

**BRANCBURG TOWNSHIP
SCHOOL DISTRICT**

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

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

**Comprehensive Annual
Financial Report**

of the

Branchburg Township School District

Branchburg, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Branchburg Township School District Board of Education

BRANCBURG TOWNSHIP SCHOOL DISTRICT
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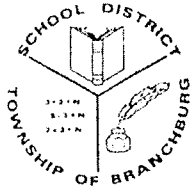
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INTRODUCTORY SECTION
(UNAUDITED)



BRANCHBURG TOWNSHIP SCHOOL DISTRICT

"Excellence in Education"

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

October 20, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Branchburg Township School District (District) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes this Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors.
- The Financial Section includes the Independent Auditors' Report, the Management's Discussion and Analysis, and the Basic Financial Statements, Notes, and other schedules that provide an overview of the District's financial position.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditors' report on the internal control system and compliance with applicable laws and regulations and findings and recommendations. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

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

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

The District had K-8 enrollment of 1,460 students during the 2016-2017 school year – a decrease of 5 students from the previous school year.

K - 8 ENROLLMENT

<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)
2012-13	1,696	(2.36%)
2013-14	1,636	(3.54%)
2014-15	1,563	(4.46%)
2015-16	1,465	(6.26%)
2016-17	1,460	(0.34%)

In addition to the K-8 enrollment, the District had 691.5 students in 2016-2017 who attended Somerville High School as well as out of district special education placements for which the District pays tuition.

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

For the 2016-17 school year, the District was configured as follows:

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

Honorable President and
Members of the Board of Education
Branchburg Township School District
Page 3
October 20, 2017

2. 2016-2017 MAJOR INITIATIVES:

The vision of Branchburg Township School District is “Excellence in Education.” The mission of the Branchburg Township School District is to inspire our children to learn, think, grow, and excel in life. In pursuit of this vision and mission, our major initiatives for the 2016-2017 school term are outlined below, along with highlights of our resulting accomplishments.

1. Create a learning environment that challenges all students and incorporates individual learning styles.

To this end, we worked to:

- Eliminate achievement gaps using a rigorous curriculum and student assessment systems,
- Incorporate real-world and student directed learning experiences, and
- Implement state-of-the-art digital, visual, and information technology.

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

To this end, we

- Maintained and supported the PLC model to insure fidelity of work around student achievement.
- Refined the entrance and exit criteria to insure maximum use of instructional staff and resources for students
- Implemented an individualized model of Professional Development in response to teacher and student needs.

3. To fully utilize technology aligned to the upper levels of the SAMR model.

To this end, we

- Implemented best practices in technology integration, program use, and implementation.
- Implemented units of study connected to real world and student directed learning experiences.

Expanded opportunities for staff to access technology training related to real world and student directed learning.

2. 2016-2017 MAJOR INITIATIVES:

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

To this end, we

- Utilized a communication system through Social Media and the District Website that gave parents and the community access to the news and events of the District.
- Maintained an active partnership with the community organizations whose purpose it is to support the work of our schools.
- Developed and submitted fiscally responsible building and department budgets that reinforced the goals of the District and that were aligned with current conditions.

3. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District management.

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by vote of the Board of Education. Annual appropriations budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year ended June 30, 2017 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund

Honorable President and
Members of the Board of Education
Branchburg Township School District
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October 20, 2017

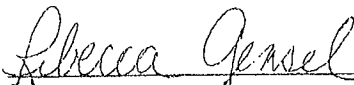
balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2017.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1: Summary of Significant Accounting Policies.

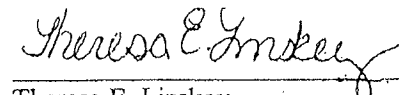
6. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Governmental Auditing Standards* are included in the single audit section of this report.

7. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Branchburg Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Board office staff.

