.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2016 and 2015.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,548,129 at the close of fiscal 2016. The following table provides a summary of net position at June 30, 2016 and 2015 relating to the District's governmental and business-type activities:

Table 1 – Comparative Summary of Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Assets						
Current and other assets	\$ 9,974,734	\$ 9,125,185	\$ 1,362,563	\$ 1,126,609	\$ 11,337,297	\$ 10,251,794
Capital assets, net	102,776,092	104,282,334	128,124	120,178	102,904,216	104,402,512
Total Assets	<u>\$ 112,750,826</u>	<u>\$ 113,407,519</u>	<u>\$ 1,490,687</u>	<u>\$ 1,246,787</u>	<u>\$ 114,241,513</u>	<u>\$ 114,654,306</u>
Deferred outflows of resources						
Loss on Defeasance of Bonds	\$ 2,908,012	\$ 3,317,136			\$ 2,908,012	\$ 3,317,136
Pension	4,886,345	1,679,097			4,886,345	1,679,097
Total Deferred outflows of resources	<u>\$ 7,794,357</u>	<u>\$ 4,996,233</u>			<u>\$ 7,794,357</u>	<u>\$ 4,996,233</u>
Liabilities						
Current and other liabilities	\$ 7,784,821	\$ 6,973,872	\$ 413,045	\$ 80,299	\$ 8,197,866	\$ 7,054,171
Net pension liability	26,250,050	21,426,074			26,250,050	21,426,074
Long-term liabilities outstanding	41,406,209	44,844,693			41,406,209	44,844,693
Total Liabilities	<u>\$ 75,441,080</u>	<u>\$ 73,244,639</u>	<u>\$ 413,045</u>	<u>\$ 80,299</u>	<u>\$ 75,854,125</u>	<u>\$ 73,324,938</u>
Deferred inflow of resources						
Pension	<u>\$ 633,616</u>	<u>\$ 1,536,093</u>			<u>\$ 633,616</u>	<u>\$ 1,536,093</u>
Net Position						
Net investment in capital assets	\$ 62,963,514	\$ 60,817,113	\$ 128,124	\$ 120,178	\$ 63,091,638	\$ 60,937,291
Restricted	5,602,959	4,389,769			5,602,959	4,389,769
Unrestricted (deficit)	<u>(24,095,986)</u>	<u>(21,583,862)</u>	<u>949,518</u>	<u>1,046,310</u>	<u>(23,146,468)</u>	<u>(20,537,552)</u>
Total Net Position	<u>\$ 44,470,487</u>	<u>\$ 43,623,020</u>	<u>\$ 1,077,642</u>	<u>\$ 1,166,488</u>	<u>\$ 45,548,129</u>	<u>\$ 44,789,508</u>

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

The District's combined net position were \$45,548,129 on June 30, 2016. This is an increase of \$758,621, or 1.69% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net increased from the prior year due to the amount of new additions associated with the District's capital projects having exceeded the amount of depreciation of capital assets in the current year.

Long-term liabilities decreased due to the scheduled payment of principal on debt.

Restricted net position increased mainly due to the net increase in the capital reserve account of \$1,213,190.

Unrestricted net position decreased mainly due the reclassifying funds to the capital resources in the amount of \$1,213,190. General fund encumbrances at June 30, 2015 totaled \$1,149,971 as compared with \$230,012 at June 30, 2016.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Table 2 shows the comparative changes in net position from fiscal year 2016 and 2015.

Table 2 – Comparative Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 132,160	\$ 149,486	\$ 2,006,365	\$ 1,986,255	\$ 2,138,525	\$ 2,135,741
Operating Grants and Contributions	2,391,375	2,746,290	1,838,495	1,734,740	4,229,870	4,481,030
General Revenue:						
Property Taxes	79,925,558	78,566,162			79,925,558	78,566,162
Federal and State Aid	34,192,622	27,825,358			34,192,622	27,825,358
Miscellaneous	460,339	679,388			460,339	679,388
Total Revenue	<u>117,102,054</u>	<u>109,966,684</u>	<u>3,844,860</u>	<u>3,720,995</u>	<u>120,946,914</u>	<u>113,687,679</u>
Expenses:						
Instruction	65,201,469	59,571,712			65,201,469	59,571,712
Tuition	2,684,498	2,246,896			2,684,498	2,246,896
Student and Instruction						
Related Services	15,469,731	13,702,695			15,469,731	13,702,695
School Administration	7,330,607	6,467,081			7,330,607	6,467,081
General Administration	2,669,144	2,426,073			2,669,144	2,426,073
Operation and Maintenance						
of Facilities	11,774,688	10,918,984			11,774,688	10,918,984
Pupil Transportation	8,408,418	7,099,988			8,408,418	7,099,988
Interest on Debt	2,124,370	2,303,872			2,124,370	2,303,872
Charter Schools	1,213,693	1,024,971			1,213,693	1,024,971
Business Type Actives			3,933,705	3,686,626	3,933,705	3,686,626
Total Expenses	<u>116,876,618</u>	<u>105,762,272</u>	<u>3,933,705</u>	<u>3,686,626</u>	<u>120,810,323</u>	<u>109,448,898</u>
Special and Extraordinary Items, Net	<u>622,031</u>	<u>244,169</u>			<u>622,031</u>	<u>244,169</u>
Change in Net Position	<u>\$ 847,467</u>	<u>\$ 4,448,581</u>	<u>\$ (88,845)</u>	<u>\$ 34,369</u>	<u>\$ 758,622</u>	<u>\$ 4,482,950</u>
Net Position - beginning	<u>43,623,020</u>	<u>39,174,439</u>	<u>1,166,487</u>	<u>1,132,119</u>	<u>44,789,507</u>	<u>40,306,558</u>
Net Position - ending	<u>\$ 44,470,487</u>	<u>\$ 43,623,020</u>	<u>\$ 1,077,642</u>	<u>\$ 1,166,488</u>	<u>\$ 45,548,129</u>	<u>\$ 44,789,508</u>

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described on the next page are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

Expenditures

- The modified budget for regular programs – instruction decreased from the original budget by \$941,124, or 2.44% as a result of an increase in general supplies to purchase new computers.
- The modified budget for undistributed expenditures – instruction increased from the original budget by \$944,139, or 1.97% as a result of a decrease in the amount of students sent to private schools for the disabled.
- The modified budget for undistributed expenditures – other operations and maintenance of plant decreased from the original budget by \$140,682, or 2.11% as a result of additional cost savings realized by the District on their utilities expenditures.
- The modified budget for facilities acquisition and construction services exceeded the original budget by \$1,551,894, or 395.64% most as a result of prior year encumbrances rolling forward into the current year as a result of the timing of when the expenditures were incurred for ongoing projects related to the high school classroom expansion.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the actual by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

Revenues

- Actual miscellaneous revenue was in excess of the modified budgeted amount by approximately \$36,820, or 24.22% as a result mostly of a refund of prior year expenditures.

Expenditures

- The actual amount expended regular programs – instruction were less than the final budget by approximately \$286,862, or 27.12% as a result of planned expenditures for purchased professional – education service that did not materialize.
- The actual amounts expended for undistributed expenditures – instructions staff training of services were less than the final budget by approximately \$158,982, or 45.81% as a result of the District's planned expenditures that did not materialize.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

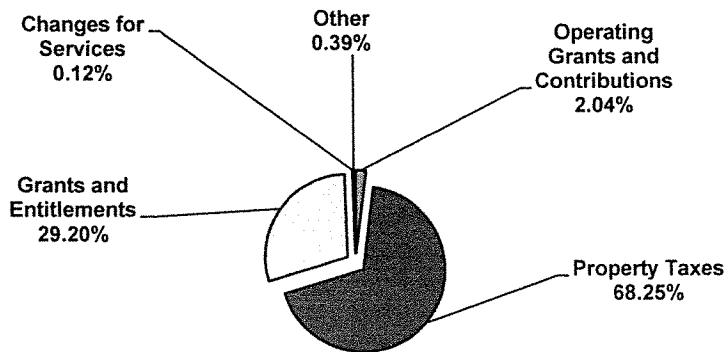
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Governmental Activities

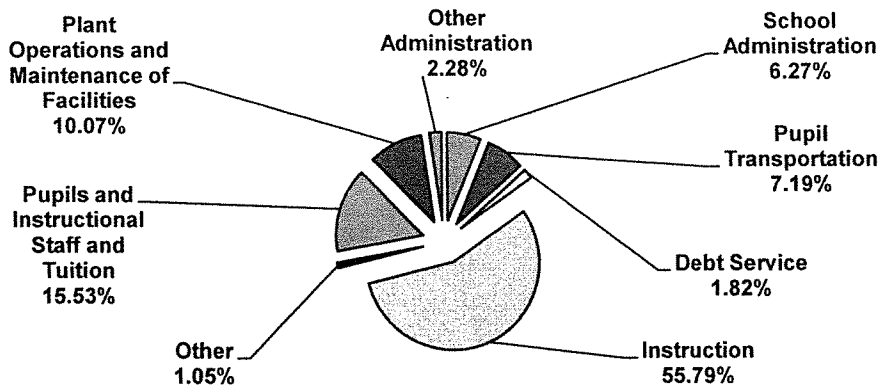
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes of \$79,925,558 made up 68.25% of revenue for governmental activities for the North Brunswick School District for fiscal year 2016. Federal, state and local grants of \$34,192,622 accounted for another 29.20% of revenue. The District's total revenues were \$117,102,054 for the year ended June 30, 2016.

Revenue for Fiscal Year 2016



Expenses for Fiscal Year 2016

The total cost of all programs and services was \$116,876,618.



NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Business-Type Activities

Food Service

- Revenues for the District's business-type activities for the food service program are comprised of charges for services and federal and state reimbursements.
- Food service revenue exceeded expenditures by \$41,060.
- Charges for services represent \$1,337,928, or 42.12% of revenue. This represents amounts paid by patrons for daily food service, as well as special functions.
- Federal and state reimbursement for meals, including payments for free and reduced priced lunches and donated commodities was \$1,838,495 or 57.88% of revenue.

Other

The other business type activities – school facilities, integrated pre-K, after school enrichment and summer enrichment had combined revenue of \$668,437 and total expenses of \$798,342 resulting in a net loss of \$129,905.

Governmental Activities

The Comparative Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3 - Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2015-2016	2014-2015	% Change	2015-2016	2014-2015	% Change
Regular Instruction	\$ 42,406,923	\$ 39,199,442	8.18%	\$ 42,406,923	\$ 39,199,442	8.18%
Special Education	16,587,884	14,935,960	11.06%	14,449,222	12,471,097	15.86%
Other Special Education	4,204,642	3,599,276	16.82%	4,204,642	3,599,276	16.82%
Other Instruction	2,002,021	1,837,034	8.98%	2,002,021	1,837,034	8.98%
Tuition	2,684,498	2,246,896	19.48%	2,653,216	2,212,835	19.90%
Student and Instruction Related Services	15,469,731	13,702,695	12.90%	15,217,018	13,421,268	13.38%
General and Business Administrative Services	2,669,144	2,426,073	10.02%	2,669,144	2,426,073	10.02%
School Administrative Services	7,330,606	6,467,081	13.35%	7,330,606	6,467,081	13.35%
Plant Operations and Maintenance	11,774,688	10,918,984	7.84%	11,774,688	10,918,984	7.84%
Pupil Transportation	8,408,418	7,099,988	18.43%	8,307,540	6,984,563	18.94%
Charter Schools	1,213,693	1,024,971	18.41%	1,213,693	1,024,971	18.41%
Interest and Fiscal Charges	2,124,370	2,303,872	-7.79%	2,124,370	2,303,872	-7.79%
Total Expenses	\$ 116,876,618	\$ 105,762,272	10.51%	\$ 114,353,083	\$ 102,866,495	11.17%

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Regular instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business operations include expenses associated with administrative and financial supervision of the District.

Plant operations and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School district.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$105,113,997 and expenditures were \$104,923,409.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal years ended June 30, 2016 and June 30, 2015, and the amount of increase and decreases in relation to prior year revenues.

Comparative Summary of Revenues

<u>Revenue</u>	2015-2016		2014-2015		Increase/ (Decrease) from 2014-2015 to 2015-2016
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 80,342,249	76.43%	\$ 79,400,420	77.41%	\$ 941,829
State Sources	22,162,945	21.09%	20,085,817	19.58%	2,077,128
Federal Sources	2,608,803	2.48%	3,091,020	3.01%	(482,217)
	\$ 105,113,997	100.00%	\$ 102,577,257	100.00%	\$ 2,536,740

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Local revenues increased by \$941,829. The increase in local revenue was due to an increase in the tax levy for 2015-2016, of \$1,359,396 offset by a decrease in miscellaneous revenues.

Federal source revenues decreased by \$482,217 primarily due to an decrease Title I Part D and Race To The Top Grants.

State sources revenue increased \$2,077,128 due mostly to an increase in on-behalf pension payments and offset with an increase in other state aid in the General Fund.

The following schedule presents a comparative summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2016 and June 30, 2015, and the increases and decreases in relation to prior year amounts.

Comparative Summary of Expenditures

Expenditures	2015-2016		2014-2015		Increase/ (Decrease) from 2014-2015 to 2015-2016
	Amount	Percent of Total	Amount	Percent of Total	
Current Expenses:					
Instruction	\$ 39,177,295	37.34%	\$ 38,519,783	37.60%	\$ 657,512
Undistributed Expenditures	57,385,490	54.68%	53,379,851	52.11%	4,005,639
Capital Outlay	1,767,331	1.69%	3,314,896	3.24%	(1,547,565)
Charter Schools	1,213,693	1.16%	1,024,971	1.00%	188,722
Debt Service:					
Principal	3,600,000	3.43%	4,205,000	4.11%	(605,000)
Interest	1,779,600	1.70%	1,988,899	1.94%	(209,299)
	<u>\$ 104,923,409</u>	<u>100.00%</u>	<u>\$ 102,433,400</u>	<u>100.00%</u>	<u>\$ 2,490,009</u>

Changes in expenditures were the results of varying factors. Current expense increased due to increased personnel and benefits costs, additional students and capital projects.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey Law, and is based on accounting for certain transactions on a cash basis of receipts, disbursements and encumbrances. The most significant fund is the General Fund.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

Over the course of the year, the District revised via transfer the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of the fiscal year 2016, the School District had \$155,864,546 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

Table 4 - Capital Assets (Net of Depreciation) at June 30

	Governmental Activities		Business-Type Activities		Total School District	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Land	\$ 14,000	\$ 14,000			\$ 14,000	\$ 14,000
Building and Building Improvements	98,976,911	100,804,970			98,976,911	100,804,970
Machinery and Equipment	3,785,181	3,463,364	\$ 128,124	\$ 120,178	3,913,305	3,583,542
Total Capital Assets - Net of Depreciations	\$ 102,776,092	\$ 104,282,334	\$ 128,124	\$ 120,178	\$ 102,904,216	\$ 104,402,512

Refer to Notes to Financial Statements (Note 6) for more detailed information.

Overall capital assets decreased by \$1,506,242 from fiscal year 2015 to fiscal year 2016. The decrease in capital assets is due primarily to depreciation expense for the year exceeding the capital additions.

Debt Administration

At the end of the fiscal year 2016, the School District had outstanding debt as follows:

Table 5 – Debt Administration

	June 30,	
	2016	2015
Compensated Absences	\$ 3,202,651	\$ 2,360,114
Serial Bonds	40,160,000	43,760,000
Totals	\$ 43,362,651	\$ 46,120,114

Refer to Notes to Financial Statements (Note 7) for more detailed information.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED – (CONTINUED)

For the Future

The school district is proud of the support that the community has demonstrated throughout the past year. However, the district is in dire need of additional space for its overcrowded schools. A referendum to build two new schools was rejected by the voters in December 2015.

State aid is another area of concern. The district is substantially underfunded according to the SFRA formula and is spending below the adequacy amount determined by the New Jersey Department of Education. Current enrollment and future projections will have a significant impact on the district's operations over the next five years. The Board of Education has decided to ask the voters once again for the approval of a new middle school and extensive renovations to its current middle school. The board is seeking relief for its current overcrowded schools as well as the flexibility of meeting the projected increases in enrollment due to the approved Transit Village that is currently being built on the former Johnson & Johnson property.

The North Brunswick Township School District has committed itself to financial excellence for many years. The district systems for financial planning, budgeting, and internal financial controls are well tested and highly regarded. The school district is unwavering to its practice of sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, kindly contact the School Business Administrator's Office at the North Brunswick Township School District, P.O. Box 6016, North Brunswick Township, NJ 08902.

Respectfully submitted,



Dr. Brian Zychowski
Superintendent of Schools



Dr. Brian Falkowski
Acting School Business Administrator



Alex Benanti
Assistant Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,742,589	\$ 1,114,220	\$ 3,856,809
Receivables - Net	1,629,186	177,681	1,806,867
Inventory		70,662	70,662
Restricted Assets:			
Cash and Cash Equivalents	5,602,959		5,602,959
Capital Assets, Net	<u>102,776,092</u>	<u>128,124</u>	<u>102,904,216</u>
Total Assets	<u>\$ 112,750,826</u>	<u>\$ 1,490,687</u>	<u>\$ 114,241,513</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on Defeasance of Debt	\$ 2,908,012		\$ 2,908,012
Pension	<u>4,886,345</u>		<u>4,886,345</u>
	<u>\$ 7,794,357</u>		<u>\$ 7,794,357</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,151,786	\$ 341,320	\$ 2,493,106
Other Current Liabilities	40,156		40,156
Intergovernmental Accounts Payable	6,569		6,569
Unearned Revenue	346,849	71,725	418,574
Accrued Interest Payable	722,429		722,429
Net Pension Liability	26,250,050		26,250,050
Noncurrent Debt:			
Due Within One Year	4,517,032		4,517,032
Due Beyond One Year	<u>41,406,209</u>		<u>41,406,209</u>
Total Liabilities	<u>\$ 75,441,080</u>	<u>\$ 413,045</u>	<u>\$ 75,854,125</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>\$ 633,616</u>		<u>\$ 633,616</u>
	<u>\$ 633,616</u>		<u>\$ 633,616</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 62,963,514	\$ 128,124	\$ 63,091,638
Restricted for:			
Capital Reserve	5,602,959		5,602,959
Unrestricted (Deficit)	<u>(24,095,986)</u>	<u>949,518</u>	<u>(23,146,468)</u>
Total Net Position	<u>\$ 44,470,487</u>	<u>\$ 1,077,642</u>	<u>\$ 45,548,129</u>

See accompanying notes to financial statements.