Respectfully submitted,

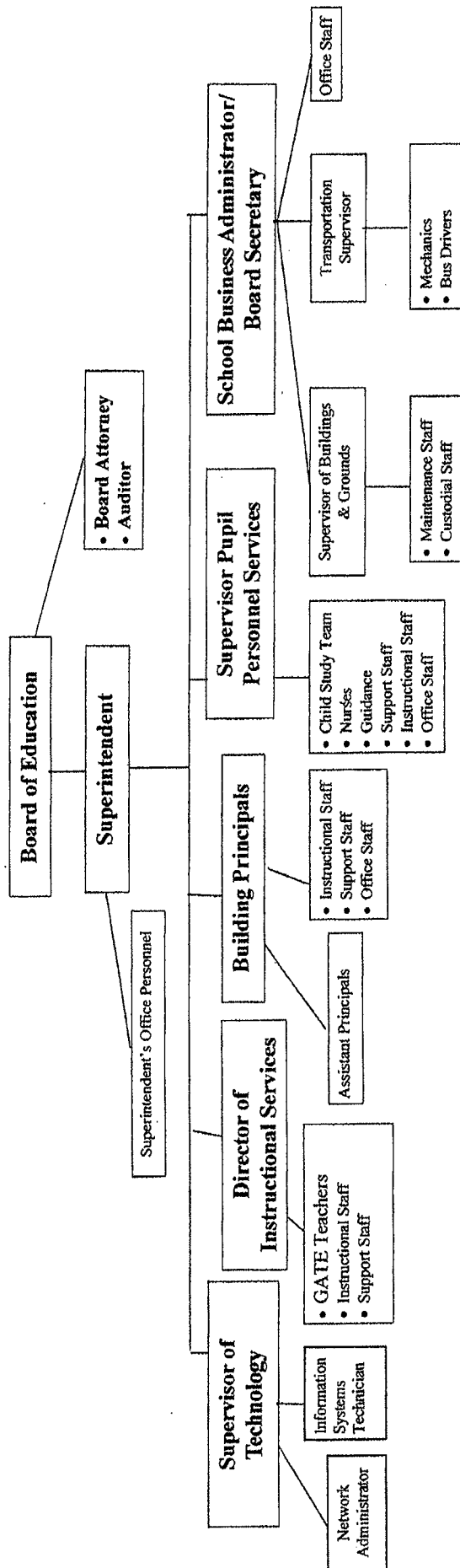


Rebecca Gensel
Superintendent of Schools



Theresa E. Linskey
Business Administrator/Board Secretary

Branchburg Township School District
1110 ORGANIZATIONAL CHART



BRANCBURG TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Zoltan Ambrus, President	January 2020
Theresa Joyce, Vice President	January 2019
Ellwood Cutler	January 2019
Jack Dempsey	January 2018
Kristen Fabriczi	January 2019
Carmela Noto	January 2018
Catherine Palmieri	January 2018
Olga Phelps	January 2020
Keerti Purohit	January 2020

OTHER OFFICIALS

TITLE

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

ARCHITECT

(No Architect of Record)

ATTORNEY

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

AUDIT FIRM

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320
and
11 Lawrence Road
Newton, New Jersey 07860

BOND COUNSEL

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Suite 900, Box 10
Woodbridge, New Jersey 07095-0958

FINANCIAL ADVISOR

Phoenix Advisors
4 West Park Street
Bordentown, New Jersey 08505

OFFICIAL DEPOSITORY

TD Bank
Milltown Road
Bridgewater, New Jersey 08807

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District, in the County of Somerset, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nisivoccia, LLP

October 20, 2017
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

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

Financial Highlights

- The District's overall net position at June 30, 2017 was \$12,974,767.
- Overall net position increased \$1,775,940 on a district-wide basis over the course of the year.
- Overall revenue was \$55,554,702.
- Overall expenditures were \$53,778,762.
- General Fund fund balance at June 30, 2017 was \$7,866,196 (on the budgetary basis), an increase of \$2,478,796 from the prior year.

Overview of the Financial Statements

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

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

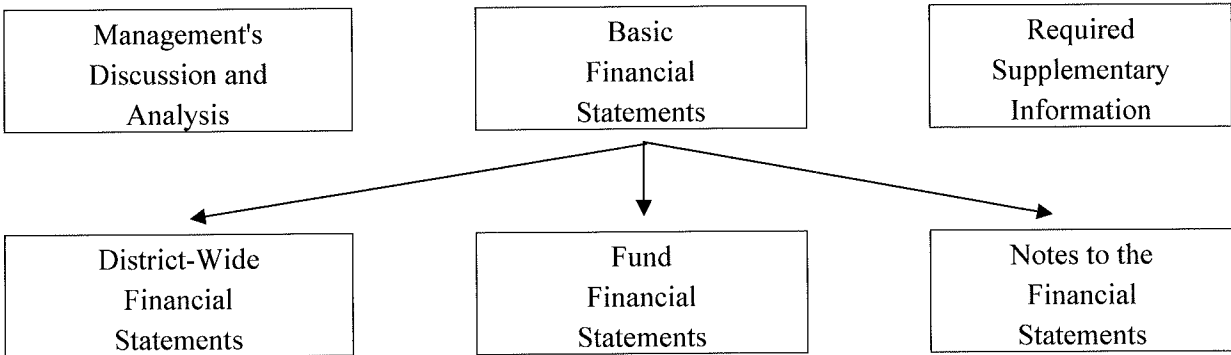


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$12,974,767 on June 30, 2017, \$1,775,940 or 15.86% more than the year before (See Figure A-3). Net position from governmental activities increased \$1,782,296 and net position from business-type activities decreased by \$6,356 (See Figure A-4). Net investment in capital assets decreased \$190,704, restricted net position increased \$1,806,267 and unrestricted net position increased \$160,377.

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Current and Other Assets	\$ 7,920,661	\$ 5,598,233	\$ 226,908	\$ 265,909	\$ 8,147,569	\$ 5,864,142	38.94%
Capital Assets, Net	37,345,581	38,439,767	98,538	104,770	37,444,119	38,544,537	-2.85%
Total Net Assets	45,266,242	44,038,000	325,446	370,679	45,591,688	44,408,679	2.66%
Deferred Outflows of Resources	4,062,648	2,577,275			4,062,648	2,577,275	57.63%
Other Liabilities	785,466	1,113,535	21,372	60,249	806,838	1,173,784	-31.26%
Long-Term Liabilities	35,848,734	34,446,443			35,848,734	34,446,443	4.07%
Total Liabilities	36,634,200	35,559,978	21,372	60,249	36,655,572	35,620,227	2.91%
Deferred Inflows of Resources	23,997	166,900			23,997	166,900	-85.62%
Net Position:							
Net Investment in Capital Assets	16,383,188	16,567,660	98,538	104,770	16,481,726	16,672,430	-1.14%
Restricted	5,870,211	4,063,944			5,870,211	4,063,944	44.45%
Unrestricted/(Deficit)	(9,582,706)	(9,743,207)	205,536	205,660	(9,377,170)	(9,537,547)	1.68%
Total Net Position	\$ 12,670,693	\$ 10,888,397	\$ 304,074	\$ 310,430	\$ 12,974,767	\$ 11,198,827	15.86%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net position. The District's *combined* net position increased by \$1,775,940, or 15.86%, over the course of the fiscal year. Net investment in capital assets decreased \$190,704 due to a \$1,505,000 reduction in bonded debt from current year maturities, a decrease in deferred amount on refunding of 595,286 and \$687,511 in capital additions (net of deletions) (\$681,271 from governmental and \$6,240 from business-type activities) offset by \$1,787,929 in depreciation (\$1,775,457 from governmental and \$12,472 from business-type activities). Restricted net position increased by \$1,806,267 due to increases in the capital reserve of \$1,211,032, current year excess surplus of \$390,894, excess surplus designated for subsequent year's expenditures of \$191,630, and debt service of \$12,711. The \$160,377 increase in unrestricted net position is due primarily to the increase in pension deferred outflows, an increase in year-end encumbrances, a decrease in accrued interest payable as well as unexpended budget balances offset by an increase in the net pension liability (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Revenue:							
Program Revenue:							
Charges for Services	\$ 209,061	\$ 152,146	\$ 567,854	\$ 592,524	\$ 776,915	\$ 744,670	4.33%
Operating Grants/Contributions	12,470,399	9,772,045	111,120	94,357	12,581,519	9,866,402	27.52%
General Revenue:							
Property Taxes	41,732,088	41,094,213			41,732,088	41,094,213	1.55%
Unrestricted Federal/State Aid	360,773	341,210			360,773	341,210	5.73%
Other	97,942	121,135	5,465	2,136	103,407	123,271	-16.11%
Total Revenue	<u>54,870,263</u>	<u>51,480,749</u>	<u>684,439</u>	<u>689,017</u>	<u>55,554,702</u>	<u>52,169,766</u>	6.49%
Expenses:							
Instruction	22,878,296	20,835,921			22,878,296	20,835,921	9.80%
Pupil and Instruction Services	18,971,180	18,442,341			18,971,180	18,442,341	2.87%
Administrative and Business	3,748,798	3,364,035			3,748,798	3,364,035	11.44%
Maintenance and Operations	2,145,436	2,315,820			2,145,436	2,315,820	-7.36%
Transportation	2,887,552	2,714,783			2,887,552	2,714,783	6.36%
Other	2,456,705	2,822,419	690,795	646,424	3,147,500	3,468,843	-9.26%
Total Expenses	<u>53,087,967</u>	<u>50,495,319</u>	<u>690,795</u>	<u>646,424</u>	<u>53,778,762</u>	<u>51,141,743</u>	5.16%
Transfers & Other Items		13,364		(26,681)		(13,317)	-100.00%
Change in Net Position	<u>\$1,782,296</u>	<u>\$ 998,794</u>	<u>\$ (6,356)</u>	<u>\$ 15,912</u>	<u>\$1,775,940</u>	<u>\$1,014,706</u>	75.02%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2016-2017 fiscal school year was \$55,554,702. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$41,732,088, or 75.12% of total revenue. (See Figure A-5). Another 23.30% came from state and federal aid and the remaining 1.58% came from charges for services and miscellaneous sources. The District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5
Sources of School District Revenue - Fiscal Years 2017 and 2016**

	<u>2017</u>	<u>Percentage</u>	<u>2016</u>	<u>Percentage</u>
Sources of Income:				
Grants and Contributions	\$ 12,581,519	22.65%	\$ 9,866,402	18.91%
Property Taxes	41,732,088	75.12%	41,094,213	78.77%
Unrestricted Federal and State Aid	360,773	0.65%	341,210	0.65%
Charges for Services	776,915	1.40%	744,670	1.43%
Other	103,407	0.18%	123,271	0.24%
Total Revenue	<u>\$ 55,554,702</u>	<u>100.00%</u>	<u>\$ 52,169,766</u>	<u>100.00%</u>

The total cost of all programs and services was \$53,778,762. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (83.19%). (See Figure A-6). The District's administration and business activities accounted for 6.97% of total expenses. The District's maintenance and operations accounted for 3.99% of total expenses. It is important to note that other expenses for the year (5.85%) include \$1,023,964 of interest on long-term debt, \$1,432,741 of unallocated depreciation and \$690,795 of expenses from its business-type activities.