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 42,406,923			\$ (42,406,923)		\$ (42,406,923)
Special Education	16,587,884		\$ 2,138,662	(14,449,222)		(14,449,222)
Other Special Education	4,204,642			(4,204,642)		(4,204,642)
Other Instruction	2,002,021			(2,002,021)		(2,002,021)
Support Services:						
Tuition	2,684,498	\$ 31,282		(2,653,216)		(2,653,216)
Student and Instruction Related Services	15,469,731		252,713	(15,217,018)		(15,217,018)
General Administrative Services	2,669,144			(2,669,144)		(2,669,144)
School Administrative Services	7,330,606			(7,330,606)		(7,330,606)
Plant Operations and Maintenance	11,774,688			(11,774,688)		(11,774,688)
Pupil Transportation	8,408,418	100,878		(8,307,540)		(8,307,540)
Charter Schools	1,213,693			(1,213,693)		(1,213,693)
Interest on Long Term Debt	2,124,370			(2,124,370)		(2,124,370)
Total Governmental Activities	\$ 116,876,618	\$ 132,160	\$ 2,391,375	\$ (114,353,083)		\$ (114,353,083)
Business-Type Activities:						
Food Service	\$ 3,135,363	\$ 1,337,928	\$ 1,838,495		\$ 41,060	\$ 41,060
School Facilities	354,943	316,677			(38,266)	(38,266)
Integrated Pre-K/Summer Enrichment	418,303	322,360			(95,943)	(95,943)
After School	25,096	29,400			4,304	4,304
Total Business-Type Activities	\$ 3,933,705	\$ 2,006,365	\$ 1,838,495		\$ (88,845)	\$ (88,845)
Total Primary Government	\$ 120,810,323	\$ 2,138,525	\$ 4,229,870	\$ (114,353,083)	\$ (88,845)	\$ (114,441,928)
General Revenues						
Property Taxes Levied for:						
General Purposes				\$ 74,574,523		\$ 74,574,523
Debt Service				5,351,035		5,351,035
Federal and State Aid Not Restricted				34,192,622		34,192,622
Miscellaneous Income				460,339		460,339
Total General Revenues				\$ 114,578,519		\$ 114,578,519
Special and Extraordinary Items				622,031		622,031
Change in Net Position				\$ 847,467	\$ (88,845)	\$ 758,622
Net Position - Beginning				43,623,020	1,166,487	44,789,507
Net Position - Ending				\$ 44,470,487	\$ 1,077,642	\$ 45,548,129

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
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>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,581,689		\$ 127,087	\$ 37,499	\$ 2,746,275
Intergovernmental Accounts Receivable	912,903	\$ 716,283			1,629,186
Interfunds Receivable	359				359
Restricted Cash and Cash Equivalents	<u>5,602,959</u>				<u>5,602,959</u>
Total Assets	\$ <u>9,097,910</u>	\$ <u>716,283</u>	\$ <u>127,087</u>	\$ <u>37,499</u>	\$ <u>9,978,779</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Cash Overdraft		\$ 3,686			\$ 3,686
Accounts Payable	\$ 748,393	359,179			1,107,572
Other Current Liabilities			\$ 40,156		40,156
Intergovernmental Accounts Payable		6,569			6,569
Interfunds Payable			359		359
Unearned Revenue		<u>346,849</u>			<u>346,849</u>
Total Liabilities	\$ <u>748,393</u>	\$ <u>716,283</u>	\$ <u>40,515</u>		\$ <u>1,505,191</u>
Fund Balances					
Restricted:					
Capital Reserve Account	\$ 5,602,959				\$ 5,602,959
Maintenance Reserve	1,500,000				1,500,000
Emergency Reserve	217,000				217,000
Debt Service				\$ 37,499	37,499
Capital Projects			\$ 86,572		86,572
Assigned - Designated for Subsequent Year's Expenditures	115,039				115,039
Assigned - Arra/Semi Designated for Subsequent Year's Expenditures	51,551				51,551
Assigned to Other Purposes	232,012				232,012
Unassigned	<u>630,956</u>				<u>630,956</u>
Total Fund Balances	\$ <u>8,349,517</u>		\$ <u>86,572</u>	\$ <u>37,499</u>	\$ <u>8,473,588</u>
Total Liabilities and Fund Balance	\$ <u>9,097,910</u>	\$ <u>716,283</u>	\$ <u>127,087</u>	\$ <u>37,499</u>	\$ <u>9,978,779</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

	<u>Total Governmental Funds</u>
Total Fund Balances above	\$ 8,473,588
 Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of capital assets is \$155,864,546 and the accumulated depreciation is \$53,088,454. (see Note 5)	102,776,092
Deferred loss on defeasance of debt, unamortized (see Note 7D)	2,908,012
Noncurrent liabilities, including bonds, loans, leases payable and compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7)	(45,923,241)
 Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:	
Accrued Interest Payable (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.)	(722,429)
Accrued Pension Liability (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30th, 2015, however will be raised in the budget for the fiscal year ending June 30th, 2016)	3,208,515
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)	<u>(26,250,050)</u>
Net position of governmental activities (A-1)	\$ <u><u>44,470,487</u></u>

See accompanying notes to financial statements

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED 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>
<u>REVENUES</u>					
Local sources:					
Local tax levy	\$ 74,574,523			\$ 5,351,035	\$ 79,925,558
Interest on Investments			\$ 359		359
Interest earned on capital reserve funds	7,694				7,694
Miscellaneous	<u>289,699</u>	<u>\$ 119,298</u>			<u>408,997</u>
Total - Local Sources	\$ 74,871,916	\$ 119,298	\$ 359	\$ 5,351,035	\$ 80,342,608
State Sources	22,124,844	38,101			22,162,945
Federal Sources	<u>128,840</u>	<u>2,479,963</u>			<u>2,608,803</u>
Total Revenues	\$ 97,125,600	\$ 2,637,362	\$ 359	\$ 5,351,035	\$ 105,114,356
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	\$ 25,213,491				\$ 25,213,491
Special Education Instruction	8,134,903	\$ 2,138,662			10,273,565
Other Special Instruction	2,499,916				2,499,916
Other Instruction	1,190,323				1,190,323
Support Services and Undistributed Costs:					
Tuition	2,684,498				2,684,498
Student and Instruction Related Services	8,993,554	252,713			9,246,267
Other Administrative Services	1,586,968				1,586,968
School Administrative Services	4,358,491				4,358,491
Plant Operations and Maintenance	7,000,767				7,000,767
Pupil Transportation	4,999,315				4,999,315
Employee Benefits	27,263,197	245,987			27,509,184
Transfer to Charter Schools	1,213,693				1,213,693
Debt Service:					
Principal				\$ 3,600,000	3,600,000
Interest				1,779,600	1,779,600
Capital Outlay	<u>1,767,331</u>		<u>\$ 14,730</u>		<u>1,782,061</u>
Total Expenditures	\$ 96,906,447	\$ 2,637,362	\$ 14,730	\$ 5,379,600	\$ 104,938,139

See accompanying notes to financial statements

**BOARD OF EDUCATION
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED 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>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 219,153		\$ (14,371)	\$ (28,565)	\$ 176,217
Other Financing Sources/(Uses): Transfer In/(Out)					
Interest earned	\$ 359		\$ (359)		
Cancellation of prior years payable	56,151				56,151
Total Other Financing Sources (Uses)	\$ 56,510		\$ (359)		56,151
Net Change in Fund Balances	\$ 275,663		\$ (14,730)	\$ (28,565)	\$ 232,368
Fund Balance - July 1	8,073,854		101,302	66,064	8,241,220
Fund Balance - June 30	<u>\$ 8,349,517</u>		<u>\$ 86,572</u>	<u>\$ 37,499</u>	<u>\$ 8,473,588</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	232,368
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p> <p>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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Capital outlay	\$	1,782,061
Other Contributed Capital		378,492
Loss on retirement of capital assets		242,539
Depreciation expense		(3,909,334)
		(1,506,242)
<p>Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.</p>		
Amortization of premium		461,767
<p>Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.</p>		
Amortization of deferred loss		(409,124)
<p>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.</p>		
		3,600,000
<p>In the statement of activities, interest on noncurrent debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is a deduction in the reconciliation.</p>		
		64,354
<p>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 funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(842,537)
<p>Net pension obligation related to PERS which is attributable to June 30, 2015 not reported in governmental funds; however, it is reported in the statement of activities.</p>		
		(753,119)
Change in Net Position of Governmental Activities (A-2)	\$	847,467

See accompanying notes to financial statements

**PROPRIETARY FUNDS –
ENTERPRISE FUNDS**

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016**

<u>ASSETS</u>	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment</u>	<u>After School</u>	<u>Total Enterprise</u>
Current assets:					
Cash and cash equivalents	\$ 621,496	\$ 418,180	\$ 70,240	\$ 4,304	\$ 1,114,220
Accounts receivable:					
State	4,336				4,336
Federal	125,332				125,332
Other	33,013	15,000			48,013
Inventories	<u>70,662</u>				<u>70,662</u>
Total current assets	<u>\$ 854,839</u>	<u>\$ 433,180</u>	<u>\$ 70,240</u>	<u>\$ 4,304</u>	<u>\$ 1,362,563</u>
Noncurrent assets:					
Furniture, machinery and equipment	\$ 595,180	28,163	\$ 139,787		\$ 763,130
Less: accumulated depreciation	<u>582,706</u>	<u>1,173</u>	<u>51,127</u>		<u>635,006</u>
Total noncurrent assets	<u>\$ 12,474</u>	<u>\$ 26,990</u>	<u>\$ 88,660</u>		<u>\$ 128,124</u>
Total assets	<u>\$ 867,313</u>	<u>\$ 460,170</u>	<u>\$ 158,900</u>	<u>\$ 4,304</u>	<u>\$ 1,490,687</u>
 <u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 259,850	\$ 79,644	\$ 1,826		\$ 341,320
Unearned Revenue	<u>19,765</u>		<u>51,960</u>		<u>71,725</u>
Total liabilities	<u>\$ 279,615</u>	<u>\$ 79,644</u>	<u>\$ 53,786</u>		<u>\$ 413,045</u>
 <u>NET POSITION</u>					
Net investment in capital assets	\$ 12,474	\$ 26,990	\$ 88,660		\$ 128,124
Unrestricted	<u>575,224</u>	<u>353,536</u>	<u>16,454</u>	<u>\$ 4,304</u>	<u>949,518</u>
Total net position	<u>\$ 587,698</u>	<u>\$ 380,526</u>	<u>\$ 105,114</u>	<u>\$ 4,304</u>	<u>\$ 1,077,642</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities				Total Enterprise
	Enterprise Fund				
<u>OPERATING REVENUES</u>	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	
Local Sources:					
Daily sales - reimbursable programs:					
School lunch program	\$ 649,733				\$ 649,733
School breakfast program	12,060				12,060
School after school snack program	28,828				28,828
Daily sales - non-reimbursable programs	647,307				647,307
Tuition and services		\$ 316,677	\$ 322,360	\$ 29,400	668,437
Total operating revenues	\$ 1,337,928	\$ 316,677	\$ 322,360	\$ 29,400	\$ 2,006,365
<u>OPERATING EXPENSES</u>					
Cost of sales - reimbursable programs	\$ 1,180,850				\$ 1,180,850
Cost of sales - non-reimbursable programs	258,923				258,923
Salaries	954,615	\$ 263,023	\$ 388,664	\$ 24,823	1,631,125
Employee benefits	218,110				218,110
Insurance	110,078				110,078
Water			627		627
Heat			1,428		1,428
Electricity			3,972		3,972
General Supplies	158,339	90,747	2,758		251,844
Management fee	123,053				123,053
Depreciation	7,395	1,173	11,649		20,217
Administration Fee	124,000				124,000
Other			9,205	273	9,478
Total operating expenses	\$ 3,135,363	\$ 354,943	\$ 418,303	\$ 25,096	\$ 3,933,705
Operating income/(loss)	\$ (1,797,435)	\$ (38,266)	\$ (95,943)	\$ 4,304	\$ (1,927,340)

See accompanying notes to financial statements

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund				Total Enterprise
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	
<u>NONOPERATING REVENUES</u>					
State sources:					
State school lunch program	\$ 31,344				\$ 31,344
Federal sources:					
National school lunch program	1,129,799				1,129,799
National breakfast program	403,804				403,804
School snack program	8,978				8,978
Food distribution program	<u>264,570</u>				<u>264,570</u>
Total nonoperating revenues	<u>\$ 1,838,495</u>				<u>\$ 1,838,495</u>
Income/(loss) before contributions and transfers	\$ 41,060	\$ (38,266)	\$ (95,943)	\$ 4,304	\$ (88,845)
Operating transfers:					
Fixed Assets Purchased					
Change in net position	\$ 41,060	\$ (38,266)	\$ (95,943)	\$ 4,304	\$ (88,845)
Total net position - beginning	<u>546,638</u>	<u>418,792</u>	<u>201,057</u>		<u>1,166,487</u>
Total net position - ending	<u>\$ 587,698</u>	<u>\$ 380,526</u>	<u>\$ 105,114</u>	<u>\$ 4,304</u>	<u>\$ 1,077,642</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund				
	Food Service	School Facilities	Pre-K/Summer Enrichment/	After School	Total Enterprise
Cash Flows from Operating Activities					
Receipts from Customers	\$ 1,337,928	\$ 351,877	\$ 319,075	\$ 29,400	\$ 2,038,280
Payments to Employees	(954,615)	(263,024)	(388,664)	(24,823)	(1,631,126)
Payments for Employee Benefits	(218,110)				(218,110)
Payments to Suppliers	(1,199,539)	(39,465)	(16,164)	(273)	(1,255,441)
Payment for Management and Administrative Fee	(247,053)				(247,053)
Net Cash Provided by/(Used for) Operating Activities	\$ (1,281,389)	\$ 49,388	\$ (85,753)	\$ 4,304	\$ (1,313,450)
Cash Flows from Noncapital Financing Activities					
State Sources	\$ 29,096				\$ 29,096
Federal Sources	1,539,540				1,539,540
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ 1,568,636				\$ 1,568,636
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 287,247	\$ 49,388	\$ (85,753)	\$ 4,304	\$ 255,186
Balances - Beginning of Year	334,249	368,792	155,993		859,034
Balances - End of Year	\$ 621,496	\$ 418,180	\$ 70,240	\$ 4,304	\$ 1,114,220
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities					
Operating Gain/(Loss)	\$ (1,797,435)	\$ (38,266)	\$ (95,943)	\$ 4,304	\$ (1,927,340)
Adjustments to Reconcile Operating Loss to Cash Provided/(Used) by Operating Activities:					
Depreciation	\$ 7,395	1,173	\$ 11,649		\$ 20,217
Fixed Asset Purchased		(28,163)			(28,163)
Federal Commodities	264,570				264,570
Change in Assets and Liabilities:					
(Increase)/Decrease in Accounts Receivable	(12,546)	35,000			22,454
(Increase) in Inventories	(3,223)				(3,223)
Increase in Accounts Payable	259,850	79,644	1,826		341,320
Increase/(Decrease) in Unearned Revenue			(3,285)		(3,285)
Total Adjustments	\$ 516,046	\$ 87,654	\$ 10,190		\$ 613,890
Net Cash Provided by/(Used for) by Operating Activities	\$ (1,281,389)	\$ 49,388	\$ (85,753)	\$ 4,304	\$ (1,313,450)

See accompanying notes to financial statements

FIDUCIARY FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	<u>Trust Funds</u>	<u>Agency Fund</u>	Total Fiduciary Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>39,656</u>	\$ <u>440,010</u>	\$ <u>479,666</u>
Total Assets	\$ <u><u>39,656</u></u>	\$ <u><u>440,010</u></u>	\$ <u><u>479,666</u></u>
<u>LIABILITIES</u>			
Payable to Student Groups		\$ 330,173	\$ 330,173
Payroll Deductions and Withholdings	<u>109,837</u>	<u>109,837</u>	<u>109,837</u>
Total Liabilities		<u><u>\$ 440,010</u></u>	<u><u>\$ 440,010</u></u>
<u>NET POSITION</u>			
Reserved - Payable to Student Groups	\$ <u>39,656</u>		\$ <u>39,656</u>
Total Net Position	\$ <u><u>39,656</u></u>		\$ <u><u>39,656</u></u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF CHANGE IN NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Trust Fund</u>	Total Fiduciary <u>Funds</u>
<u>DEDUCTIONS</u>			
Scholarships Awarded		\$ 3,100	\$ 3,100
Transfer to General Fund as Budgeted Revenue	\$ 49,151	_____	49,151
Total Deductions	\$ 49,151	\$ 3,100	\$ 52,251
Change in Net Position	\$ (49,151)	\$ (3,100)	\$ (52,251)
Total Net Position - Beginning of the Year	\$ 49,151	\$ 42,756	91,907
Total Net Position - Ending of the Year	_____	\$ 39,656	\$ 39,656

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The North Brunswick Township School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three (3) year terms. The purpose of the District is to educate students in grades pre-K-12. The District had an approximate enrollment at June 30, 2016 of 6,085 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state 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 revenues.

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 from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for 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.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the following:

Food Service: This fund provides for the cafeteria operation in all schools within the school district.

Integrated Pre-K/Summer Enrichment: This fund provides for the attendance of regular education students within the preschool program and for the Summer Enrichment program.

School Facilities: This fund provides for usage of school facilities within the school district.

After School Enrichment: This fund provides for the After School Enrichment program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statement of net position. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

3. Fiduciary Funds

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Private Purpose Scholarship Funds

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and Scholarship Funds.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

Agency Funds – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are voted on by the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General Fund revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 97,123,783	C-2 \$ 2,637,362
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2015	None	
June 30, 2016	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,118,631	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,116,814)</u>	<u>None</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 B-2 \$ <u>97,125,600</u>	 B-2 \$ <u>2,637,362</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 96,906,447	C-2 \$ 2,037,362
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2015	None	None
June 30, 2016	<u>None</u>	<u>None</u>
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 B-2 \$ <u>96,906,447</u>	 B-2 \$ <u>2,037,362</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of 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 deferred revenues 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.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded in the enterprise funds. All expenses in the other funds are recorded as expenditures during the year of purchase.

Inventories in the Proprietary Funds 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.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

5. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Current Interfund Receivables/Payables

Current 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.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	6-8 years
Office and Computer Equipment	5-20 years
Instructional Equipment	5-10 years
Grounds Equipment	5-15 years
Food Service Equipment	7-20 years

8. Deferred Outflows/Inflows of Resources

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

9. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Compensated Absences (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

10. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

11. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

12. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Unearned (Deferred) Revenue

Unearned revenue in all funds represent program revenues that have been received but not yet earned.

14. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

15. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

15. Fund Balance (Continued)

- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

16. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

17. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the capital projects fund. The liability, if any, is recorded as an accrued arbitrage rebate.

18. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

19. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified and allocated by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

20. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

21. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

21. Accounting and Financial Reporting for Pensions (Continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

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

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

22. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 74. Financial Reporting for Postemployment Benefit Other Than Pension Plans.*

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 76. The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 77. Tax Abatement Disclosures.*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 78. Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 82. Pension Issues – an amendment of GASB Statements No. 67, No. 38 and No. 73*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement data of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The District does not expect this statement to impact its financial statements

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2016 through November 10, 2016, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

A. Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, 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%.