**Figure A-6
Sources of School District Expenses - Fiscal Years 2017 and 2016**

Expense Category:	<u>2017</u>	<u>Percentage</u>	<u>2016</u>	<u>Percentage</u>
Instruction	\$ 22,878,296	42.54%	\$ 20,835,921	40.74%
Pupil and Instruction Services	18,971,180	35.28%	18,442,341	36.06%
Administrative and Business	3,748,798	6.97%	3,364,035	6.58%
Maintenance and Operations	2,145,436	3.99%	2,315,820	4.53%
Transportation	2,887,552	5.37%	2,714,783	5.31%
Other	3,147,500	5.85%	3,468,843	6.78%
	<u>\$ 53,778,762</u>	<u>100.00%</u>	<u>\$ 51,141,743</u>	<u>100.00%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Governmental Activities

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

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

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

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

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

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

	Total Costs of Services		Net Cost of Services	
	2016/2017	2015/2016	2016/2017	2015/2016
Instruction	\$ 22,878,296	\$ 20,835,921	\$ 14,104,958	\$ 13,873,960
Pupil and Instruction Services	18,971,180	18,442,341	17,278,781	17,204,566
Administration and Business	3,748,798	3,364,035	2,784,512	2,687,838
Maintenance and Operations	2,145,436	2,315,820	1,916,021	2,114,839
Transportation	2,887,552	2,714,783	1,867,530	1,867,506
Other	2,456,705	2,822,419	2,456,705	2,822,419
	<u>\$ 53,087,967</u>	<u>\$ 50,495,319</u>	<u>\$ 40,408,507</u>	<u>\$ 40,571,128</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$53,087,967.
- The federal and state governments subsidized certain programs with grants and contributions (\$12,831,172).
- Most of the District's costs were financed by \$41,732,088 of District taxes.
- The District billed \$209,061 in charges for services.
- The remaining \$97,942 of the District's funding came from \$94,870 in miscellaneous revenue and \$3,072 in investment earnings.

Business-Type Activities

- Net position from the District's business-type activities (Food Service program) decreased \$6,356 as a result of an increase in expenses. (Refer to Figure A-4).

Financial Analysis of the District's Funds

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

Student enrollment decreased by 5 students in 2016-17. The District anticipates an additional decrease in enrollment of 24 students for the upcoming 2017-18 school year.

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

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

General Fund Budgetary Highlights

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

**BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BRANCHBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Capital Assets

The District's capital assets decreased \$1,100,418 – from \$38,544,537, to \$37,444,119 – or 2.85%, over the course of the fiscal year. (See Figure A-8.) (More detailed information about the District's capital assets is presented in Note 8 to the basic financial statements.)

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600	0.00%
Site Improvements	298,077	294,087			298,077	294,087	1.36%
Buildings and Building Improvements	32,540,762	33,775,143			32,540,762	33,775,143	-3.65%
Furniture, Machinery & Equipment	2,139,142	2,002,937	\$ 98,538	\$104,770	2,237,680	2,107,707	6.17%
Total Capital Assets, Net	\$37,345,581	\$38,439,767	\$ 98,538	\$104,770	\$37,444,119	\$38,544,537	-2.85%

The decrease in capital assets was attributable to current year depreciation of \$1,787,929 (\$1,775,457 from its governmental and \$12,472 from its business-type activities) which were offset by capital asset acquisitions (net of deletions) of \$687,511 (\$681,271 from its governmental and \$6,240 from its business-type activities).

Long-Term Liabilities

The District's long-term liabilities increased \$1,402,291 – from \$34,446,443 to \$35,848,734 – or 4.07%, over the course of the fiscal year. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

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

	Total School District		Percent Change
	2016/2017	2015/2016	
General Obligation Bonds (Financed with Property Taxes)	\$ 21,440,000	\$ 22,945,000	-6.56%
Unamortized Bond Issuance Premium	2,193,812	2,273,497	-3.50%
Net Pension Liability	11,472,956	8,486,841	35.19%
Other Long-term Liabilities	741,966	741,105	0.12%
	\$ 35,848,734	\$ 34,446,443	4.07%

The increase in long-term liabilities was attributable to the increases in the net pension liability of \$2,986,115 and compensated absences payable of \$861 offset by a decrease in unamortized bond issuance premium of \$79,685 and a decrease in bonds due to \$1,505,000 of maturities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Factors Bearing on the District's Future

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were:

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

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 240 Baird Road, Branchburg, New Jersey 08876.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,216,484	\$ 214,138	\$ 2,430,622
Receivable from State Government	515,326	403	515,729
Receivable from Federal Government	27,822	6,285	34,107
Other Accounts Receivable	112,635	584	113,219
Inventories		5,498	5,498
Restricted Assets - Cash and Cash Equivalents			
Capital Reserve	3,104,594		3,104,594
Maintenance Reserve	23,800		23,800
Emergency Reserve	120,000		120,000
Tuition Reserve	1,800,000		1,800,000
Capital Assets:			
Sites (Land)	2,367,600		2,367,600
Depreciable Site Improvements, Building & Building Improvements & Furniture, Machinery & Equipment	34,977,981	98,538	35,076,519
Total Assets	45,266,242	325,446	45,591,688
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	477,607		477,607
Changes in Assumptions - Pensions	2,376,584		2,376,584
Net Difference between Projected and Actual			
Investment Earnings - Pensions	437,474		437,474
Changes in Proportion - Pensions	187,621		187,621
Difference between Expected and Actual			
Experience - Pensions	213,362		213,362
District Contribution Subsequent to the			
Measurement Date - Pensions	370,000		370,000
Total Deferred Outflows of Resources	4,062,648		4,062,648
LIABILITIES:			
Accrued Interest Payable	373,712		373,712
Accounts Payable	393,657		393,657
Payable to State Government	2,604		2,604
Unearned Revenue	15,493	21,372	36,865
Noncurrent Liabilities:			
Due Within One Year	1,387,643		1,387,643
Due Beyond One Year	34,461,091		34,461,091
Total Liabilities	36,634,200	21,372	36,655,572
DEFERRED INFLOWS OF RESOURCES:			
Changes in Proportion - Pensions	23,997		23,997
Total Deferred Inflows of Resources	23,997		23,997

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017
(Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 16,383,188	\$ 98,538	\$ 16,481,726
Restricted for:			
Capital Projects	3,104,594		3,104,594
Debt Service	12,711		12,711
Tuition	1,800,000		1,800,000
Excess Surplus	809,106		809,106
Emergency	120,000		120,000
Other Purposes	23,800		23,800
Unrestricted/(Deficit)	<u>(9,582,706)</u>	<u>205,536</u>	<u>(9,377,170)</u>
Total Net Position	<u>\$ 12,670,693</u>	<u>\$ 304,074</u>	<u>\$ 12,974,767</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 14,629,510	\$ 209,061	\$ 4,152,546		\$ (10,476,964)	\$ (10,476,964)	\$ (10,476,964)
Special Education	5,475,316		3,601,153		(1,665,102)	(1,665,102)	(1,665,102)
Other Special Instruction	2,032,737		593,695		(1,439,042)	(1,439,042)	(1,439,042)
School-Sponsored/Other Instruction	740,733		216,883		(523,850)	(523,850)	(523,850)
Support Services:							
Tuition	12,863,308				(12,863,308)	(12,863,308)	(12,863,308)
Student & Instruction Related Services	6,107,872		1,692,399		(4,415,473)	(4,415,473)	(4,415,473)
General Administration Services	794,698		137,589		(657,109)	(657,109)	(657,109)
School Administration Services	2,102,409		614,244		(1,488,165)	(1,488,165)	(1,488,165)
Central Services	714,526		198,499		(516,027)	(516,027)	(516,027)
Administrative Information Technology	137,165		13,954		(123,211)	(123,211)	(123,211)
Plant Operations and Maintenance	2,145,436		229,415		(1,916,021)	(1,916,021)	(1,916,021)
Pupil Transportation	2,887,552		1,020,022		(1,867,530)	(1,867,530)	(1,867,530)
Interest on Long-Term Debt	1,023,964				(1,023,964)	(1,023,964)	(1,023,964)
Unallocated Depreciation	1,432,741				(1,432,741)	(1,432,741)	(1,432,741)
Total Governmental Activities	53,087,967	209,061	12,470,399		(40,408,507)		(40,408,507)

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities: Food Service Program	\$ 690,795	\$ 567,854	\$ 111,120		\$ (11,821)	\$ (11,821)	\$ (11,821)
Total Business-type Activities	690,795	567,854	111,120		(11,821)	(11,821)	(11,821)
Total Primary Government	\$ 53,778,762	\$ 776,915	\$ 12,581,519	\$ - 0 -	\$ (40,408,507)	(11,821)	(40,420,328)
General Revenue:							
Property Taxes, Levied for General Purposes, Net					39,622,347		39,622,347
Taxes Levied for Debt Service					2,109,741		2,109,741
Federal and State Aid not Restricted					360,773		360,773
Miscellaneous Income					97,942	5,465	103,407
Total General Revenue					42,190,803	5,465	42,196,268
Change in Net Position					1,782,296	(6,356)	1,775,940
Net Position - Beginning					10,888,397	310,430	11,198,827
Net Position - Ending					\$ 12,670,693	\$ 304,074	\$ 12,974,767

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,176,120	\$ 27,653	\$ 12,711	\$ 2,216,484
Receivables From State Government	515,326			515,326
Receivables From Federal Government		27,822		27,822
Interfund Receivable	38,478			38,478
Other Accounts Receivable	112,635			112,635
Restricted Cash and Cash Equivalents	5,048,394			5,048,394
Total Assets	<u>\$ 7,890,953</u>	<u>\$ 55,475</u>	<u>\$ 12,711</u>	<u>\$ 7,959,139</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 23,657			\$ 23,657
Interfund Payable		38,478		38,478
Payable to State Government		2,604		2,604
Unearned Revenue	1,100	14,393		15,493
Total Liabilities	<u>24,757</u>	<u>55,475</u>		<u>80,232</u>
Fund Balances:				
Restricted for:				
Capital Reserve	3,104,594			3,104,594
Maintenance Reserve	23,800			23,800
Emergency Reserve	120,000			120,000
Tuition Reserve - For 2017-2018	900,000			900,000
Tuition Reserve - For 2018-2019	900,000			900,000
Debt Service Fund			12,711	12,711
Excess Surplus	600,000			600,000
Excess Surplus - Subsequent Year's Expenditures	209,106			209,106
Assigned:				
For Subsequent Year's Expenditures	400,000			400,000
Year-end Encumbrances	532,857			532,857
Unassigned	1,075,839			1,075,839
Total Fund Balances	<u>7,866,196</u>		<u>12,711</u>	<u>7,878,907</u>

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Total Liabilities and Fund Balances	\$ 7,890,953	\$ 55,475	\$ 12,711	\$ 7,959,139

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:
Total Fund Balances (Above)

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$70,025,187 and accumulated depreciation is \$32,679,606.