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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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

	<u>Cash and Cash Equivalents</u>
Checking Accounts - Interest Bearing	\$ 10,781,916
MBIA Asset Management	125,920
Certificate of Deposit	57,134
	\$ 10,964,970
 Reconciliation:	
Governmental Funds	\$ 9,103,189
Proprietary Funds	1,114,220
Fiduciary Funds	747,561
	\$ 10,964,970

Of the total amount deposits of \$5,602,959 has been earmarked towards the Capital Reserve Account. Refer to Notes to Financial Statements Note 14.

Allocation of Cash and Cash Equivalents

Unrestricted	\$ 3,856,809
Restricted	5,602,959
	\$ 9,459,768

Risk Analysis – The MBIA accounts are collateralized by U.S. government securities (both U.S. Treasury and Federal Agency) and other permitted money market instruments and not exposed to custodial credit risk. The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage ("GUDPA") as of June 30, 2016 which minimizes credit risk.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

The District had no securities as of June 30, 2016 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2016 consisted of Federal source, State source, transportation, a local project and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u> <u>Financial Statements</u>	<u>Business Type</u> <u>Activities</u>
General Fund		
Federal Aid:		
Medical Assistance Program	\$ 10,369	
State Aid:		
Extraordinary Special Education Aid	847,444	
Non Public Transportation	55,090	
	<u>\$ 912,903</u>	
Special Revenue Fund		
Federal Aid:		
Title I	\$ 327,900	
Title II	20,745	
Title III Part A	7,785	
Title III Immigrant	3,296	
IDEA Part B Basic Regular	305,557	
IDEA Part B Preschool	15,889	
Perkins	27,505	
RTTP	1,035	
Local Aid:		
MRESC - Refund NJ Non-Public Aid	<u>6,571</u>	
	<u>\$ 716,283</u>	
	<u>\$ 1,629,186</u>	
Proprietary Fund		
Enterprise Fund:		
State Source		\$ <u>4,436</u>
Federal Source		\$ <u>125,332</u>
Other Source		\$ <u>33,013</u>

5. INVENTORY

The value of Federal donated commodities as reflected on Schedule A of \$264,570 (required by the Single Audit Act) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. As of June 30, 2016, the federal donated commodities food inventory of \$28,373 was included in the year end food and supplies amount of \$70,662.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

6. CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 14,000			\$ 14,000
Construction in Progress	-			-
Total capital assets not being depreciated	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
Capital assets being depreciated:				
Building and Building Improvements	145,751,057	\$ 935,143	\$ (521,327)	147,207,527
Machinery and Equipment	<u>7,717,919</u>	<u>1,225,410</u>	<u>300,310</u>	<u>8,643,019</u>
Total at historical cost	<u>153,468,976</u>	<u>2,160,553</u>	<u>(221,017)</u>	<u>155,850,546</u>
Less accumulated depreciation for:				
Building and Building Improvements	(44,946,087)	(3,306,051)	(21,522)	(48,230,616)
Machinery and Equipment	<u>(4,254,555)</u>	<u>(603,283)</u>		<u>(4,857,838)</u>
Total accumulated depreciation	<u>(49,200,642)</u>	<u>(3,909,334)</u>	<u>(21,522)</u>	<u>(53,088,454)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>104,268,334</u>	<u>(1,748,781)</u>	<u>(242,539)</u>	<u>102,762,092</u>
Governmental activities capital assets, net	<u>\$ 104,282,334</u>	<u>\$ (1,748,781)</u>	<u>\$ (242,539)</u>	<u>\$ 102,776,092</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 734,967	\$ 28,163		\$ 763,130
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>(614,789)</u>	<u>(20,217)</u>	-	<u>(635,006)</u>
Business type activities capital assets, net	<u>\$ 120,178</u>	<u>\$ 7,946</u>	<u>-</u>	<u>\$ 128,124</u>
<u>Detail of additions</u>				
Governmental Activities:				
General Fund		\$ 1,767,331		
Capital Projects Fund		14,730		
Other Sources		<u>378,492</u>		
		<u>\$ 2,160,553</u>		

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

6. CAPITAL ASSETS, NET (CONTINUED)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$	1,485,148
Special Education Instruction		605,143
Other Special Instruction		147,252
Other Instruction		70,113
Support Services and Undistributed Cost:		
Student and Instruction Related Services		544,632
School Administrative Services		93,477
General and Business Administrative Services		256,728
Plant Operations and Maintenance		412,366
Pupil Transportation		294,475
		<u> </u>
Total	\$	<u><u>3,909,334</u></u>

7. NONCURRENT (LONG-TERM) DEBT

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>within One Year</u>	<u>Noncurrent</u> <u>Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable -						
General Obligation Debt	\$ 43,760,000		\$ 3,600,000	\$ 40,160,000	\$ 3,735,000	\$ 36,425,000
Add: Unamortized						
Premium on Bonds	<u>3,022,357</u>		<u>461,767</u>	<u>2,560,590</u>	<u>461,767</u>	<u>2,098,823</u>
	46,782,357		4,061,767	42,720,590	4,196,767	38,523,823
Compensated						
Absences Payable	<u>2,360,114</u>	\$ 1,111,132	<u>268,595</u>	<u>3,202,651</u>	<u>320,265</u>	<u>2,882,386</u>
	<u>\$ 49,142,471</u>	<u>\$ 1,111,132</u>	<u>\$ 4,330,362</u>	<u>\$ 45,923,241</u>	<u>\$ 4,517,032</u>	<u>\$ 41,406,209</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

A. Bonds and loans payable currently outstanding are summarized as follows:

School District Refunding Bonds, Series 2010

The District issued \$17,865,000 of bonds dated March 25, 2010 at a premium of \$2,081,589 in order to provide sufficient funds for the refunding and costs of issuance of \$18,199,000 of 2002 Series Bonds due on or after July 15, 2022. Annual remaining maturities of \$1,770,000 to \$2,350,000. Final maturity is due on July 15, 2022 with interest rates on remaining maturities ranging from 4.0% to 5.0%.

\$ 14,335,000

Redemption: The bonds are not subject to redemption prior to their stated maturities.

School District Refunding Bonds, Series 2012

The District issued \$23,540,000 of bonds dated May 23, 2012 at a premium of \$2,911,931 in order to provide sufficient funds for the refunding and costs of issuance of \$14,781,000 of 2005 Series Bonds due on or after October 15, 2025. Annual remaining maturities of \$1,605,000 to \$4,700,000. Final maturity is due on January 15, 2025 with interest rates on remaining maturities ranging from 2.0% to 5.0%.

21,565,000

Redemption: The bonds are not subject to redemption prior to their stated maturities.

School District Refunding Bonds, Series 2014 (Portion of 2006 Bonds)

The District issued \$4,260,000 of bonds dated October 2, 2014 at a premium of \$502,039 in order to provide sufficient funds to refund \$4,431,000 the remaining portion of 2006 Series Bonds issued in the original principal amount of \$7,391,000 and dated March 15, 2006 maturing on or after March 15, 2017. Annual maturities of \$360,000 to \$480,000 at interest rates ranging from 3.0% to 4.0% with final maturity on March 15, 2023.

4,260,000

Optional Redemption: The bonds maturing prior to March 15, 2025 are not subject to redemption prior to their stated maturities. The bonds maturing on or after March 15, 2025 are redeemable at the option of the Board in whole or in part on any date on or after September 15, 2024 at 100% of the principal amount plus interest accrued to the date of redemption upon notice as required herein.

TOTAL

\$ 40,160,000

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

A. Bonds and loans payable currently outstanding are summarized as follows: (Continued)

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District in conjunction with the issuance of the Bonds has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. The requirement effective for the fiscal years ended June 30, 2015.

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.

B. Debt Service Requirements

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,735,000	\$ 1,634,100	\$ 5,369,100
2018	3,875,000	1,501,600	5,376,600
2019	4,025,000	1,348,650	5,373,650
2020	4,170,000	1,210,513	5,380,513
2021	4,350,000	1,031,287	5,381,287
	<u>20,155,000</u>	<u>6,726,150</u>	<u>26,881,150</u>
2022	4,560,000	820,450	5,380,450
2023	4,785,000	594,300	5,379,300
2024	5,000,000	438,150	5,438,150
2025	5,180,000	238,150	5,418,150
2026	480,000	19,200	499,200
	<u>20,005,000</u>	<u>2,110,250</u>	<u>22,115,250</u>
Total	<u>\$ 40,160,000</u>	<u>\$ 8,836,400</u>	<u>\$ 48,996,400</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

C. Bonds Authorized But Not Issued

As of June 30, 2016, the District had an unissued debt authorization. The authorization for \$1,200,000 was approved by the voters in November, 1994, was designed to purchase property for a proposed elementary school. The property identified in the referendum is no longer available for sale and the District will be required to seek voter approval for an alternate site.

D. Defeasance

As a result of the accounting requirement under GASB#23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in accounting losses which in conjunction with the premium will be amortized over the remaining life of the respective bond issues using the "straight-line".

Unamortized Loss on Defeasance

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2010 Series	\$ 1,580,296	\$ 2,226,043	\$ 247,338	\$ 1,978,705
2012 Series	2,968,058	790,148	131,691	658,457
2015 Series	331,039	<u>300,945</u>	<u>30,095</u>	<u>270,850</u>
		<u>\$ 3,317,136</u>	<u>\$ 409,124</u>	<u>\$ 2,908,012</u>

E. Operating Lease Obligation

The District leases twenty eight (28) copy machines and related equipment of various sizes and capability which is part of a revolving lease plan that requires the Board to pay a monthly fee plus a factor for each copy over a certain amount for forty eight (48) months, commencing June 1, 2015 through May 31, 2019. The lease payments charged to the operating budget and the minimum annual lease payments are \$316,563.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

F. 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 earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers who have obtained tenure and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of $\frac{1}{4}$ of the unused accumulated sick leave multiplied by $\frac{1}{200}$ of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of $\frac{1}{4}$ of the unused accumulated sick leave multiplied by $\frac{1}{240}$ of the last annual contracted salary.

The District's employees upon retirement are compensated for their unused sick times at rates vary according to respective contracts and subject to statutory limits and dates of employment rate. The rate in all cases is a predetermined amount per day.

G. Subsequent Event

On August 17, 2016 the District authorized a referendum of the voters to approve the acquisition of land and construction of a new elementary school and alterations, renovations and site work at the Linwood School. The referendum requests voter approval to issue \$77,348,000 and will take place on December 13, 2016. It is anticipated that a portion of the cost will be offset by state aided debt service.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS

Basic Financial Statements

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF): The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A.18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively, with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System (PERS): The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

Basic Financial Statements (Continued)

Funding Policy: The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS

Year Funding	Three-Year Trend Information for PERS			Percentage of APC Contributed	Employee Contribution
	Annual Pension Cost		Net Cost to District		
	Normal	Accrued			
June 30, 2016	\$ 170,201	\$ 784,053	\$ 954,254	100%	\$ 592,501
June 30, 2015	157,058	786,359	943,417	100%	563,998
June 30, 2014	159,313	700,437	859,750	100%	532,312

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding June 30	Pension Paid on-behalf of District						TPAF FICA
	Cost (APC)	APC Contributed	Normal & Accrued	NCGI Premium	Total On-Behalf of	Employee Contribution	
2016	\$ None	100%	\$ 2,891,284	\$ 148,627	\$ 3,039,911	\$ 2,807,578	\$ 2,858,405
2015	None	100%	1,848,056	132,959	1,981,015	2,671,364	2,829,113
2014	None	100%	1,398,733	123,470	1,522,203	2,530,855	2,782,721

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

Basic Financial Statements (Continued)

Funding Policy (Continued):

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$3,039,911 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,858,405 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

District-Wide Financial Statements

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2015 and 2014 Independent Auditor's Report dated April 14, 2016 and November 13, 2015, respectively.

At June 30, 2016 and June 30, 2015, the District reported a liability of \$26,250,050 and \$21,426,074, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30,	
	2015	2014
District Proportionate Share	0.11693716520 %	0.11443388046 %
Difference - Increase	0.00250328474	

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$1,758,465. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 2,819,046	
Difference between expected and actual experience	626,234	
Net difference between projected and actual earnings on pension plan investments		\$ 422,050
Changes in proportion	396,851	211,566
District contributions subsequent to the measurement date	<u>1,044,214</u>	
Total	<u>\$ 4,886,345</u>	<u>\$ 633,616</u>

The \$1,044,214 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$ 550,380
2017	550,380
2018	550,380
2019	876,568
2020	495,521

Additional Information

Collective balances are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$ 5,823,297,595	\$ 1,452,705,538
Collective deferred inflows of resources	1,215,190,347	2,146,719,012
Collective net pension liability (Local Group)	22,447,996,119	20,127,103,950
Collective net pension liability	46,170,131,656	38,849,838,953
District's proportion (Local Group)	0.1169371652 %	0.1144338805 %

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

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 rolled forward to June 30, 2015. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study. 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.

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return (7.90% at June 30, 2015) on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

<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 Markets	12.00	6.88
Emerging Market Equities	6.40	10.00
Private Equity	9.25	12.41
Hedge Funds/Absolute Returns	12.00	4.72
Real Estate (Property)	2.00	6.83
Commodities	1.00	5.32
Global Debt ex US	3.50	-0.40
REIT	<u>4.25</u>	5.12
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. 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% and 4.29% as of June 30, 2015 and 2014, respectively, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

		June 30, 2015		
		1% Decrease	At Current Discount Rate	1% Increase
		<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
District's proportionate share of the pension liability	\$	32,625,601	26,250,050	20,904,835
		June 30, 2014		
		1% Decrease	At Current Discount Rate	1% Increase
		<u>4.39%</u>	<u>5.39%</u>	<u>6.39%</u>
District's proportionate share of the pension liability	\$	26,953,710	21,426,074	16,782,668

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2015 and 2014 Independent Auditor's Reports dated July 28, 2016 and November 13, 2015, respectively.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2015 was as follows:

Net Pension Liability:

Districts proportionate share	None
State's proportionate share associated with the District	\$ 231,594,767.00
	<u>\$ 231,594,767.00</u>

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 June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was .3664226574%.

For the year ended June 30, 2016 and June 30, 2015, the District recognized on-behalf pension expense and revenue of \$14,971,458 and \$10,348,991, respectively, for contributions provided by the State.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

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

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return (7.90% at June 30, 2015) on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00 %	0.53 %
US Government Bonds	1.75	1.39
US Credit Bonds	13.50	2.72
US Mortgages	2.10	2.54
US Inflation-Indexed Bonds	1.50	1.47
US High Yield Bonds	2.00	4.57
US Equity Market	27.25	5.63
Foreign-Developed Equity	12.00	6.22
Emerging Markets Equity	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
	<u>100.00 %</u>	

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. 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% and 4.29% as of June 30, 2015 and 2014, respectively, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability,

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan were as follows:

<u>June 30,</u>	<u>Employee</u>	<u>Employer</u>
2016	\$ 38,485	\$ 19,901
2015	31,549	17,209
2014	27,517	15,006

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for 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 Chapter 62, P.L. 1994. 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 Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.10 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

Fiscal Year Ended <u>June 30,</u>	<u>Post-Retirement Medical</u>
2016	\$ 3,619,694
2015	3,144,862
2014	2,496,004

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

11. DEFERRED COMPENSATION

A. IRS Code Section 403(b)

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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:

AIG Valic	FTJ Fund Choice
AXA Equitable	New York Life Insurance Company/
Lincoln Investment Planning Inc.	Mainstay Investments
Security Benefit	MetLife

B. IRS Code Section 457

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan which is administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is AIG – VALIC Financial Resource.

12. 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Liability Insurance: The District maintains commercial 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.

New Jersey Unemployment Compensation Insurance: The District for the period July 1, 2013 to December 31, 2013 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 was billed quarterly for amounts due to the State. Subsequent to January 1, 2014 the District opted to contribute to the State of New Jersey unemployment fund which requires quarterly remittances to the state for both employer and employee share. Benefits if any will get paid by the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

12. RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance: (Continued)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Transferred to</u> <u>General Fund as</u> <u>Miscellaneous</u> <u>Revenue</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ -	\$ (49,151)	\$ -	\$ -
2015	-	(400,000)	87,067	49,151
2014	57,894		148,349	536,218

Health Benefits: The Board of Education has procured medical insurance coverage for its employees under a "monthly premium plan" where the employees have several options to select from.

13. INTERFUND BALANCES AND TRANSFERS

The interfund receivable/payable as of June 30, 2016 will be liquidated in the normal course of business in the succeeding year.

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ <u>359</u>	
Capital Projects Fund		\$ <u>359</u>

14. RESTRICTED – CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Board by inclusion on October 10, 2000 and June 25, 2011 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. Analysis of Capital Reserve Activity since Inception:

Contributions from Board		
Prior to June 30, 2015	\$ 15,973,315	
During year ended June 30, 2016	<u>1,973,374</u>	\$ 17,946,689
Interest Earned		
Prior to June 30, 2015	\$ 52,159	
During year ended June 30, 2016	<u>7,694</u>	\$ 59,853
Less Withdrawals:		
Prior to June 30, 2015	\$ 11,635,705	
During year ended June 30, 2016	<u>767,878</u>	<u>\$ 12,403,583</u>
Balance June 30, 2016		<u>\$ 5,602,959</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

14. RESTRICTED – CAPITAL RESERVE ACCOUNT (CONTINUED)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board Resolution at year end, if any, Unanticipated Revenue or Unexpended Line Item Appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-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.

15. FUND BALANCE APPROPRIATED

General Fund - Of the \$8,349,517 General Fund fund balance at June 30, 2016, \$232,012 is assigned – for other purposes (encumbrances); \$5,602,959 is restricted for the Capital Reserve Account, \$1,500,000 is restricted for the Maintenance Reserve, \$217,000 is restricted for the emergency reserve, \$51,551 is assigned-ARRA/SEMI designated for subsequent year's expenditures, \$115,039 is assigned – designated for subsequent year's expenditures and \$630,956 is unassigned

Of the Capital Reserve fund balance \$1,814,445 and the Maintenance Reserve fund balance \$405,732 were included as revenue on the 2016-2017 general fund budget to offset related expenditures.

Debt Service Fund – Of the Debt Service Fund fund balance at June 30, 2016, \$37,499 is restricted for debt service.

Capital Projects Fund – Of the \$86,572 Capital Projects Fund fund balance at June 30, 2016 is restricted for capital projects.

16. CONTINGENT LIABILITIES AND COMMITMENTS

- A. **Grant Programs** – The school district participates in federal, state and locally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. **Pending Litigation** – As of the date of this report, in the opinion of the management, there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District. There were several matters pending that are being handled by the Board's insurance carrier which should not have any adverse impact.
- C. **Interlocal Services Agreement** – The District has an agreement with the Township for reimbursement for unforeseen soil remediation at the High School. The Township adopted an Improvement Authorization to provide funds and the District actually awarded and managed the related contracts. The agreement also requires payment back to the Township for debt service.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

16. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

D. Contractual Commitments

The District has contractual commitments at June 30, 2016 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$232,012.

E. Space Rental

The District entered into a building lease agreement to serve as classrooms or its Early Childhood Education Center. The lease is from September 1, 2015 through August 1, 2018. The lease payments are \$200,000 per year and the District is responsible for utilities.

17. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess surplus as a result of the 2014-2015 or 2015-2016 school years at June 30, 2016.

18. RECONCILIATION OF FUND BALANCE – GENERAL FUND

The Surpluses are presented on a GAAP basis and reconciliation to the budget basis is follows:

	<u>Unassigned</u>
Balance on a Budget Basis on the General Fund Budgetary Basic Comparison	\$ 1,747,770
Less: Allocation of state aid payment not recognized on a GAAP basis	1,116,814
	\$ 630,956

19. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 74,574,523		\$ 74,574,523	\$ 74,574,523	
Transportation Fees	100,000		100,000	100,878	\$ 878
Miscellaneous	152,000		152,000	188,820	36,820
Interest Earned on Capital Reserve	500		500	7,694	7,194
Total - local sources	\$ 74,827,023		\$ 74,827,023	\$ 74,871,915	\$ 44,892
State sources:					
Special Education Categorical Aid	\$ 3,621,124		\$ 3,621,124	\$ 3,621,124	
Equalization Aid	6,681,891		6,681,891	6,681,891	
Extraordinary aid	330,000		330,000	847,444	\$ 517,444
Security Aid	516,450		516,450	516,450	
Adequacy Aid	329,331		329,331	329,331	
Transportation Aid	427,308		427,308	427,308	
PARCC Reediness Aid	63,190		63,190	63,190	
Per Pupil Growth Aid	63,190		63,190	63,190	
Non Public Transportation Aid				55,090	55,090
On behalf - TPAF - Pension Contribution (Non-budgeted)				3,039,911	3,039,911
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,619,694	3,619,694
Reimbursed TPAF social security contributions (Non-budgeted)				2,858,405	2,858,405
Total - state sources	\$ 12,032,484		\$ 12,032,484	\$ 22,123,028	\$ 10,090,544
Federal sources:					
Semi aid	\$ 77,953		77,953	128,840	50,887
Total - federal sources	\$ 77,953		\$ 77,953	\$ 128,840	\$ 50,887
TOTAL REVENUES	\$ 86,937,460		\$ 86,937,460	\$ 97,123,783	\$ 10,186,323

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Transfer of funds to charter schools	\$ 1,000,000	\$ 213,693	\$ 1,213,693	\$ 1,213,693	
Subtotal transfer of funds to charter schools	\$ 1,000,000	\$ 213,693	\$ 1,213,693	\$ 1,213,693	
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 1,364,721	\$ 23,313	\$ 1,388,034	\$ 1,387,405	\$ 629
Grades 1 - 5	9,264,309	(344,867)	8,919,442	8,800,140	119,302
Grades 6 - 8	6,255,644	(640,141)	5,615,503	5,550,669	64,834
Grades 9 - 12	8,135,027	(246,439)	7,888,588	7,829,570	59,018
	\$ 25,019,701	(1,208,134)	\$ 23,811,567	\$ 23,567,784	\$ 243,783
Regular programs - home instruction:					
Salaries of teachers	\$ 75,000	\$ (2,000)	\$ 73,000	\$ 72,679	\$ 321
Purchased professional - education services	20,000	6,233	26,233	26,233	
Total regular programs - home instruction	\$ 95,000	4,233	\$ 99,233	\$ 98,912	321
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 196,166	\$ (3,714)	\$ 192,452	\$ 192,452	\$
Purchased professional - educational services		500	500	401	99
Other purchased services (400-500 Series)	539,606	(13,043)	526,563	516,393	10,170
General supplies	712,779	23,726	736,505	676,212	60,293
Textbooks	146,383	15,617	162,000	149,303	12,697
Other objects	21,840	(8,606)	13,234	12,034	1,200
Total regular programs - undistributed instruction	\$ 1,616,774	\$ 14,480	\$ 1,631,254	\$ 1,546,795	\$ 84,459
Total regular programs - instructions	\$ 26,731,475	\$ (1,189,421)	\$ 25,542,054	\$ 25,213,491	\$ 328,563

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 761,353	\$ 25,454	\$ 786,807	\$ 786,396	\$ 411
Other salaries for instruction	363,945	21,698	385,643	385,643	
General supplies	34,118	142	34,260	33,326	934
Textbooks	450	1,050	1,500	1,498	2
Total learning and/or language disabilities	\$ 1,159,866	\$ 48,344	\$ 1,208,210	\$ 1,206,863	\$ 1,347
Behavioral Disabilities:					
Salaries of teachers	\$ 179,459	\$ (3,521)	\$ 175,938	\$ 174,385	\$ 1,553
Other salaries for instruction	53,966		53,966	51,978	1,988
Purchased professional-educational services	25,000	6,608	31,608	24,262	7,346
General Supplies	4,500		4,500	3,433	1,067
Total Behavioral Disabilities	\$ 262,925	\$ 3,087	\$ 266,012	\$ 254,058	\$ 11,954
Multiple Disabilities:					
Salaries of teachers	\$ 118,141	\$ 13,644	\$ 131,785	\$ 125,465	\$ 6,320
Other salaries for instruction	19,356	22,208	41,564	39,254	2,310
General supplies	9,500	(1,500)	8,000	7,785	215
Total Multiple Disabilities	\$ 146,997	\$ 34,352	\$ 181,349	\$ 172,504	\$ 8,845
Resource room/resource center:					
Salaries of teachers	\$ 4,209,039	\$ 91,144	\$ 4,300,183	\$ 4,287,881	\$ 12,302
Other salaries for instruction	647,169	69,435	716,604	715,382	1,222
General supplies	5,160		5,160	4,349	811
Textbooks	950		950	771	179
Total resource room/resource center	\$ 4,862,318	\$ 160,579	\$ 5,022,897	\$ 5,008,383	\$ 14,514
Autism:					
Salaries of teachers	\$ 345,229	\$ (6,017)	\$ 339,212	\$ 339,212	
Other salaries for instruction	432,391	463	432,854	432,854	
General Supplies	15,200	(3,000)	12,200	11,452	\$ 748
Total Autism	\$ 792,820	\$ (8,554)	\$ 784,266	\$ 783,518	\$ 748
Preschool disabilities - part-time:					
Salaries of teachers	\$ 58,222	\$ 81,866	\$ 140,088	\$ 140,088	
Other salaries for instruction	218,719	2,412	221,131	221,131	
General supplies	5,600	327	5,927	5,685	\$ 242
Total preschool disabilities-part-time	\$ 282,541	\$ 84,605	\$ 367,146	\$ 366,904	\$ 242

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool disabilities - full time					
Salaries of teachers	\$ 178,622	\$ (19,240)	\$ 159,382	\$ 153,607	\$ 5,775
Other salaries for instruction	70,413	9,183	79,596	79,596	
General supplies	2,000	1,673	3,673	3,667	6
Total preschool disabilities-full-time	\$ 251,035	\$ (8,384)	\$ 242,651	\$ 236,870	\$ 5,781
Home Instruction:					
Salaries of teachers	\$ 136,500	\$ (66,790)	\$ 69,710	\$ 69,710	
Purchased professional-educational services	52,500	(10,668)	41,832	36,093	\$ 5,739
Total home instruction	\$ 189,000	\$ (77,458)	\$ 111,542	\$ 105,803	\$ 5,739
Total special education - instruction	\$ 7,947,502	\$ 236,571	\$ 8,184,073	\$ 8,134,903	\$ 49,170
Basic skills/remedial - Instruction:					
Salaries of teachers	\$ 1,757,931	\$ (21,151)	\$ 1,736,780	\$ 1,736,079	\$ 701
General supplies	9,000		9,000	2,895	6,105
Total basic skills/remedial - Instruction	\$ 1,766,931	\$ (21,151)	\$ 1,745,780	\$ 1,738,974	\$ 6,806
Bilingual education - Instruction:					
Salaries of teachers	\$ 693,748	\$ 52,632	\$ 746,380	\$ 744,143	\$ 2,237
Other salaries for instruction	14,457	680	15,137	14,758	379
General supplies	7,087		7,087	2,041	5,046
Total bilingual education - Instruction	\$ 715,292	\$ 53,312	\$ 768,604	\$ 760,942	\$ 7,662
School sponsored co/extra - curricular activities - Instructions:					
Salaries	\$ 257,931	\$ (6,242)	\$ 251,689	\$ 228,607	\$ 23,082
Supplies and materials	29,233	32	29,265	22,991	6,274
Total school sponsored co/extra - curricular activities - Instruction	\$ 287,164	\$ (6,210)	\$ 280,954	\$ 251,598	\$ 29,356
School sponsored athletics - Instruction:					
Salaries	\$ 567,807	(35,000)	\$ 532,807	\$ 510,687	\$ 22,120
Purchased services (300-500 Series)	110,656	6,795	117,451	112,805	4,646
Supplies and materials	217,360	\$ (34,500)	182,860	142,570	40,290
Other objects	60,678	2,500	63,178	62,575	603
Total school sponsored athletic activities	\$ 956,501	\$ (60,205)	\$ 896,296	\$ 828,637	\$ 67,659

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1
Page 5 of 11

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/After School programs:					
Salaries	\$ 133,000	45,980	\$ 178,980	\$ 110,088	\$ 68,892
TOTAL Before/After School Programs	\$ 133,000	45,980	\$ 178,980	\$ 110,088	\$ 68,892
Total special programs	\$ 3,858,888	\$ 11,726	\$ 3,870,614	\$ 3,690,239	\$ 180,375
Total instructional programs	\$ 38,537,865	\$ (941,124)	\$ 37,596,741	\$ 37,038,633	\$ 558,108
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	\$ 211,000	\$ 26,072	\$ 237,072	\$ 231,578	\$ 5,494
Tuition to other LEAs within the state - special	962,209	7,012	969,221	927,688	41,533
Tuition to CSSD and regular day schools	90,100	64,025	154,125	127,132	26,993
Tuition to private schools-disabled within the state	1,332,974	32,944	1,365,918	1,311,289	54,629
Tuition - state facilities	86,811		86,811	86,811	
Total undistributed expenditures - instruction	\$ 2,683,094	\$ 130,053	\$ 2,813,147	\$ 2,684,498	\$ 128,649
Attendance and social work:					
Salaries	\$ 69,000	\$ (9,918)	\$ 59,082	\$ 59,082	
Total attendance and Social Work	\$ 69,000	\$ (9,918)	\$ 59,082	\$ 59,082	
Health services:					
Salaries	\$ 603,031	\$ (42,260)	\$ 560,771	\$ 560,427	\$ 344
Purchased professional and technical services	12,000	(85)	11,915	11,231	684
Other purchased services (400-500 Series)	1,900		1,900		1,900
Supplies and materials	32,877	(7,697)	25,180	24,704	476
Total health services	\$ 649,808	\$ (50,042)	\$ 599,766	\$ 596,362	\$ 3,404
Other support services - student-related services:					
Salaries	\$ 683,698	\$ (46,648)	\$ 637,050	\$ 631,945	\$ 5,105
Purchased professional - educational services	153,058	85,633	238,691	224,696	\$ 13,995
Supplies and materials	7,950		7,950	7,766	184
Total other support services - student-related services	\$ 844,706	\$ 38,985	\$ 883,691	\$ 864,407	\$ 19,284
Other support services - student extra services					
Salaries	\$ 366,286	\$ 610	\$ 366,896	\$ 363,953	\$ 2,943
Purchased professional - educational services	500,164	188,715	688,879	406,460	282,419
Supplies and Materials					
Total other support services - student-extra services	\$ 866,450	\$ 189,325	\$ 1,055,775	\$ 770,413	\$ 285,362

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - regular:					
Salaries of other professional staff	\$ 1,187,116	\$ (37,285)	\$ 1,149,831	\$ 1,149,831	
Salaries of secretarial & clerical assistants	93,020	844	93,864	93,864	\$
Purchased professional - educational services	15,500	10,000	25,500	10,100	15,400
Other purchased services (400-500 Series)	20,000	54,432	74,432	72,303	2,129
Supplies and materials	7,970	(500)	7,470	6,765	705
Other Objects	530		530		530
Total other support services - students - regular	\$ 1,324,136	\$ 27,491	\$ 1,351,627	\$ 1,332,863	\$ 18,764
Other support services - students - special:					
Salaries of other professional staff	\$ 2,082,622	\$ 79,098	\$ 2,161,720	\$ 2,161,720	\$
Salaries of secretarial & clerical assistants	220,451	44,840	265,291	260,861	4,430
Purchased professional - educational services	20,000	6,378	26,378	22,300	4,078
Other purchased professional and technical services	1,650		1,650	1,465	185
Miscellaneous purchased services (400-500 Series)	5,000	(3,281)	1,719	1,719	
Supplies and materials	48,000	(4,009)	43,991	43,387	604
Other Objects	2,500	2,669	5,169	5,161	8
Total other support services - students - special	\$ 2,380,223	\$ 125,695	\$ 2,505,918	\$ 2,496,613	\$ 9,305
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 2,185,056	\$ (162,913)	\$ 2,022,143	\$ 2,022,143	
Salaries of other professional staff	75,000	(20,000)	55,000	30,897	\$ 24,103
Salaries of secretarial & clerical assistants	131,867	(41,731)	90,136	89,227	909
Other purchased services (400-500 Series)	5,500		5,500	1,229	4,271
Other objects	17,220	2,460	19,680	19,680	
Total improvement of instructional services	\$ 2,414,643	\$ (222,184)	\$ 2,192,459	\$ 2,163,176	\$ 29,283
Educational media services/school library:					
Salaries	\$ 429,606	\$ 76,676	\$ 506,282	\$ 502,809	\$ 3,473
Supplies and materials	29,195	(639)	28,556	19,734	8,822
Total educational media services/school library	\$ 458,801	\$ 76,037	\$ 534,838	\$ 522,543	\$ 12,295
Instructional staff training services:					
Salaries of other professional staff		\$ 115,236	\$ 115,236	\$ 80,694	\$ 34,542
Purchased professional - educational services	257,173	(154,682)	102,491	42,365	60,126
Other purchased prof. and tech. services	500		500	165	335
Other purchased services (400-500 Series)	124,750	(9,400)	115,350	56,674	58,676
Supplies and materials	3,000		3,000	2,189	811
Other Objects	10,500		10,500	6,008	4,492
Total instructional staff training services	\$ 395,923	\$ (48,846)	\$ 347,077	\$ 188,095	\$ 158,982

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration:					
Salaries	\$ 665,318	\$ 51,221	716,539	\$ 691,415	\$ 25,124
Legal services	173,800	13,114	186,914	186,914	
Audit fee	45,000	40,900	85,900	42,400	43,500
Architects/Engineering services	15,000	(4,114)	10,886	8,400	2,486
Other purchased professional services	12,175	8,790	20,965	20,965	
Purchased technical services	34,250	12,490	46,740	46,740	
Communications/telephone	222,934	(4,749)	218,185	174,476	43,709
BOE other purchased services	9,100		9,100	6,292	2,808
Other purchased services (400-500)	346,858	(3,987)	342,871	325,277	17,594
General supplies	20,600	9,528	30,128	30,097	31
Miscellaneous expenditures	21,746	1,300	23,046	22,568	478
BOE membership dues and fees	32,500		32,500	31,424	1,076
Total support services - general administration	\$ 1,599,281	\$ 124,493	\$ 1,723,774	\$ 1,586,968	\$ 136,806
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,907,997	\$ (627)	\$ 1,907,370	\$ 1,907,370	
Salaries of other professional staff	141,000	(36,280)	104,720	104,720	
Salaries of secretarial and clerical assistants	870,895	(81,249)	789,646	787,377	\$ 2,269
Other purchased services (400-500 Series)	3,750	(500)	3,250	275	2,975
Supplies and materials	31,224	8,951	40,175	31,843	8,332
Other objects	15,615	660	16,275	12,805	3,470
Total support services - school administration	\$ 2,970,481	\$ (109,045)	\$ 2,861,436	\$ 2,844,390	\$ 17,046
Central services:					
Salaries	\$ 477,535	\$ (71,264)	\$ 406,271	\$ 377,814	\$ 28,457
Purchased professional services		83,329	83,329	83,329	
Purchased technical services	13,550	168	13,718	13,718	
Miscellaneous purchased services (400-500 Series)	4,000	(168)	3,832	2,836	996
Supplies and materials	15,600		15,600	5,762	9,838
Other Objects	5,070		5,070	1,290	3,780
Total central services	\$ 515,755	\$ 12,065	\$ 527,820	\$ 484,749	\$ 43,071
Admin. Info. technology:					
Salaries	\$ 676,248	\$ 18,316	\$ 694,564	\$ 693,486	\$ 1,078
Purchased technical services	175,419		175,419	171,694	3,725
Other purchased services (400-500 Series)	3,000		3,000	1,691	1,309
Supplies and materials	105,000	62,473	167,473	162,181	5,292
Other objects	350		350	300	50
Total admin. Info. technology	\$ 960,017	\$ 80,789	\$ 1,040,806	\$ 1,029,352	\$ 11,454

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required maintenance for school facilities:					
Salaries	\$ 896,039	\$ 10,015	\$ 906,054	\$ 887,842	\$ 18,212
Cleaning, repair and maintenance services	208,869	233,496	442,365	383,167	59,198
General supplies	126,300	238,313	364,613	323,758	40,855
Total required maintenance for school facilities	\$ 1,231,208	\$ 481,824	\$ 1,713,032	\$ 1,594,767	\$ 118,265
Other operation and maintenance of plant:					
Salaries	\$ 1,976,272	\$ (72,932)	1,903,340	\$ 1,884,799	\$ 18,541
Salaries of non-instructional aids	558,733	(17,593)	541,140	536,800	4,340
Cleaning, repair and maintenance services	58,200	17,515	75,715	73,685	2,030
Rental of land and bldg. other than lease pur agrmt		166,667	166,667	166,667	
Other purchased property services	141,713	(10,000)	131,713	102,545	29,168
Insurance	268,130	(47,040)	221,090	216,770	4,320
Travel		3,000	3,000	999	2,001
Miscellaneous purchased services	4,000	(3,000)	1,000	150	850
General supplies	322,700	(24,804)	297,896	239,777	58,119
Energy (Natural Gas)	360,000	(45,263)	314,737	273,034	41,703
Energy (Electricity)	1,724,655	(302,692)	1,421,963	1,365,103	56,860
Other Objects	5,000	(5,000)			
Total other operation and maintenance of plant	\$ 5,419,403	\$ (341,142)	\$ 5,078,261	\$ 4,860,329	\$ 217,932
Total operation and maintenance of plant services	\$ 6,650,611	\$ 140,682	\$ 6,791,293	\$ 6,455,096	\$ 336,197
Care and upkeep of grounds					
Salaries	\$ 205,937	5,040	\$ 210,977	\$ 210,977	\$
General supplies	9,500		9,500	5,178	4,322
Total care and upkeep of grounds	\$ 215,437	5,040	\$ 220,477	\$ 216,155	\$ 4,322
Security:					
Salaries	\$ 283,120	\$ 45,384	\$ 328,504	\$ 328,504	\$
General supplies	15,000	(2,967)	12,033	1,012	11,021
Total security	\$ 298,120	42,417	\$ 340,537	\$ 329,516	\$ 11,021