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds. \$ 7,878,907

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds. 37,345,581

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds. (22,181,966)

Change in Assumptions - Pensions			2,376,584
Difference between Expected and Actual Experience - Pensions			213,362
Net Difference between Projected and Actual Investment Earnings - Pensions			437,474
Change in Proportions - Pensions			163,624
			(373,712)

Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.

Bond Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. (2,193,812)
The original premium was \$2,337,309 and accumulated amortization is \$143,497.

The Deferred Amount on the Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure. The Deferred Amount on the Refunding is \$1,957,455 of which \$1,479,848 has been amortized.

Net Position - Governmental Activities \$ 12,670,693

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

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 39,622,347		\$ 2,109,741	\$ 41,732,088
Tuition	209,061			209,061
Interest Earned on Capital Reserve Funds	3,072			3,072
Miscellaneous	94,870	\$ 24,054		118,924
Total - Local Sources	39,929,350	24,054	2,109,741	42,063,145
State Sources	6,078,539	2,353	101,184	6,182,076
Federal Sources	463,187			463,187
Total Revenue	46,007,889	489,594	2,210,925	48,708,408
EXPENDITURES:				
Current:				
Regular Instruction	7,646,564	72,472		7,719,036
Special Education Instruction	2,603,232	390,984		2,994,216
Other Special Instruction	1,034,996			1,034,996
School-Sponsored/Other Instruction	384,868			384,868
Support Services and Undistributed Costs:				
Tuition	12,863,308			12,863,308
Student & Instruction Related Services	3,158,654	26,138		3,184,792
General Administration Services	562,971			562,971
School Administration Services	1,066,325			1,066,325
Central Services	380,936			380,936
Administrative Information Technology	113,714			113,714
Plant Operations and Maintenance	1,755,110			1,755,110
Pupil Transportation	1,736,612			1,736,612
Unallocated Benefits	9,492,374			9,492,374

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:				
Capital Outlay	\$ 729,429			\$ 729,429
Debt Service:				
Principal		\$ 1,505,000		1,505,000
Interest and Other Charges		693,214		693,214
Total Expenditures	<u>43,529,093</u>	<u>\$ 489,594</u>	<u>2,198,214</u>	<u>46,216,901</u>
Excess of Revenue over Expenditures	<u>2,478,796</u>		<u>12,711</u>	<u>2,491,507</u>
Net Change in Fund Balances	2,478,796		12,711	2,491,507
Fund Balance—July 1	<u>5,387,400</u>			<u>5,387,400</u>
Fund Balance—June 30	<u>\$ 7,866,196</u>	<u>\$ - 0 -</u>	<u>\$ 12,711</u>	<u>\$ 7,878,907</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 2,491,507
Amounts Reported for Governmental Activities in the Statement Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletions of capital assets, net of accumulated depreciation in the period.	
Depreciation Expense	\$ (1,775,457)
Deletion of Capital Assets, Net of Accumulated Depreciation	(22,000)
Capital Outlays	<u>703,271</u>
	(1,094,186)
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).	(861)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+).	1,505,000
The governmental funds report the effect of the deferred amount on refunding relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).	(595,286)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction to the reconciliation (-). When the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	184,851
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	79,685
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(2,986,115)
Deferred Outflows:	
Changes in Assumptions	1,465,165
Changes in Proportion	141,263
Difference between Expected and Actual Experience	10,896
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	573,926
Deferred Inflows:	
Changes in Proportion	<u>6,451</u>
Change in Net Position of Governmental Activities (from Exhibit A-2)	<u>\$ 1,782,296</u>

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

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

	Business-Type Activities - Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 214,138
Accounts Receivable:	
State	403
Federal	6,285
Other	584
Inventories	5,498
Total Current Assets	226,908
Non-Current Assets:	
Capital Assets	520,279
Less: Accumulated Depreciation	(421,741)
Total Non-Current Assets	98,538
Total Assets	325,446
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	16,374
Unearned Revenue - Donated Commodities	4,998
Total Current Liabilities	21,372
NET POSITION:	
Investment in Capital Assets	98,538
Unrestricted	205,536
Total Net Position	\$ 304,074

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

BRANCHBURG BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 380,462
Daily Sales - Non-Reimbursable Programs	187,392
	567,854
Total Operating Revenue	567,854
Operating Expenses:	
Cost of Sales - Reimbursable Programs	213,024
Cost of Sales - Non-Reimbursable Programs	104,923
Salaries, Benefits & Payroll Taxes	275,773
Supplies and Materials	29,068
Food Service Management Fee	16,340
Purchased Professional Services	11,300
Other Purchased Services	27,895
Depreciation	12,472
	690,795
Total Operating Expenses	690,795
Operating (Loss)	(122,941)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	4,482
Federal Sources:	
National School Lunch Program	70,539
Food Distribution Program	36,099
Local Sources:	
Interest Income	5,465
	116,585
Total Non-Operating Revenue	116,585
Change in Net Position	(6,356)
Net Position - Beginning of Year	310,430
Net Position - End of Year	\$ 304,074