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries of Pupil transportation (between home and school) - regular	\$ 407,772	\$ (1,395)	\$ 406,377	\$ 404,758	\$ 1,619
Salaries of Pupil transportation (between home and school) - special education	459,049	(1,684)	457,365	457,365	
Salaries of Pupil transportation - (between home and school) - nonpublic school		60,276	60,276	60,276	
Other purchased professional and technical services	13,880	(811)	13,069	13,069	
Cleaning, repair and maintenance services	21,000	7,297	28,297	28,267	30
Contracted services - aid in lieu of payments - nonpublic schools	205,777	7,748	213,525	190,492	23,033
Contracted services (between home and school) - vendors	1,645,300	16,478	1,661,778	1,661,778	
Contracted services (other than between home and school) - vendors	362,976	34,973	397,949	395,589	2,360
Contracted services (between home and school) - joint agreements	161,682	185,305	346,987	346,247	740
Contracted services (special education students) - vendors	1,155,199	168,880	1,324,079	1,291,990	32,089
Travel	1,100	(1,100)			
Supplies and Materials	174,170	(28,518)	145,652	145,652	
Miscellaneous expenditures	3,725	107	3,832	3,832	
Total student transportation services	\$ 4,611,630	447,556	\$ 5,059,186	\$ 4,999,315	\$ 59,871
Unallocated benefits - Employee benefits:					
Social security contribution	\$ 1,123,340	\$ (61,278)	\$ 1,062,062	\$ 1,057,291	\$ 4,771
Other retirement contributions - regular	1,050,000		1,050,000	1,033,040	16,960
Unemployment compensation	200,000	24,904	224,904	224,904	
Workmen's compensation	500,293	(70,000)	430,293	425,594	4,699
Health benefits	14,816,245	12,986	14,829,231	14,635,955	193,276
Tuition reimbursement	107,500	10,000	117,500	98,634	18,866
Other employee benefits	250,702	26,934	277,636	269,769	7,867
Total unallocated benefits	\$ 18,048,080	\$ (56,454)	\$ 17,991,626	\$ 17,745,187	\$ 246,439
On behalf - TPAF - Pension Contribution (Non-budgeted)				\$ 3,039,911	\$ (3,039,911)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,619,694	(3,619,694)
Reimbursed TPAF social security contributions (Non-budgeted)				2,858,405	(2,858,405)
Total on behalf - Contributions				\$ 9,518,010	\$ (9,518,010)
Total personal services - employee benefits	\$ 18,048,080	\$ (56,454)	\$ 17,991,626	\$ 27,263,197	\$ (9,271,571)
Total undistributed expenditures	\$ 47,956,196	\$ 944,139	\$ 48,900,335	\$ 56,886,790	\$ (7,986,455)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 86,494,061	\$ 3,015	\$ 86,497,076	\$ 93,925,423	\$ (7,428,347)

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Support services - students - special	\$ 7,000	\$ 7,697	\$ 14,697	\$ 14,495	\$ 202
School fac equipment		30,830	30,830	30,254	576
School buses - regular		<u>258,472</u>	<u>258,472</u>	<u>156,580</u>	<u>101,892</u>
Total equipment	<u>\$ 7,000</u>	<u>\$ 296,999</u>	<u>\$ 303,999</u>	<u>\$ 201,329</u>	<u>\$ 102,670</u>
Facilities acquisition and construction services:					
Other purchased professional and technical services	\$ 50,000	\$ 165,868	\$ 215,868	\$ 200,976	\$ 14,892
Construction services	650	1,103,156	1,103,806	1,065,131	38,675
Land and Improvements	70,652	(14,129)	56,523	35,950	20,573
Assessment for Debt Service on SDA Funding	<u>263,945</u>		<u>263,945</u>	<u>263,945</u>	
Total facilities acquisition and construction services	<u>\$ 385,247</u>	<u>\$ 1,254,895</u>	<u>\$ 1,640,142</u>	<u>\$ 1,566,002</u>	<u>\$ 74,140</u>
TOTAL EXPENDITURES - CAPITAL OUTLAY	<u>\$ 392,247</u>	<u>\$ 1,551,894</u>	<u>\$ 1,944,141</u>	<u>\$ 1,767,331</u>	<u>\$ 176,810</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 87,886,308</u>	<u>\$ 1,768,602</u>	<u>\$ 89,654,910</u>	<u>\$ 96,906,447</u>	<u>\$ (7,251,537)</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (948,848)</u>	<u>\$ (1,768,602)</u>	<u>\$ (2,717,450)</u>	<u>\$ 217,336</u>	<u>\$ (2,934,786)</u>
Other financing sources/(uses):					
Capital projects fund interest earned				\$ 359	\$ (359)
Cancellation of Prior year payables				<u>56,151</u>	<u>(56,151)</u>
Total other financing sources/(uses)				<u>\$ 56,510</u>	<u>\$ (56,510)</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	<u>\$ (948,848)</u>	<u>\$ (1,768,602)</u>	<u>\$ (2,717,450)</u>	<u>\$ 273,846</u>	<u>\$ 2,991,296</u>
Fund balance, July 1	<u>\$ 9,192,484</u>		<u>\$ 9,192,484</u>	<u>\$ 9,192,484</u>	
Fund balance, June 30	<u>\$ 8,243,636</u>	<u>\$ (1,768,602)</u>	<u>\$ 6,475,034</u>	<u>\$ 9,466,330</u>	<u>\$ 2,991,296</u>

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Reserve Fund balance appropriated per budget	\$ 392,247				
Maintenance Reserve appropriated per budget	244,768				
Budgeted Fund Balance appropriated per budget	311,833				
	\$ 948,848				
Detail of budget transfers:					
Committed for year-end encumbrances		\$ 1,142,971			
Capital Reserve Appropriated		375,631			
Emergency Reserve Appropriated		250,000			
		\$ 1,768,602			
Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 232,012	
Designated for subsequent years expenditures (2016-2017)				115,039	
Assigned-ARRA/SEMI - designated for subsequent year end expenditures				51,551	
Restricted:					
Emergency Reserve				217,000	
Capital Reserve			\$ 3,788,155		
Capital Reserve - Designated for subsequent year expenditures 2016-2017			1,814,445	5,602,959	
Maintenance Reserve			\$ 1,094,268		
Maintenance Reserve - Designated for subsequent year expenditures 2016-2017			405,732	1,500,000	
Unassigned				1,747,769	
				\$ 9,466,330	
Reconciliation to governmental funds statements (GAAP):					
Less: Last Two (2) State Aid Payments not recognized on GAAP basis				1,116,814	
Fund balance per governmental funds (GAAP)				\$ 8,349,516	

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 2,357,121	\$ 336,529	\$ 2,693,650	\$ 2,479,963	\$ 213,687
State Sources	34,854	9,816	44,670	38,101	6,569
Local Sources	60,000	94,929	154,929	119,298	35,631
Total Revenues	\$ 2,451,975	\$ 441,274	\$ 2,893,249	\$ 2,637,362	\$ 255,887
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 973,731	\$ (21,200)	\$ 952,531	\$ 917,388	\$ 35,143
Salaries of Other professional staff	8,544	4,923	13,467	5,000	8,467
Purchased Professional Educational/Technical Services	27,338	7,146	34,484	31,160	3,324
Other Purchased Services	992,048	219,636	1,211,684	1,079,479	132,205
General Supplies	83,770	59,993	143,763	105,635	38,128
Other Objects	11,000	(8,695)	2,305		2,305
Total Instruction	\$ 2,096,431	\$ 261,803	\$ 2,358,234	\$ 2,138,662	\$ 219,572
Support Services:					
Personal Services - Salaries		\$ 901	\$ 901	\$ 901	
Salaries of Program Directors	\$ 41,821	3,916	45,737	45,737	
Salaries of Supervisors of Instruction	34,854	4,763	39,617	39,316	\$ 301
Salaries Other Professional Staff	2,230	1,110	3,340	2,664	676
Personal Services - Employee Benefits	185,759	63,192	248,951	245,987	2,964
Purchased Professional Educational/Technical Services	47,032	126,925	173,957	162,447	11,510
Other Purchased Services	3,848	767	4,615	1,648	2,967
Supplies and Materials	40,000	(22,103)	17,897		17,897
Total Support Services	\$ 355,544	\$ 179,471	\$ 535,015	\$ 498,700	\$ 36,315
Total Expenditures	\$ 2,451,975	\$ 441,274	\$ 2,893,249	\$ 2,637,362	\$ 255,887

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 97,123,783	C-2 \$ 2,637,362
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2015	None	None
June 30, 2016	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,118,631	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,116,814)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>97,125,600</u>	B-2 \$ <u>2,637,362</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 96,906,447	C-2 \$ 2,637,362
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2015	None	None
June 30, 2016	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>96,906,447</u>	B-2 \$ <u>2,637,362</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68)**

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST THREE (3) FISCAL YEAR *

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.1160444197 %	0.1144388046 %	0.11693716520 %
District's proportionate share of the net pension liability (asset)	\$ 22,178,394	\$ 21,426,074	\$ 26,250,050
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	282.48	262.28	283.71
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72	47.92
District's covered-payroll	\$ 7,851,216	\$ 8,150,544	\$ 8,296,804
District's covered-employee payroll	\$ 8,805,760	\$ 9,141,331	\$ 9,252,144

* The amounts presented for each fiscal year were determined as of the fiscal year-end.

Note: Only the last three (3) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

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.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST THREE (3) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 874,371	\$ 943,417	\$ 954,254
Contributions in relation to the contractually required contribution	\$ 874,371	\$ 943,417	\$ 954,254
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-payroll	\$ 7,851,216	\$ 8,150,544	\$ 8,296,804
District's covered-employee payroll	\$ 8,805,760	\$ 9,141,331	\$ 9,252,144
Contributions as a percentage of covered-employee payroll	11.13	11.53	8.72

Note: Only the last three (3) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST THREE (3) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.3677159608 %	0.3598476484 %	0.3664226574 %
District's proportionate share of the net pension liability (asset)	None	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 185,840,754</u>	<u>\$ 192,326,856</u>	<u>\$ 231,594,767</u>
Total	<u>\$ 185,840,754</u>	<u>\$ 192,326,856</u>	<u>\$ 231,594,767</u>
District's covered-payroll	\$ 37,328,236	\$ 38,603,846	\$ 38,953,673
District's covered-employee payroll	\$ 40,138,309	\$ 41,306,004	\$ 42,342,299
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: Only the last three (3) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

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.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit E-1

	Total Brought Forward (Exh. E-1a)	Title II		I.D.E.A. Part B			Title I				Totals 2016	
		2015-2016 Part A	Part A Carryover	2015-2016 Regular Program	Regular Program Carryover	2015-2016 Preschool	2015-2016 Part A	Carryover	2015-2016 Part D	Part D Carryover		
REVENUES:												
State sources	\$ 38,101											\$ 38,101
Federal sources	128,777	\$ 90,039	\$ 14,458	\$ 1,289,640	\$ 60,919	\$ 15,889	\$ 686,310	\$ 46,189	\$ 144,814	\$ 2,928		2,479,963
Local sources	119,298											119,298
Total revenues	\$ 286,176	\$ 90,039	\$ 14,458	\$ 1,289,640	\$ 60,919	\$ 15,889	\$ 686,310	\$ 46,189	\$ 144,814	\$ 2,928		\$ 2,637,362
EXPENDITURES:												
Instruction:												
Salaries of teachers	\$ 80,329			\$ 205,947	\$ 12,785		\$ 495,581	\$ 35,153	\$ 87,593			\$ 917,388
Salaries of other professional staff	5,000											5,000
Purchased professional and technical services	31,160											31,160
Other purchased services				1,019,695	43,895	15,889						1,079,479
General supplies	67,294		\$ 1,398	28,842	1,568			3,605		\$ 2,928		105,635
Total instruction	\$ 183,783		1,398	\$ 1,254,484	\$ 58,248	\$ 15,889	\$ 495,581	\$ 38,758	\$ 87,593	\$ 2,928		\$ 2,138,662
Support services:												
Personal services - salaries	\$ 901											\$ 901
Salaries of Supervisors of Instruction		\$ 43,801	\$ 1,936									45,737
Salaries of program director	2,804	3,674					\$ 27,089		\$ 5,749			39,316
Salaries of other professional staff		675	1,989									2,664
Personal services-employee benefits	8,666	11,891	7,809	\$ 35,156	\$ 2,671		120,991	\$ 7,331	51,472			245,987
Purchased professional/technical services	89,873	29,341	633				42,500	100				162,447
Other Purchased professional/technical services	149	657	693				149					1,648
Total support services	\$ 102,393	\$ 90,039	\$ 13,060	\$ 35,156	\$ 2,671		\$ 190,729	\$ 7,431	\$ 57,221			\$ 498,700
Total expenditures	\$ 286,176	\$ 90,039	\$ 14,458	\$ 1,289,640	\$ 60,919	\$ 15,889	\$ 686,310	\$ 46,189	\$ 144,814	\$ 2,928		\$ 2,637,362

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit E-1a

	Total Brought Forward (Exh. E-1b)	Title III				Perkins Grant	Race To The Top 2014-2016	Nonpublic Textbooks	Nonpublic Technology	Totals Carried Forward 2016
		2015-2016	Carryover	Immigrant 2015-2016	Carryover					
REVENUES:										
State sources	\$ 34,054							\$ 2,785	\$ 1,262	\$ 38,101
Federal sources		\$ 56,064	\$ 4,124	\$ 34,344	\$ 2,812	\$ 30,398	\$ 1,035			128,777
Local sources	<u>119,298</u>									<u>119,298</u>
Total revenues	\$ <u>153,352</u>	\$ <u>56,064</u>	\$ <u>4,124</u>	\$ <u>34,344</u>	\$ <u>2,812</u>	\$ <u>30,398</u>	\$ <u>1,035</u>	\$ <u>2,785</u>	\$ <u>1,262</u>	\$ <u>286,176</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ 1,002	\$ 43,933	\$ 3,000	\$ 29,782	\$ 2,612					\$ 80,329
Salaries of other professional staff	5,000									5,000
Purchased professional and technical services	29,898							\$ 1,262		31,160
Other purchased services										
General supplies	<u>27,579</u>	<u>5,638</u>	<u>894</u>			<u>\$ 30,398</u>		<u>\$ 2,785</u>		<u>67,294</u>
Total instruction	\$ <u>63,479</u>	\$ <u>49,571</u>	\$ <u>3,894</u>	\$ <u>29,782</u>	\$ <u>2,612</u>	\$ <u>30,398</u>		\$ <u>2,785</u>	<u>1,262</u>	\$ <u>183,783</u>
Support services:										
Personal services - salaries							\$ 901			\$ 901
Salaries of Supervisors of Instruction										
Salaries of program director		\$ 976		\$ 1,828						2,804
Salaries of other professional staff										
Personal services-employee benefits		5,368	\$ 230	2,734	\$ 200		134			8,666
Purchased professional/technical services	\$ 89,873									89,873
Other Purchased professional/technical services		<u>149</u>								<u>149</u>
Total support services	\$ <u>89,873</u>	\$ <u>6,493</u>	\$ <u>230</u>	\$ <u>4,562</u>	\$ <u>200</u>		\$ <u>1,035</u>			\$ <u>102,393</u>
Total expenditures	\$ <u>153,352</u>	\$ <u>56,064</u>	\$ <u>4,124</u>	\$ <u>34,344</u>	\$ <u>2,812</u>	\$ <u>30,398</u>	\$ <u>1,035</u>	\$ <u>2,785</u>	\$ <u>1,262</u>	\$ <u>286,176</u>

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit E-1b

		New Jersey Chapter 226 Nonpublic Nursing Services	New Jersey Chapter 192 Auxiliary	New Jersey Chapter 193 Handicapped								
	Nonpublic Security		Nonpublic Comp. Education	Nonpublic ESL	Nonpublic Transp.	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Corrective Speech	Local Grants	Soil Remediation	Totals Carried Forward 2016	
REVENUES:												
State sources	\$ 1,025	\$ 4,156	\$ 20,135	\$ 863	\$ 1,658	\$ 2,822	\$ 2,559	\$ 836			\$ 34,054	
Federal sources												
Local sources									\$ 33,581	\$ 85,717	119,298	
Total revenues	\$ 1,025	\$ 4,156	\$ 20,135	\$ 863	\$ 1,658	\$ 2,822	\$ 2,559	\$ 836	\$ 33,581	\$ 85,717	\$ 153,352	
EXPENDITURES:												
Instruction:												
Salaries of teachers									\$ 1,002		\$ 1,002	
Salaries of other professional staff									5,000		5,000	
Purchased professional and technical services	\$ 1,025		\$ 20,135	\$ 863	\$ 1,658	\$ 2,822	\$ 2,559	\$ 836			29,898	
Other purchased services												
General supplies									27,579		27,579	
Total instruction	\$ 1,025		\$ 20,135	\$ 863	\$ 1,658	\$ 2,822	\$ 2,559	\$ 836	\$ 33,581		\$ 63,479	
Support services:												
Personal services - salaries												
Salaries of Supervisors of Instruction												
Salaries of program director												
Salaries of other professional staff												
Personal services-employee benefits												
Purchased professional/technical services		\$ 4,156								\$ 85,717	\$ 89,873	
Other Purchased professional/technical services												
Total support services		\$ 4,156								\$ 85,717	\$ 89,873	
Total expenditures	\$ 1,025	\$ 4,156	\$ 20,135	\$ 863	\$ 1,658	\$ 2,822	\$ 2,559	\$ 836	\$ 33,581	\$ 85,717	\$ 153,352	

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>	
High School Soil Remediation	12/13/05	\$ <u>7,391,802</u>	\$ <u>7,290,500</u>	\$ <u>14,730</u>	\$ <u>86,572</u>
		\$ <u>7,391,802</u>	\$ <u>7,290,500</u>	\$ <u>14,730</u>	\$ <u>86,572</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenues	
Interest on investments	\$ <u>359</u>
Total revenues	\$ <u>359</u>
Expenditures	
Legal fees	\$ <u>14,730</u>
Total expenditures	\$ <u>14,730</u>
Excess/(deficiency) of revenues over/(under) expenditures:	\$ (14,371)
Other financing sources/(uses):	
Transfer in/(out):	
General fund	<u>(359)</u>
Net change in fund balance	\$ (14,730)
Fund balance, beginning	<u>101,302</u>
Fund balance, ending	\$ <u><u>86,572</u></u>
Analysis of Balance:	
Bond proceeds	\$ <u><u>86,572</u></u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SOIL REMEDIATION
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>
Revenues and Other Financing Sources				
Bond proceeds	\$ 7,391,000		\$ 7,391,000	\$ 7,391,000
Transfer from capital outlay	<u>802</u>		<u>802</u>	<u>802</u>
Total revenues	\$ <u>7,391,802</u>		\$ <u>7,391,802</u>	\$ <u>7,391,802</u>
Expenditures and Other Financing Uses				
Salaries	\$ 160,360		\$ 160,360	\$ 160,360
Employee Benefits	90,687		90,687	90,687
Legal Fees	480,485	\$ 14,730	495,215	495,215
Purchase Professional/Technical Services	471,862		471,862	471,862
Other Purchased Services	63,650		63,650	63,650
Construction Services	5,980,406		5,980,406	5,980,406
Supplies and Material	<u>43,050</u>		<u>43,050</u>	<u>43,050</u>
Total expenditures	\$ <u>7,290,500</u>	\$ <u>14,730</u>	\$ <u>7,305,230</u>	\$ <u>7,305,230</u>
Excess (deficiency) of revenues over/(under) expenditures	\$ <u>101,302</u>	\$ <u>(14,730)</u>	\$ <u>86,572</u>	\$ <u>86,572</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	12/13/2005			
Bonds Authorized	\$ 7,391,000			
Bonds Issued	\$ 7,391,000			
Original Authorized Cost	\$ 7,391,802			
Additional Authorized Cost				
Revised Authorized Cost	\$ 7,391,802			
Percentage Increase over Original Authorized Cost				
Percentage completion	97.97%			
Original target completion date	1/1/2005			
Revised target completion date	9/1/2006			

PROPRIETARY FUNDS –

ENTERPRISE FUND

(REFER TO EXHIBITS B-4 THROUGH B-7)

FIDUCIARY FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
Elementary Schools:				
Judd	\$ 19,564	\$ 74,649	\$ 70,613	\$ 23,600
John Adams	10,837	20,242	18,088	12,991
Livingston Park	11,525	31,526	34,876	8,175
Parsons	2,056	26,882	23,141	5,797
Early Childhood Center		<u>1,381</u>	<u>942</u>	<u>439</u>
Total Elementary Schools	<u>\$ 43,982</u>	<u>\$ 154,680</u>	<u>\$ 147,660</u>	<u>\$ 51,002</u>
Middle School:				
Linwood	\$ 24,719	\$ 58,272	\$ 59,817	\$ 23,174
Athletic Account		<u>10,546</u>	<u>10,295</u>	<u>251</u>
Total Middle School	<u>\$ 24,719</u>	<u>\$ 68,818</u>	<u>\$ 70,112</u>	<u>\$ 23,425</u>
Senior High School:				
High School	\$ 243,968	\$ 385,401	\$ 389,440	\$ 239,929
School Store	2,794	22,659	9,636	15,817
Athletic Account		<u>51,018</u>	<u>51,237</u>	
Total Senior High School	<u>\$ 246,981</u>	<u>\$ 459,078</u>	<u>\$ 450,313</u>	<u>\$ 255,746</u>
Total All Schools	<u>\$ 315,682</u>	<u>\$ 682,576</u>	<u>\$ 668,085</u>	<u>\$ 330,173</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>221,021</u>	\$ <u>55,882,120</u>	\$ <u>55,993,304</u>	\$ <u>109,837</u>
Total Assets	\$ <u><u>221,021</u></u>	\$ <u><u>55,882,120</u></u>	\$ <u><u>55,993,304</u></u>	\$ <u><u>109,837</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 196,314	\$ 25,258,498	\$ 25,370,010	\$ 84,802
Flexible Spending Account	24,707	85,293	84,965	25,035
Net Pay	<u> </u>	<u>30,538,329</u>	<u>30,538,329</u>	<u> </u>
Total Liabilities	\$ <u><u>221,021</u></u>	\$ <u><u>55,882,120</u></u>	\$ <u><u>55,993,304</u></u>	\$ <u><u>109,837</u></u>

NONCURRENT DEBT

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2016**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
	Date of Original Issue	Amount of Issue	Date	Amount					
Construction of a New High School (Completion)	3/15/2006	\$ 7,391,000.00				\$ 350,000		\$ 350,000	
2010 Refunding Bonds - (Refunding a Portion of 2002 Bonds)	3/25/2010	17,865,000.00	7/15/2016	\$ 1,770,000	4.000%				
			7/15/2017	1,855,000	4.000%				
			7/15/2018	1,940,000	4.000%				
			7/15/2019	2,035,000	4.500%				
			7/15/2020	2,135,000	4.500%				
			7/15/2021	2,250,000	5.000%				
			7/15/2022	2,350,000	5.000%	16,030,000		1,695,000	\$ 14,335,000
2012 Refunding Bonds - (Refunding a Portion of 2005 Bonds)	5/23/2012	23,540,000.00	1/15/2017	750,000	2.000%				
			1/15/2017	855,000	4.000%				
			1/15/2018	1,645,000	4.000%				
			1/15/2019	1,300,000	2.000%				
			1/15/2019	400,000	4.000%				
			1/15/2020	1,735,000	4.000%				
			1/15/2021	1,795,000	5.000%				
			1/15/2022	1,875,000	5.000%				
			1/15/2023	1,980,000	4.000%				
			1/15/2024	4,530,000	4.000%				
			1/15/2025	4,700,000	4.250%	23,120,000		1,555,000	21,565,000
2014 Refunding Bonds - (Refunding a Portion of 2006 Bonds)	10/2/2014	4,260,000.00	3/15/2017	360,000	3.000%				
			3/15/2018	375,000	3.000%				
			3/15/2019	385,000	3.000%				
			3/15/2020	400,000	4.000%				
			3/15/2021	420,000	4.000%				
			3/15/2022	435,000	4.000%				
			3/15/2023	455,000	4.000%				
			3/15/2024	470,000	4.000%				
			3/15/2025	480,000	4.000%				
			3/15/2026	480,000	4.000%	4,260,000.00			4,260,000
			Total						\$ 43,760,000

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,351,035	_____	\$ 5,351,035	\$ 5,351,035	_____
Total - Local Sources	\$ 5,351,035	_____	\$ 5,351,035	\$ 5,351,035	_____
Total Revenues	\$ 5,351,035	_____	\$ 5,351,035	\$ 5,351,035	_____
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	\$ 1,779,600	_____	\$ 1,779,600	\$ 1,779,600	_____
Redemption of Principal	3,600,000	_____	3,600,000	3,600,000	_____
Total Regular Debt Service	\$ 5,379,600	_____	\$ 5,379,600	\$ 5,379,600	_____
Total Expenditures	\$ 5,379,600	_____	\$ 5,379,600	\$ 5,379,600	_____
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (28,565)	_____	\$ (28,565)	\$ (28,565)	_____
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(28,565)	_____	\$ (28,565)	\$ (28,565)	_____
Fund Balance, July 1	\$ 66,063	_____	66,063	66,063	_____
Fund Balance, June 30	\$ 37,498	_____	37,498	\$ 37,498	_____
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures: Budgeted Fund Balance	\$ 28,565	_____	\$ 28,565	\$ 28,565	_____

STATISTICAL TABLES (SECTION)
(UNAUDITED)

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 & J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

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

FINANCIAL TRENDS

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NET POSITION BY COMPONENT
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 40,078,361	\$ 48,902,070	\$ 42,903,858	\$ 45,258,337	\$ 49,179,858	\$ 49,238,774	\$ 55,181,838	\$ 59,606,188	\$ 60,817,113	\$ 62,963,514
Restricted	6,388,687	7,672,923	6,809,617	3,774,522	2,698,717	6,070,628	7,137,475	4,728,729	4,389,769	5,602,959
Unrestricted (Deficit)	(2,371,869)	(2,176,603)	(1,954,950)	(3,112,579)	(2,494,202)	(1,945,535)			(21,583,862)	(24,095,986)
Total governmental activities net position	\$ 44,095,179	\$ 54,398,390	\$ 47,758,525	\$ 45,920,280	\$ 49,384,373	\$ 53,363,867	\$ 62,319,313	\$ 64,334,917	\$ 43,623,020	\$ 44,470,487
Business-type activities										
Invested in capital assets, net of related debt	\$ 15,209	\$ 54,403	\$ 52,481	\$ 54,654	\$ 29,448	\$ 42,053	\$ 119,144	\$ 139,222	\$ 120,178	\$ 128,124
Unrestricted	675,944	702,718	623,463	602,880	7,369,657	786,711	823,174	992,897	1,046,310	949,518
Total business-type activities net position	\$ 691,153	\$ 757,121	\$ 675,944	\$ 657,534	\$ 7,399,105	\$ 828,764	\$ 942,318	\$ 1,132,119	\$ 1,166,488	\$ 1,077,642
District-wide										
Invested in capital assets, net of related debt	\$ 40,093,570	\$ 38,463,472	\$ 42,956,339	\$ 45,312,991	\$ 49,209,306	\$ 49,280,827	\$ 55,300,982	\$ 59,745,410	\$ 60,937,291	\$ 63,091,638
Restricted	6,388,687	7,672,923	6,809,617	3,774,522	2,298,717	6,070,628	7,137,475	4,728,729	4,389,769	5,602,959
Unrestricted (Deficit)	(1,695,925)	(1,473,885)	(1,331,487)	(2,509,699)	(1,357,546)	(1,158,824)	823,174	992,897	(20,537,552)	(23,146,468)
Total district net position	\$ 44,786,332	\$ 44,662,510	\$ 48,434,469	\$ 46,577,814	\$ 50,150,477	\$ 54,192,631	\$ 63,261,631	\$ 65,467,036	\$ 44,789,508	\$ 45,548,129

Source: CAFR Exhibit A-1

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability for PERS.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 31,916,456	\$ 32,890,197	\$ 33,485,533	\$ 36,301,673	\$ 35,648,397	\$ 36,624,290	\$ 37,921,983	\$ 39,207,495	\$ 39,199,442	\$ 42,406,923
Special education	6,465,864	6,884,668	7,340,790	8,246,705	9,266,801	9,778,820	10,076,486	10,264,997	14,935,960	16,587,884
Other special education	2,873,018	3,348,669	4,235,344	4,314,135	3,085,874	3,333,878	3,202,706	3,189,618	3,599,276	4,204,642
Other instruction	1,212,118	1,284,816	1,520,120	1,632,581	1,306,892	1,554,490	1,631,826	1,606,666	1,837,034	2,002,021
Support Services:										
Tuition	3,220,811	4,182,922	4,033,613	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896	2,684,498
Student & instruction related services	9,569,890	10,205,367	10,436,840	10,960,787	10,587,389	11,034,746	11,721,237	11,948,893	13,702,695	15,469,731
School Administrative services	3,935,475	3,315,348	2,833,762	3,302,398	3,331,728	3,721,657	1,518,462	1,631,703	6,467,081	7,330,606
General administration	2,815,922	3,752,769	3,487,200	3,875,200	3,655,573	3,485,962	5,377,784	5,520,690	2,426,073	2,669,144
Plant operations and maintenance	8,919,461	9,995,342	10,108,540	10,181,775	10,121,944	9,445,869	9,639,299	11,245,538	10,918,984	11,774,688
Pupil transportation	4,932,925	5,487,348	5,444,094	5,792,096	5,483,252	5,841,954	6,313,663	6,235,929	7,099,988	8,408,418
Charter Schools	217,172	303,978	408,290	416,436	450,170	395,187	583,725	809,793	1,024,971	1,213,693
Scholarships	1,800	1,796	617	297	172	37				
Interest on long-term debt	4,127,619	3,124,152	3,010,253	2,676,629	2,968,672	2,346,157	2,464,283	2,482,388	2,303,872	2,124,370
Total governmental activities expenses	80,208,531	84,777,372	86,344,996	90,862,757	88,724,973	90,199,176	92,800,362	96,651,742	105,762,272	116,876,618
Business-type activities:										
Food service	1,892,861	2,131,751	2,388,844	2,540,000	2,618,095	2,733,456	2,965,761	2,816,626	2,918,502	3,135,363
School Facilities			304,642	330,186	155,924	204,155	211,707	216,633	330,158	354,943
Integrated Pre-K			64,159	122,627	109,307	71,048	129,137	277,602	400,735	418,303
Summer Enrichment			60,439	70,356	63,579	62,070	57,947	49,216		25,096
After School								21,768	37,231	
Adult/community education	178,247	170,455								
Data processing	222,889	268,664	257,053	127,947						
Total business-type activities expense	2,293,997	2,570,870	3,075,137	3,191,116	2,946,905	3,070,729	3,364,552	3,381,845	3,686,626	3,933,705
Total district expenses	\$ 82,502,528	\$ 87,348,242	\$ 89,420,133	\$ 94,053,873	\$ 91,671,878	\$ 93,269,905	\$ 96,164,914	\$ 100,033,587	\$ 109,448,898	\$ 120,810,323

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 32,800	\$ 126,257	\$ 31,491	\$ 64,371	\$ 109,994	\$ 126,875	\$ 127,091	\$ 75,286	\$ 34,061	\$ 31,282
Pupil transportation		33,190	4,537	22,881	47,593	75,991	94,954	134,304	115,425	100,878
Operating grants and contributions	2,990,912	3,549,773	2,125,668	2,711,376	3,530,067	3,285,833	2,258,008	2,172,056	2,746,290	2,391,375
Total governmental activities program revenues	3,023,712	3,709,220	2,161,696	2,798,628	3,687,654	3,488,699	2,480,053	2,381,646	2,895,776	2,523,535
Business-type activities:										
Charges for services:										
Food service	\$ 1,224,542	\$ 1,315,864	\$ 1,448,288	\$ 1,446,796	\$ 1,407,422	\$ 1,352,580	\$ 1,325,315	\$ 1,367,431	\$ 1,321,990	\$ 1,337,928
School Facilities			272,566	363,380	250,605	272,090	342,360	343,947	344,086	316,677
Integrated Pre-K			107,805	144,810	153,946	184,655	214,005	242,922	286,214	322,360
Summer Enrichment			67,178	64,905	48,880	53,530	45,085	25,165		
After School								22,460	33,965	29,400
Adult/community education	190,212	217,415								
Data processing	289,731	279,270	125,300							
Operating grants and contributions	698,747	824,289	972,833	1,152,815	1,214,623	1,267,360	1,551,341	1,569,720	1,734,740	1,838,495
Total business type activities program revenues	2,403,232	2,636,838	2,993,960	3,172,706	3,075,476	3,130,215	3,478,106	3,571,645	3,720,995	3,844,860
Total district program revenues	\$ 5,426,944	\$ 6,346,058	\$ 5,155,656	\$ 5,971,334	\$ 6,763,130	\$ 6,618,914	\$ 5,958,159	\$ 5,953,291	\$ 6,616,771	\$ 6,368,395
Net (Expense)/Revenue										
Governmental activities	\$ (77,184,819)	\$ (81,068,152)	\$ (84,183,300)	\$ (88,064,129)	\$ (85,037,319)	\$ (86,710,477)	\$ (90,320,309)	\$ (94,270,096)	\$ (102,866,496)	\$ (114,353,083)
Business-type activities	109,235	65,968	(81,177)	(18,410)	128,571	59,486	113,554	189,800	34,369	(88,845)
Total district-wide net expense	\$ (77,075,584)	\$ (81,002,184)	\$ (84,264,477)	\$ (88,082,539)	\$ (84,908,748)	\$ (86,650,991)	\$ (90,206,755)	\$ (94,080,296)	\$ (102,832,127)	\$ (114,441,928)

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Change in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 60,096,571	\$ 62,874,980	\$ 63,431,596	\$ 62,874,980	\$ 65,791,344	\$ 67,817,203	\$ 69,174,056	\$ 70,797,537	\$ 72,463,487	\$ 74,574,523
Taxes levied for debt service	5,831,755	5,812,720	5,780,296	5,971,725	5,986,596	5,998,781	6,108,985	6,007,891	6,102,675	5,351,035
Unrestricted grants and contributions	15,759,328	16,043,949	16,266,717	15,988,052	14,995,966	17,824,144	19,462,987	19,083,081	27,825,358	34,192,622
Restricted grants	2,460,632	5,255,645	1,552,085	58,220	36,603					
Investment earnings	1,814,725	1,061,660	146,860	90,263	39,488	25,131	34,401	34,401		
Miscellaneous income	527,666	444,357	893,204	832,255	411,526	(34,003)	261,520	212,933	679,388	460,339
Transfers	633,606	(121,949)	(34,322)	410,389			80,526	149,858	244,168	622,031
Total governmental activities	\$ 87,124,283	\$ 91,371,362	\$ 88,036,436	\$ 86,225,884	\$ 87,261,523	\$ 91,631,256	\$ 95,122,475	\$ 96,285,701	\$ 107,315,076	\$ 115,200,550
Business-type activities:										
Prior year accounts payable canceled										
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 87,124,283	\$ 91,371,362	\$ 88,036,436	\$ 86,225,884	\$ 87,261,523	\$ 91,631,256	\$ 95,122,475	\$ 96,285,701	\$ 107,315,076	\$ 115,200,550
Change in Net Position										
Governmental activities	\$ 9,939,464	\$ 10,303,210	\$ 3,853,136	\$ (1,838,245)	\$ 2,224,204	\$ 4,920,779	\$ 4,802,166	\$ 2,015,605	\$ 4,448,580	\$ 847,467
Business-type activities	109,235	65,968	(81,177)	(18,410)	128,571	59,486	113,554	189,800	34,369	(88,845)
Total district	\$ 10,048,699	\$ 10,369,178	\$ 3,771,959	\$ (1,856,655)	\$ 2,352,775	\$ 4,980,265	\$ 4,915,720	\$ 2,205,405	\$ 4,482,949	\$ 758,622

Source: CAFR Exhibit A-2

Note: 2015 includes pension expenses in accordance with GASB 68 related to pension liabilities (TPAF and PERS). Amounts from years prior to 2015 are not available.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 5,488,141	\$ 7,555,805	\$ 6,634,501	\$ 3,729,697						
Unreserved	2,117,992	1,447,042	1,822,281	723,672						
Restricted					\$ 2,181,293	\$ 5,332,434	\$ 4,400,000	\$ 4,087,866	\$ 5,856,769	\$ 7,319,959
Assigned					72,596	348,111	4,230,138	2,814,143	1,506,355	398,602
Unassigned					1,787,523	1,617,229	1,722,223	936,764	710,730	630,956
Total general fund	\$ 7,606,133	\$ 9,002,847	\$ 8,456,782	\$ 4,453,369	\$ 4,041,412	\$ 7,297,774	\$ 10,352,361	\$ 7,838,773	\$ 8,073,854	\$ 8,349,517
All Other Governmental Funds										
Restricted	\$ 27,631,459	\$ 7,345,109	\$ 418,197	\$ 127,228						
Special revenue fund	(8,708)	(24,980)	-							
Capital projects fund	4,581,018	1,571,895	1,575,595	893,305	\$ 2,602,456	\$ 390,083	\$ 304,668	\$ 162,943	\$ 101,302	\$ 86,572
Debt service fund	178,445	178,659	7,761	8,095	12,547	7,413	114,474	140,079	66,064	37,499
Permanent fund	44,868	44,771	44,782	44,825	44,828	44,838				
Total all other governmental funds	\$ 32,427,082	\$ 9,115,454	\$ 2,046,335	\$ 1,073,453	\$ 2,659,831	\$ 442,334	\$ 419,142	\$ 303,022	\$ 167,366	\$ 124,071