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

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

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 567,270
Payments to Employees	(275,773)
Payments to Suppliers	(405,167)
Net Cash Used for Operating Activities	(113,670)
Cash Flows from Investing Activities:	
Interest Income	5,465
Net Cash Provided by Investing Activities	5,465
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(6,240)
Net Cash Used for Capital and Related Financing Activities	(6,240)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	74,787
Cash Received from General Fund	76,655
Net Cash Provided by Noncapital Financing Activities	151,442
Net Increase in Cash and Cash Equivalents	36,997
Cash and Cash Equivalents, July 1	177,141
Cash and Cash Equivalents, June 30	\$ 214,138
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (122,941)
Adjustment to Reconcile Operating Loss to Used for Operating Activities:	
Depreciation	12,472
Federal Food Distribution Program	36,099
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Other	(584)
Decrease in Inventory	161
(Decrease) in Unearned Revenue	2,035
(Decrease) in Accounts Payable	(40,912)
Net Cash Used for Operating Activities	\$ (113,670)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$34,820 and utilized \$36,099 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2017.

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 60,750	\$ 628,908	\$ 4,332
Total Assets	<u>60,750</u>	<u>628,908</u>	<u>4,332</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	435		
Accrued Salaries and Wages	1,359		
Summer Savings Deductions Payable	1,271		
Due to Student Groups	57,685		
Total Liabilities	<u>60,750</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		628,908	
Held in Trust for Flexible Spending Claims			4,332
Total Net Position	<u>\$ -0-</u>	<u>\$ 628,908</u>	<u>\$ 4,332</u>

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

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

	Unemployment Compensation Trust	Flexible Spending Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 49,255	\$ 11,020
Interest Earnings	1,650	
	<u> </u>	<u> </u>
Total Additions	<u>50,905</u>	<u>11,020</u>
DEDUCTIONS:		
Unemployment Benefit Claims	47,605	
Flexible Spending Claims		8,928
	<u> </u>	<u> </u>
Total Deductions	<u>47,605</u>	<u>8,928</u>
Change in Net Position	3,300	2,092
Net Position - July 1	<u>625,608</u>	<u>2,240</u>
Net Position - June 30	<u>\$ 628,908</u>	<u>\$ 4,332</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

B. Basis of Presentation: (Cont'd).

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

B. Basis of Presentation: (Cont'd)

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

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

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

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

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

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

D. Budgets/Budgetary Control:

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 46,010,914	\$ 495,936
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		(6,342)
Prior Year State Aid payments recognized for GAAP Statements	188,836	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	(191,861)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 46,007,889	\$ 489,594
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,529,093	\$ 495,936
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		(6,342)
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,529,093	\$ 489,594

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

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

E. Cash and Cash Equivalents and Investments:

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

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

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

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

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

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

K. Capital Assets: (Cont'd)

	Estimated Useful Life
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Furniture, Machinery and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amount earned by these employees but not disbursed was \$1,359.

N. Compensated Absences:

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

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

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$7,866,196 General Fund balance at June 30, 2017, \$532,857 is assigned for encumbrances; \$3,104,594 is restricted in the capital reserve account; \$23,800 is restricted in the maintenance reserve account; \$120,000 is restricted in the emergency reserve account; \$1,800,000 is restricted in the tuition reserve account of which \$900,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2018 and \$900,000 will be appropriated as anticipated revenue for the year ending June 30, 2019; \$600,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2019; \$209,106 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2018; \$400,000 is designated for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; and \$1,075,839 is unassigned fund balance which is \$191,861 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2018.

Debt Service Fund: The \$12,711 of Debt Service Fund balance at June 30, 2017 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2017 as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$191,861 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

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

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$9,582,706 in governmental activities, which is primarily due to the accrual of \$741,966 of compensated absences payable, \$2,193,812 of unamortized bond premiums and \$11,472,956 net pension liability. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the Deferred Amount on Bond Refunding, the net difference between projected and actual investment earnings on pension plan investments, changes in assumptions in pensions, changes in proportions in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred inflow of resources at June 30, 2017 for the changes in proportions in pensions.

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

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

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

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

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

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows.

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

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

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

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	<u>Cash</u> <u>and Cash</u> <u>Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>				<u>Total</u>
		<u>Capital</u> <u>Reserve</u>	<u>Maintenance</u> <u>Reserve</u>	<u>Emergency</u> <u>Reserve</u>	<u>Tuition</u> <u>Reserve</u>	
Checking and						
Savings Accounts	\$ 3,124,612	\$ 3,104,594	\$ 23,800	\$ 120,000	\$ 1,800,000	\$ 8,173,006

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$8,173,006 and the bank balance was \$9,734,049.

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

NOTE 4. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	23,800
		23,800
Ending Balance, June 30, 2017	\$	23,800

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by a transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

NOTE 5. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 1,893,562
Increased by:		
Interest Earnings	\$ 3,072	
Transfer by Board Resolution June 2017	1,467,960	
		1,471,032
Decreased by:		3,364,594
Withdrawal to Capital Outlay as per Board Resolution		(260,000)
Ending Balance, June 30, 2017		\$ 3,104,594

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

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or for a withdrawal that was included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 120,000
Ending Balance, June 30, 2017		\$ 120,000

NOTE 7. TUITION RESERVE ACCOUNT:

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

The District established a \$900,000 tuition reserve during 2015/2016 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2018 and a \$900,000 tuition reserve during 2016/2017 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2019.