Source: CAFR Schedule B-1

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c). Prior years have not been restated above and are not required to be.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) 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	\$ 65,928,326	\$ 68,687,700	\$ 69,211,892	\$ 68,846,705	\$ 71,777,940	\$ 73,816,484	\$ 75,283,041	\$ 76,805,428	\$ 78,566,162	\$ 79,925,558
Tuition charges	32,800	126,257	31,491	64,371	109,994	126,875	127,091	75,286	34,061	31,282
Transportation charges				22,881	47,593	75,991	94,954	134,304	115,425	100,878
Interest earnings	1,375,979	715,242	49,357	90,263	38,453	19,608	6,862	5,769	5,384	8,053
Miscellaneous	1,588,097	1,317,914	995,244	832,255	490,662	223,436	272,108	363,675	828,874	408,997
State sources	19,631,567	17,284,802	16,560,907	16,084,758	15,809,020	16,550,079	19,406,805	18,951,157	19,936,331	22,030,785
Federal sources	1,953,884	1,814,971	1,831,478	2,614,669	3,467,340	3,708,611	2,364,625	2,181,863	3,091,020	2,608,803
Total revenue	90,510,653	89,946,886	88,680,369	88,555,902	91,741,002	94,521,084	97,555,486	98,517,482	102,577,257	105,114,356
Expenditures										
Instruction										
Regular instruction	23,894,918	24,732,021	25,865,910	26,661,828	25,428,332	25,589,520	26,138,451	27,345,502	25,057,883	25,213,491
Special education instruction	4,761,479	5,073,551	5,608,099	5,947,877	6,498,827	6,662,010	6,826,261	7,045,952	9,986,789	10,273,565
Other special instruction	2,116,214	2,471,562	3,235,650	3,111,539	2,164,130	2,276,291	2,169,656	2,189,372	2,300,804	2,499,916
Other instruction	892,567	946,159	1,161,317	1,177,487	916,526	1,053,998	1,105,472	1,102,825	1,174,307	1,190,323
Support Services:										
Tuition	3,220,811	4,182,922	4,033,613	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896	2,684,498
Student & inst. related services	7,215,115	7,706,970	7,954,700	7,897,928	7,528,989	7,702,323	8,060,308	8,278,014	8,809,458	9,246,267
General administration	959,350	943,391	710,431	946,033	865,159	1,033,625	1,028,674	1,120,010	1,550,845	1,586,968
School administrative services	2,897,835	2,759,876	2,664,095	2,794,960	2,563,661	2,556,472	2,459,455	2,495,936	2,752,852	2,844,390
Central services	849,247	1,100,994	1,090,704	957,052	928,882	632,660	586,778	519,007	509,284	484,749
Admin. information technology	265,269	402,191	363,757	478,746	576,108	728,284	596,918	774,490	871,886	1,029,352
Plant operations and maintenance	6,568,608	7,371,153	7,722,561	7,343,532	7,098,540	6,488,535	6,530,091	7,719,001	6,979,860	7,000,767
Pupil transportation	3,632,616	4,046,311	4,159,092	4,177,508	3,845,416	4,012,942	4,277,157	4,280,377	4,538,602	4,999,315
Employee benefits	17,261,663	18,204,253	16,702,454	19,351,600	20,712,880	22,410,920	24,138,367	23,269,863	25,120,168	27,509,184
Charter Schools	217,172	303,978	408,290	416,436	450,170	395,187	583,725	809,793	1,024,971	1,213,693
Scholarships	1,800	1,796	617	297	172	37				
Capital outlay	14,463,998	25,796,677	8,590,263	3,135,604	3,503,525	3,224,644	1,627,063	5,678,163	3,362,949	1,782,061
Debt service:										
Principal	2,733,000	2,650,000	2,895,000	3,030,000	3,360,000	3,375,000	4,000,000	3,840,000	4,205,000	3,600,000
Interest and other charges	3,014,082	3,167,995	3,058,464	2,941,726	2,626,596	2,631,875	2,013,323	2,170,851	1,988,899	1,779,600
Total expenditures	94,965,744	111,861,800	96,225,017	93,532,198	91,886,022	93,410,452	94,490,607	101,147,188	102,481,453	104,938,139
Excess (Deficiency) of revenues over (under) expenditures	(4,455,091)	(21,914,914)	(7,544,648)	(4,976,296)	(145,020)	1,110,632	3,064,879	(2,629,706)	95,804	176,217
Other Financing sources (uses)										
Capital leases (non-budgeted)	5,185,344									
Proceeds from refunding	10,048				4,452		11,399		3,619	
Cancellation of Capital Projects - Local Share			(70,536)							
Scholarship Refund to Donor							(44,883)			
Cancellation of prior years payable										56,151
Total other financing sources (uses)	5,195,392	-	(70,536)	-	4,452	-	(33,484)	-	3,619	56,151
Net change in fund balances	\$ 740,301	\$ (21,914,914)	\$ (7,615,184)	\$ (4,976,296)	\$ (140,568)	\$ 1,110,632	\$ 3,031,395	\$ (2,629,706)	\$ 99,423	\$ 232,368
Debt service as a percentage of noncapital expenditures	7.14%	6.76%	6.79%	6.61%	6.77%	6.66%	6.48%	6.30%	6.25%	5.22%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	<u>Refund of Prior Years Expenditures</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2007	\$ 262,791	\$ 32,800	\$ 438,746	\$ 252,746	\$ 987,083
2008	97,419	126,257	346,418	380,127	950,221
2009	291,443	48,780	97,503	174,647	612,373
2010	504,340	64,371	67,293	103,102	739,106
2011	143,994	109,994	37,540	258,415	549,943
2012	72,875	126,975	19,608	146,451	365,909
2013	68,139	127,091	27,619	217,069	439,918
2014	108,763	75,286	30,211	236,887	451,147
2015	20,241	34,062	20,735	627,754	702,792
2016	11,562	31,282	16,658	129,318	188,820

Source: District records

REVENUE CAPACITY

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2007	55,827,300	1,513,303,500	1,795,600	177,600	379,944,300	351,718,700	204,271,600	2,507,038,600	3,423,961	408,272,300	2,918,734,861	4,631,849,744	2.736
2008	53,099,800	1,519,448,800	1,450,100	171,700	384,945,700	343,012,800	211,278,500	2,513,407,400	6,633,158	410,901,500	2,930,942,058	5,201,463,029	2.750
2009	41,407,900	1,525,090,700	1,450,100	171,700	375,511,700	333,769,100	204,731,400	2,482,132,600	3,351,217	412,207,700	2,897,691,517	5,159,816,933	2.770
2010	34,166,900	1,520,957,300	1,338,600	167,800	386,870,800	320,832,600	201,998,200	2,466,332,200	3,630,868	414,100,000	2,884,063,068	4,944,885,360	2.906
2011	33,009,000	1,521,256,500	1,182,300	101,200	385,961,700	310,748,100	201,412,800	2,453,671,600	3,238,211	421,386,900	2,878,296,711	4,794,235,881	3.005
2012	33,445,900	1,519,468,700	1,182,300	101,200	375,135,100	287,812,700	201,112,800	2,418,258,700	3,329,077	423,253,100	2,844,840,877	4,713,954,776	2.856
2013	29,108,500	1,524,669,700	1,182,400	101,200	368,459,600	283,655,200	201,112,800	2,408,289,400	2,071,600	421,567,100	2,831,928,100	4,350,946,294	3.184
2014	41,203,600	1,535,377,100	1,182,400	36,100	379,262,800	290,745,200	201,554,600	2,449,361,800	2,789,231	417,671,700	2,869,822,731	4,573,448,641	3.204
2015	39,881,100	1,544,335,100	1,182,300	36,100	380,685,800	286,469,800	201,554,600	2,454,144,800	2,905,820	417,856,200	2,874,906,820	4,488,181,475	3.253
2016	51,134,100	1,541,110,700	1,182,300	36,100	396,166,900	267,856,900	201,554,600	2,459,041,600	2,888,810	417,465,800	2,879,396,210	4,535,680,708	3.325

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests the Municipality to do so.

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

^b Tax rates are per \$100 of assessed valuation

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	<u>North Brunswick Township School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate ^a</u>	<u>General Obligation Debt Service ^b</u>	(From J-6)	<u>Municipality of North Brunswick</u>	<u>County of Middlesex</u>	
			<u>Total Direct School Tax Rate ^c</u>			
2007	2.505	0.231	2.736	0.944	0.552	4.232
2008	2.521	0.229	2.750	1.004	0.597	4.351
2009	2.530	0.240	2.770	1.054	0.619	4.443
2010	2.664	0.242	2.906	1.109	0.504	4.519
2011	2.762	0.243	3.005	1.093	0.602	4.700
2012	2.603	0.253	2.856	1.105	0.643	4.619
2013	2.935	0.249	3.184	1.224	0.695	5.103
2014	2.950	0.254	3.204	1.245	0.741	5.190
2015	3.035	0.218	3.253	1.267	0.729	5.249
2016	3.108	0.217	3.325	1.292	0.723	5.340

Source: Municipal Tax Collector

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

c Tax rates are per \$100 of assessed valuation.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE (9) YEARS AGO
(UNAUDITED)

	<u>2016</u>				<u>2007</u>		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
ER Squibb & Sons Inc.	\$ 148,680,300	1	6.06%	ER Squibb & Sons Inc.	\$ 148,762,900	1	6.02%
Kimco North Brunswick 617 Inc.	33,000,000	2	1.35%	North Brunswick Tod Associates	41,625,200	2	1.68%
Sodowick S. Etals c/o No. Vill Assn.	27,900,000	3	1.14%	Kimco, North Brunswick	34,500,000	3	1.40%
Commerce GR NB LLC	26,933,000	4	1.10%	Sodowick S. Etals c/o No. Vill Assn.	34,355,400	4	1.39%
Kaplan Associates LLC	26,000,000	5	1.06%	Commerce GR NB LLC	26,100,700	5	1.06%
Maebrook at Renaissance LLC	23,515,600	6	0.96%	Kaplan Associates LLC	26,000,000	6	1.05%
North Brunswick Manor LLC	23,441,800	7	0.96%	N. Brunswick Manor	25,495,900	7	1.03%
Renaissance Terrace LLC	19,000,000	8	0.77%	Levin Properties LLC	23,267,400	8	0.94%
Levin Properties LLC	18,500,000	9	0.75%	Maebrook at Renaissance LLC	21,710,000	9	0.88%
Brunswick Circle Developers LLC	17,245,000	10	0.70%	Renaissance Terrace LLC	21,500,000	10	0.87%
Total	<u>\$ 364,215,700</u>		<u>14.85%</u>		<u>\$ 403,317,500</u>		<u>16.32%</u>

Source: Municipal Tax Assessor

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
TAX LEVIES AND COLLECTIONS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2007	\$ 108,596,104	\$ 108,432,687	99.85%	\$ 600,661
2008	109,315,152	109,262,161	99.95%	81,726
2009	111,802,306	111,308,521	99.56%	N/A
2010	111,491,046	111,393,791	99.91%	N/A
2011	116,080,734	115,983,210	99.92%	N/A
2012	120,744,776	120,218,424	99.56%	N/A
2013	123,267,695	122,910,122	99.71%	N/A
2014	125,871,013	125,466,068	99.68%	2,972
2015	129,659,436	129,522,487	99.89%	375,582
2016	129,973,745	129,855,000	99.91%	23,640

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

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

DEBT CAPACITY

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total District</u>	<u>Percentage of Personal Income ^a</u>	<u>Per Capita ^a</u>
	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>				
2007	\$ 71,411,000	-	\$ 4,368,565	-	-	\$ 75,779,565	6.71%	1,911	
2008	68,761,000	-	3,327,385	-	-	72,088,385	6.40%	1,817	
2009	65,866,000	-	2,244,434	-	-	68,110,434	6.05%	1,721	
2010	62,502,000	-	1,151,635	-	-	63,653,635	5.61%	1,580	
2011	59,142,000	-		-	-	59,142,000	4.40%	1,461	
2012	55,976,000					55,976,000	4.16%	1,387	
2013	51,976,000					51,976,000	3.83%	1,261	
2014	48,136,000					48,136,000	3.55%	1,170	
2015	43,760,000					43,760,000	3.23%	1,064	
2016	40,160,000					40,160,000	2.96%	976	

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value ^a of Property</u>	<u>Per Capita ^b</u>
2007	\$ 71,411,000	-	\$ 71,411,000	2.45%	1,780
2008	68,761,000	-	68,761,000	2.31%	1,733
2009	65,866,000	-	65,866,000	2.27%	1,735
2010	62,502,000	-	62,502,000	2.15%	1,580
2011	59,142,000	-	59,142,000	2.15%	1,461
2012	55,976,000	-	55,976,000	1.96%	1,387
2013	51,976,000	-	51,976,000	1.83%	1,261
2014	48,136,000	-	48,136,000	1.67%	1,170
2015	43,760,000	-	43,760,000	1.52%	1,064
2016	40,160,000	-	40,160,000	1.39%	976

Notes:

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

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of North Brunswick	\$ 59,083,803	100.000%	\$ 59,083,803
County of Middlesex	521,584,305	4.4183%	<u>23,045,159</u>
Subtotal, overlapping debt			\$ 82,128,962
Township of North Brunswick District Direct Debt			
Bonds Issued	40,160,000.00		
Bonds and Notes Authorized but Not Issued	<u>1,200,000.00</u>		<u>41,360,000</u>
Total direct and overlapping debt			\$ <u>123,488,962</u>

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LEGAL DEBT MARGIN INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	4,485,733,504
2014	4,437,249,457
2013	<u>4,455,669,565</u>
	<u>\$ 13,378,652,526</u>
Average equalized valuation of taxable property	
	\$ 4,459,550,842
Debt limit (4 % of average equalization value)	
	178,382,034 a
Total Net Debt Applicable to Limit	
	<u>41,360,000</u>
Legal debt margin	
	<u>\$ 137,022,034</u>

	Fiscal Year									
	<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>
Debt limit	\$182,148,022	\$ 198,903,392	\$203,952,560	\$203,952,560	\$ 199,506,495	\$ 192,878,596	\$ 185,942,650	\$ 181,299,319	\$ 176,689,504	\$ 178,382,034
Total net debt applicable to limit	<u>71,411,000</u>	<u>69,961,000</u>	<u>69,961,000</u>	<u>63,702,000</u>	<u>60,342,000</u>	<u>57,176,000</u>	<u>53,176,000</u>	<u>49,336,000</u>	<u>44,960,000</u>	<u>41,360,000</u>
Legal debt margin	<u>\$ 110,737,022</u>	<u>\$ 128,942,392</u>	<u>\$133,991,560</u>	<u>\$ 140,250,560</u>	<u>\$ 139,164,495</u>	<u>\$ 135,702,596</u>	<u>\$ 132,766,650</u>	<u>\$ 131,963,319</u>	<u>\$ 131,729,504</u>	<u>\$ 137,022,034</u>
Total net debt applicable to the limit as a percentage of debt limit	39.20%	35.17%	34.30%	31.23%	30.25%	29.64%	28.60%	27.21%	25.45%	23.19%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	39,673	1,127,943,063	28,431	4.20%
2008	39,673	1,127,943,063	28,431	3.70%
2009	39,586	1,125,469,566	28,431	4.80%
2010	39,586	1,125,469,566	28,431	8.30%
2011	40,742	1,342,204,448	32,944	9.40%
2012	40,961	1,349,419,184	32,944	9.20%
2013	41,218	1,357,885,792	32,944	8.10%
2014	41,153	1,355,744,432	32,944	6.10%
2015	41,153	1,355,744,432	32,944	5.60%
2016	41,153	1,355,744,432	32,944	4.60%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census for 2007-2010 and 2010 census for 2011-2016 published by the US Bureau of Economic Analysis.

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE (9) YEARS AGO
(UNAUDITED)

	2016		2007	
Employer	Employees	Rank	Employees	Rank
	N/A	1	N/A	
	N/A	2	N/A	
	N/A	3	N/A	
	N/A	4	N/A	
	N/A	5	N/A	
	N/A	6	N/A	
	N/A	7	N/A	
	N/A	8	N/A	
	N/A	9	N/A	
	N/A	10	N/A	
	N/A		N/A	
	N/A		N/A	

OPERATING INFORMATION

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN (10) 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	505	510	417	463	388	402	402	405	405	428
Special education	12	14	115	131	157	164	164	178	178	185
Other special education	-	-	-	-						
Support Services:										
Student & instruction related services	121	121	134	162	96	112	112	131	131	134
General administration	2	3	2	3	2	4	4	5	5	5
School administrative services	36	36	37	36	31	31	31	27	27	28
Other administrative services	-	-	-	-						
Central services	12	13	14	12	15	9	9	8	8	8
Administrative Information Technology	5	5	5	7	8	8	8	11	11	12
Plant operations and maintenance	77	77	103	104	96	85	85	102	102	107
Pupil transportation	32	33	26	30	26	29	29	31	31	34
Other support services	-	-	-	-	21	4	4	-	-	-
Total	<u>802</u>	<u>812</u>	<u>853</u>	<u>948</u>	<u>840</u>	<u>848</u>	<u>848</u>	<u>898</u>	<u>898</u>	<u>941</u>

Source: District Personnel Records

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
OPERATING STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Attendance			
						Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	5,603	74,754,664	13,342	2.30%	469	1:12.1	1:10.7	1:11.6	5,446.9	5,338.0	-0.37%	98.00%
2008	5,517	80,245,332	14,545	9.02%	541	1:11.9	1:10.5	1:12	5,513.0	5,402.7	1.21%	98.00%
2009	5,662	81,680,673	14,426	-0.82%	550	1:10.5	1:10.2	1:11	5,667.4	5,554.1	2.80%	98.00%
2010	5,521	84,424,571	15,292	6.00%	575	1:10.6	1:10.4	1:11	5,824.9	5,372.0	2.80%	92.22%
2011	5,886	82,395,729	13,999	-0.11%	539	1:10.7	1:10.5	1:11.2	5,947.1	5,545.4	4.81%	93.25%
2012	5,968	81,746,641	13,697	-2.15%	500	1:12.6	1:11.3	1:11.8	6,040.6	5,662.4	1.57%	93.74%
2013	6,095	86,850,221	14,249	4.03%	562	1:10.2	1:10.4	1:10.9	6,120.3	5,777.4	1.32%	94.40%
2014	6,141	89,458,174	14,567	2.23%	583	1:10.4	1:10.8	1:10.3	6,162.5	5,828.5	0.69%	94.58%
2015	6,127	92,924,605	15,166	4.11%	583	1:10.4	1:10.8	1:10.3	6,147.2	5,853.1	-0.25%	95.22%
2016	6,085	99,543,809	16,359	7.86%	613	1:11.1	1:11.9	1:11.3	6,068.5	5,779.9	-1.28%	95.24%

Sources: District records

Note: Enrollment based on annual October district count as related in the Application for State School Aid (ASSA).

- a Operating expenditures equal total expenditures less debt service, capital outlay and scholarships.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL BUILDING INFORMATION
LAST NINE (9) FISCAL YEARS
(UNAUDITED)

	<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>									
<u>Elementary</u>									
Judd (1967)									
Square Feet	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595
Capacity (students)	709	709	709	709	709	709	709	709	709
Enrollment	684	594	683	721	737	779	792	805	749
John Adams (1961)									
Square Feet	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257
Capacity (students)	634	634	634	634	634	634	634	634	634
Enrollment	561	535	675	703	706	715	725	719	649
Livingston Park (1930)									
Square Feet	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573
Capacity (students)	677	677	677	677	677	677	677	677	677
Enrollment	582	568	712	684	793	734	716	702	646
Parsons (1965)									
Square Feet	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079
Capacity (students)	673	673	673	673	673	673	673	673	673
Enrollment	611	615	637	649	726	738	771	790	770
Early Childhood Center									
Square Feet									14,340
Capacity (students)									174
Enrollment									174
<u>Middle School</u>									
Linwood (1951)									
Square Feet	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557
Capacity (students)	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527
Enrollment	1,264	1,251	1,274	1,317	1,352	1,371	1,341	1,334	1,345
<u>High School</u>									
North Brunswick High School (1973)									
Square Feet	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716
Capacity (students)	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614
Enrollment	1,783	1,749	1,684	1,766	1,725	1,758	1,796	1,777	1,752
<u>Other</u>									
Athletic Building (1979)									
Square Feet	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704
Central Administration (1927)									
Square Feet	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Warehouse									
Square Feet	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376
Number of Buildings at June 30, 2016									
Elementary Schools =	4								
Middle School =	1								
High School =	1								
Other =	3								

Source: District Facilities Office

Note: Enrollment is based on the average daily enrollment (ADE).

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED MAINTENANCE
FOR SCHOOL FACILITIES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

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

	* School Facilities Project # (s)	Early Childhood Center	John Adams	Judd	Livingston Park	Parsons	Linwood M.S.	North Brunswick H.S.	Other Facilities	Total
2007	N/A		100,885	96,588	98,044	138,700	237,969	637,639	83,940	1,393,765
2008	N/A		125,154	158,718	112,805	133,464	357,652	898,789	50,984	1,837,566
2009	N/A		145,594	156,110	149,023	148,152	360,442	704,916	43,421	1,707,658
2010	N/A		125,010	134,054	128,073	127,198	309,535	597,335	37,488	1,458,693
2011	N/A		140,047	151,001	153,944	125,259	277,182	548,728	40,450	1,436,610
2012	N/A		109,016	121,943	122,042	144,825	284,249	555,275	45,579	1,382,930
2013	N/A		116,464	124,876	119,207	118,511	288,327	556,361	34,733	1,358,479
2014	N/A		136,974	122,454	130,687	129,939	316,164	610,172	50,598	1,496,988
2015	N/A		132,599	142,176	135,722	134,929	328,271	633,436	39,545	1,546,678
2016	N/A	23,268	128,603	143,755	137,229	136,428	331,917	640,471	53,096	1,594,767
Total School Facilities		\$ 23,268	\$ 1,260,346	\$ 1,351,676	\$ 1,286,776	\$ 1,337,405	\$ 3,091,708	\$ 6,383,122	\$ 479,834	\$ 12,072,689

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

Source: District records

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Property Insurance	\$ 400,000,000	\$ 5,000
Valuable Papers	10,000,000	5,000
Extra Expense	51,000,000	5,000
Electronic Data Processing - Hardware/Software	2,801,000	1,000
Equipment Breakdown - Business Income	100,000,000	5,000
Casualty Insurance - MCJIF		
Law Enforcement Liability	1,000,000	
Comprehensive General Liability	16,000,000	
Automobile Liability	16,000,000	
Employee Benefit Liability - NJSBA	10,000,000	1,000
New Jersey Workers Compensation - NJSBA	Statutory	
Public Employees' Faithful Performance Blanket		
Position Bond - Western Surety Company		
Business Administrator	50,000	
Treasurer	400,000	
Acting Business Administrator	200,000	
Board Secretary	200,000	
Contractors Equipment	250,000	

Source: District records.

SINGLE AUDIT SECTION

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Exhibit K-1
Sheet 1 of 2

**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**

Honorable President and Members
of the Board of Education
Township of North Brunswick Board of Education
County of Middlesex, 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 audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of North Brunswick Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Township of North Brunswick Board of Education's basic financial statements, and have issued our report thereon dated November 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Brunswick Township School 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 North Brunswick Township School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

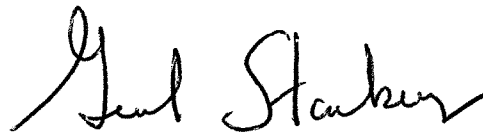
**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Compliance and Other Matters

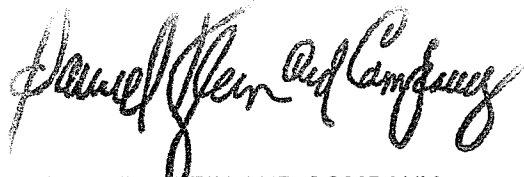
As part of obtaining reasonable assurance about whether the Board of Education of the Township of North Brunswick School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements,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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KEEN AND COMPANY

Freehold, New Jersey
November 10, 2016

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2
Sheet 1 of 3

INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08

The Honorable President and Members
of the Board of Education
Township of North Brunswick Board of Education
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Township of North Brunswick Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2016. The Township of North Brunswick School District's major federal and state programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of North Brunswick Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and NJOMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Township of North Brunswick Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08
(CONTINUED)**

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

Opinion on Each Major Federal and State Program

In our opinion, the Township of North Brunswick Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Township of North Brunswick Board of Education 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 Township of North Brunswick Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, 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 Township of North Brunswick Board of Education's internal control over compliance.

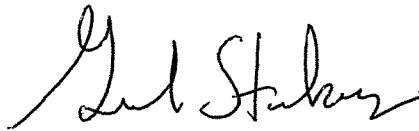
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 non-compliance with a type of compliance requirement of a federal and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08
(CONTINUED)**

Purpose of Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

November 10, 2016
Freehold, New Jersey

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		June 30, 2015		Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2016	
				From	To	Deferred Revenue	(Accounts Receivable)					(Accounts Receivable)	Deferred Revenue
U.S. Department of Education:													
General Fund:													
Medical Assistance Program	93.778	1605NJ5MAP	\$ 115,787	7/1/2014	6/30/2015		\$ (24,177)		\$ 24,177				
Medical Assistance Program	93.778	1605NJ5MAP	128,840	7/1/2015	6/30/2016				118,471	\$ (128,840)		\$ (10,369)	
Total General Fund							\$ (24,177)		\$ 142,648	\$ (128,840)		\$ (10,369)	
U.S. Department of Education													
Passed - Through State Department of Education:													
Special Revenue Fund:													
Title 1, Part D	84.010A	S010A150030	\$ 144,875	7/1/2015	6/30/2016				\$ 5,175	\$ (144,814)		\$ (139,639)	
Title 1, Part D	84.010A	S010A150030	116,623	7/1/2014	6/30/2015		\$ (1,462)		1,462	(2,928)		(2,928)	
Title 1, Part A	84.010A	S010A150030	704,589	7/1/2015	6/30/2016				513,932	(686,310)		(172,378)	
Title 1, Part A	84.010A	S010A150030	658,277	7/1/2014	6/30/2015		(131,590)		156,633	(35,879)		(10,836)	
Title 1, Part A	84.010A	S010A150030	525,002	9/1/2013	6/30/2014		(70,249)		78,439	(10,310)		(2,120)	
Title II, Part A	84.281A	S367A150029	92,600	7/1/2015	6/30/2016				71,956	(90,039)		(18,083)	
Title II, Part A	84.281A	S367A150029	95,672	7/1/2014	6/30/2015		(30,999)		42,102	(13,765)		(2,662)	
Title II, Part A	84.281A	S367A150029	95,672	9/1/2013	6/30/2014		(1)		693	(693)	\$ 1		
Title III, Part A	84.365A	S365A150030	61,509	7/1/2015	6/30/2016				48,511	(56,064)		(7,553)	
Title III, Part A	84.365A	S365A150030	56,014	7/1/2014	6/30/2015		(6,653)		10,546	(4,124)	(1)	(232)	
Title III, Part A	84.365A	S365A150030	54,330	9/1/2013	6/30/2014		(826)		826				
Title III, Immigrant	84.365A	S365A150030	46,079	7/1/2015	6/30/2016				31,248	(34,344)		(3,096)	
Title III, Immigrant	84.365A	S365A150030	51,017	7/1/2014	6/30/2015		(8,652)		11,264	(2,812)		(200)	
I.D.E.A. Part B, Basic	84.027	H027A150100	1,403,637	7/1/2015	6/30/2016				1,000,779	(1,289,640)		(288,861)	
I.D.E.A. Part B, Basic	84.027	H027A150100	1,340,077	7/1/2014	6/30/2015		(187,800)	\$ 690	230,424	(60,919)	908	(16,697)	
I.D.E.A. Part B, Basic	84.027	H027A150100	1,243,642	9/1/2013	6/30/2014		(11,239)	(690)	11,239		690		
I.D.E.A. Preschool	84.173	H173A150114	36,356	7/1/2015	6/30/2016					(15,889)		(15,889)	
I.D.E.A. Preschool	84.173	H173A150114	34,602	9/1/2013	6/30/2014		(226)		226				
Perkins Grant	84.243A	V048A140030	31,243	7/1/2015	6/30/2016				2,893	(30,398)		(27,505)	
Perkins Grant	84.243A	V048A140030	36,969	7/1/2014	6/30/2015		(5,593)		5,593				
Race to the Top (RTTP)	84.413A	V048A140030	1,035	7/1/2012	6/30/2016					(1,035)		(1,035)	
Total Special Revenue Fund							\$ (455,290)		\$ 2,223,941	\$ (2,479,963)	\$ 1,598	\$ (709,714)	\$

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		June 30, 2015		Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2016	
				From	To	Deferred Revenue	(Accounts Receivable)					(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.555	16161NJ304N1099	\$ 246,260	7/1/2014	- 6/30/2015	\$ 32,999				\$ (32,999)			
Food Distribution Program	10.555	16161NJ304N1099	264,570	7/1/2015	- 6/30/2016			\$ 264,570		(236,197)			\$ 28,373
School Breakfast Program	10.553	16161NJ304N1099	375,077	7/1/2014	- 6/30/2015		\$ (31,446)		31,446				
School Breakfast Program	10.553	16161NJ304N1099	403,804	7/1/2015	- 6/30/2016				367,886	(403,804)		\$ (35,918)	
National School Lunch Program	10.555	16161NJ304N1099	1,040,162	7/1/2014	- 6/30/2015		(77,071)		77,071				
National School Lunch Program	10.555	16161NJ304N1099	1,094,760	7/1/2015	- 6/30/2016				1,008,789	(1,094,760)		(85,971)	
National School Lunch Program (PB)	10.555	16161NJ304N1099	35,301	7/1/2014	- 6/30/2015		(2,580)		2,580				
National School Lunch Program (PB)	10.555	16161NJ304N1099	35,039	7/1/2015	- 6/30/2016				32,240	(35,039)		(2,799)	
School Snack Program	10.555	16161NJ304N1099	7,758	7/1/2014	- 6/30/2015		(569)		569				
School Snack Program	10.555	16161NJ304N1099	8,978	7/1/2015	- 6/30/2016				8,334	(8,978)		(644)	
Total Enterprise Fund						\$ 32,999	\$ (111,666)		\$ 1,793,485	\$ (1,811,777)		\$ (125,332)	\$ 28,373
Total Federal Awards						\$ 32,999	\$ (591,133)		\$ 4,160,074	\$ (4,420,580)	\$ 1,598	\$ (845,415)	\$ 28,373

(1) Equals inventory.

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2015		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2016		MEMO	
			From	To	(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	16-495-034-5120-089	\$ 3,621,124	7/1/2015	- 6/30/2016			\$ 3,621,124	\$ (3,621,124)			\$ 345,578	\$ (3,621,124)	
Equalization Aid	16-495-034-5120-078	6,684,891	7/1/2015	- 6/30/2016			6,681,891	(6,681,891)			637,680	(6,681,891)	
Categorical Security Aid	16-495-034-5120-084	516,450	7/1/2015	- 6/30/2016			516,450	(516,450)			49,287	(516,450)	
Transportation Aid	16-495-034-5120-084	427,308	7/1/2015	- 6/30/2016			427,308	(427,308)			40,780	(427,308)	
Adequacy Aid	16-495-034-5120-083	329,331	7/1/2015	- 6/30/2016			329,331	(329,331)			31,429	(329,331)	
PARCC Readiness Aid	16-495-034-5120-098	63,190	7/1/2015	- 6/30/2016			63,190	(63,190)			6,030	(63,190)	
Per Pupil Growth Aid	16-495-034-5120-097	63,190	7/1/2015	- 6/30/2016			63,190	(63,190)			6,030	(63,190)	
Extraordinary Special Education Aid	16-100-034-5120-473	847,444	7/1/2015	- 6/30/2016				(847,444)	\$ (847,444)			(847,444)	
Extraordinary Special Education Aid	15-100-034-5120-473	372,321	7/1/2014	- 6/30/2015	\$ (372,321)		372,321						
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	2,858,405	7/1/2015	- 6/30/2016			2,858,405	(2,858,405)				(2,858,405)	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	2,829,113	7/1/2014	6/30/2015	(139,424)		139,424						
Non Public Transportation	16-495-034-5120-014	55,090	7/1/2015	- 6/30/2016				(55,090)		(55,090)		(55,090)	
Non Public Transportation	15-495-034-5120-014	54,551	7/1/2014	- 6/30/2015	(54,551)		54,551						
Total General Fund					\$ (566,296)		\$ 15,127,185	\$ (15,463,423)		\$ (902,534)		\$ 1,116,814	\$ (15,463,423)

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2015		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2016		MEMO		
			From	To	(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	16-100-034-5120-064	\$ 3,426	7/1/2015	- 6/30/2016			\$ 3,426	\$ (2,785)			\$ 641		\$ (2,785)	
Textbook Aid	15-100-034-5120-064	3,039	7/1/2014	6/30/2015		\$ 177			\$ (177)					
Nursing Services	16-100-034-5120-070	5,760	7/1/2015	- 6/30/2016			5,760	(4,156)			1,604		(4,156)	
Nursing Services	15-100-034-5120-070	5,312	7/1/2014	- 6/30/2015					(826)					
Technology	15-100-034-5120-373	1,220	7/1/2014	- 6/30/2015					(66)					
Technology	16-100-034-5120-373	1,560	7/1/2015	- 6/30/2016			1,560	(1,262)			298		(1,262)	
Security	16-100-034-5120-509	1,600	7/1/2015	- 6/30/2016			1,600	(1,025)			575		(1,025)	
Auxiliary Services:														
Compensatory Education	16-100-034-5120-067	20,135	7/1/2015	- 6/30/2016			20,135	(20,135)					(20,135)	
Compensatory Education	15-100-034-5120-067	17,558	7/1/2014	- 6/30/2015					(2,092)					
Transportation	16-100-034-5120-068	1,658	7/1/2015	- 6/30/2016			1,658	(1,658)					(1,658)	
ESL	16-100-034-5120-069	4,314	7/1/2015	- 6/30/2016			4,314	(863)			3,451		(863)	
Handicapped Services:														
Examination and Classification	16-100-034-5120-066	2,559	7/1/2015	- 6/30/2016			2,559	(2,559)					(2,559)	
Examination and Classification	15-100-034-5120-066	6,123	7/1/2014	- 6/30/2015					(1,982)					
Supplemental Instruction	15-100-034-5120-066	3,139	7/1/2014	- 6/30/2015					(1,570)					
Supplemental Instruction	16-100-034-5120-067	2,822	7/1/2015	- 6/30/2016					(2,822)				(2,822)	
Corrective Speech	15-100-034-5120-066	1,767	7/1/2014	- 6/30/2015					(1,767)					
Corrective Speech	16-100-034-5120-066	836	7/1/2015	- 6/30/2016			836	(836)					(836)	
Total Special Revenue Fund							\$ 8,480	\$ 44,670	\$ (38,101)	\$ (8,480)	\$ 6,569		\$ (38,101)	
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	15-100-010-3350-023	\$ 30,182	7/1/2014	- 6/30/2015		\$ (2,088)	\$ 2,088							
State School Lunch Program	16-100-010-3350-023	31,344	7/1/2015	- 6/30/2016			27,008	(31,344)		(4,336)			(31,344)	
Total Enterprise Fund						\$ (2,088)	\$ 29,096	\$ (31,344)		\$ (4,336)			\$ (31,344)	
Total State Financial Assistance						\$ (568,384)	\$ 8,480	\$ 15,200,951	\$ (15,532,868)	\$ (8,480)	\$ (906,870)	\$ 6,569	\$ 1,116,814	\$ (15,532,868)

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of North Brunswick School District. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-4.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) (of twenty (20)) state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A.18A:22-4.2.

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$1,816 for the general fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented are as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 128,840	\$ 22,124,844	\$ 22,253,684
Special Revenue Fund	2,479,683	38,101	2,517,784
Food Service Fund	<u>1,807,151</u>	<u>31,344</u>	<u>1,838,495</u>
Total Awards and Assistance	<u>\$ 4,415,674</u>	<u>\$ 22,194,289</u>	<u>\$ 26,609,963</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no federal or state loans outstanding.

6. OTHER

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

The amount reported as TPAF Pension Contribution and Post-Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Financial Assistance, as directed by the funding agency.

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
November 10, 2016

Internal control over financial reporting:

1. Material weakness(es) identified? _____ yes x no
2. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported
- Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? _____ yes x no
2. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
November 10, 2016

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of the Uniform Guidance? _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.027</u>	<u>IDEA Part B Regular</u>
<u>10.555</u>	<u>Child Nutrition Project – National School Lunch</u>
<u>10.555</u>	<u>Child Nutrition Project – Food Distribution</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Dollar threshold used to distinguish between type A and type B Programs: \$750,000

1. Auditee qualified as low-risk auditee? x yes no

Type of auditor's report issued on compliance for major programs: Unmodified, dated
November 10, 2016

Internal Control over major programs:

1. Material weakness(es) identified? Yes x no

2. Significant deficiency(ies) identified that are not considered to be material weakness(es): yes x none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes x no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
<u>16-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u>16-100-034-5120-473</u>	<u>Extraordinary Aid</u>

Section II - Schedule of Financial Statement Findings

None

Section III - Schedule of State Financial Assistance Findings and Questioned Costs

None

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FOR THE YEAR ENDED JUNE 30, 2015:

There were no findings for the year ended June 30, 2015.