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

NOTE 8. CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,367,600			\$ 2,367,600
Total Capital Assets not Being Depreciated	<u>2,367,600</u>			<u>2,367,600</u>
Capital Assets Being Depreciated:				
Site Improvements	1,173,957	\$ 38,559		1,212,516
Buildings and Building Improvements	57,460,240	120,728		57,580,968
Machinery and Equipment	8,540,119	543,984	\$ (220,000)	8,864,103
Total Capital Assets Being Depreciated	<u>67,174,316</u>	<u>703,271</u>	<u>(220,000)</u>	<u>67,657,587</u>
Governmental Activities Capital Assets	<u>69,541,916</u>	<u>703,271</u>	<u>(220,000)</u>	<u>70,025,187</u>
Less Accumulated Depreciation for:				
Site Improvements	(879,870)	(34,569)		(914,439)
Buildings and Building Improvements	(23,685,097)	(1,355,109)		(25,040,206)
Machinery and Equipment	(6,537,182)	(385,779)	198,000	(6,724,961)
Total Accumulated Depreciation	<u>(31,102,149)</u>	<u>(1,775,457)</u>	<u>198,000</u>	<u>(32,679,606)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$38,439,767</u>	<u>\$(1,072,186)</u>	<u>\$ (22,000)</u>	<u>\$37,345,581</u>
Business -Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 514,039	\$ 6,240		\$ 520,279
Less: Accumulated Depreciation	(409,269)	(12,472)		(421,741)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 104,770</u>	<u>\$ (6,232)</u>	<u>\$ -0-</u>	<u>\$ 98,538</u>

The District had no active capital projects as of June 30, 2017.

Depreciation expense was charged to governmental functions as follows:

Student & Instruction Related Services	\$ 134,787
Plant Operations and Maintenance	10,911
Pupil Transportation	197,018
Unallocated Depreciation	<u>1,432,741</u>
	<u>\$ 1,775,457</u>

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

NOTE 9. LONG-TERM LIABILITIES

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

	Balance June 30, 2016	Accrued	Retired	Balance June 30, 2017
Serial Bonds Payable	\$ 22,945,000		\$ 1,505,000	\$ 21,440,000
Unamortized Bond Issuance Premium	2,273,497		79,685	2,193,812
Net Pension Liability	8,486,841	\$ 2,986,115		11,472,956
Compensated Absences Payable	741,105	40,191	39,330	741,966
	<u>\$ 34,446,443</u>	<u>\$ 3,026,306</u>	<u>\$ 1,624,015</u>	<u>\$ 35,848,734</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund. The current portion of bonds payable is \$1,215,000 and the long-term portion is \$20,225,000.

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

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

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

	<u>Serial Bonds</u>		
Purpose	Final Maturity	Interest Rates	Amount
Refunding Bonds of 2010	02/01/26	3.25% to 4.00%	\$ 6,240,000
Refunding Bonds of 2016	07/15/31	2.00% to 5.00%	15,200,000
			<u>\$ 21,440,000</u>

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

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

A. Bonds Payable: (Cont'd)

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

<u>Fiscal Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,215,000	\$ 829,794	\$ 2,044,794
2019	1,285,000	790,944	2,075,944
2020	1,370,000	743,994	2,113,994
2021	1,470,000	689,794	2,159,794
2022	1,560,000	631,094	2,191,094
2023-2027	8,080,000	2,159,925	10,239,925
2027-2032	6,460,000	565,481	7,025,481
	<u>\$ 21,440,000</u>	<u>\$ 6,411,026</u>	<u>\$ 27,851,026</u>

B. Bonds Authorized But Not Issued:

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$17,520 and the long-term portion is \$724,446.

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

D. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$155,123 and is separated from the long-term liability balance of \$2,038,689.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$11,472,956. See Note 11 for further information on the PERS.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the District made transfers to capital outlay accounts in the amount of \$147,117 for equipment which did not require County Superintendent approval and \$260,000 for construction services County Superintendent approval was obtained.

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

NOTE 11. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

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

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$346,437 for fiscal year 2017.

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

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

At June 30, 2017, the District reported a liability of \$11,472,956 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0387%, which was an increase of 0.0009% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$1,132,533.

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

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 144,217	
	2015	5.72	589,304	
	2016	5.57	1,643,063	
			<u>2,376,584</u>	
Difference Between Expected and Actual Experience	2015	5.72	163,500	
	2016	5.57	49,862	
			<u>213,362</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(216,112)	
	2015	5.00	138,267	
	2016	5.00	515,319	
			<u>437,474</u>	
Changes in Proportion	2014	6.44	35,917	
	2015	5.72		\$ 23,997
	2016	5.57	151,704	
			<u>187,621</u>	<u>23,997</u>
District Contribution Subsequent to the Measurement Date	2016	1.00	<u>370,000</u>	
			<u>\$ 3,585,041</u>	<u>\$ 23,997</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2017	\$ 681,596
2018	681,596
2019	789,652
2020	663,423
2021	<u>211,153</u>
	<u>\$ 3,027,420</u>

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

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

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

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

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

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

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 14,058,768	\$ 11,472,956	\$ 9,338,144

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

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

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

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

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

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

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

During the fiscal year ended 2017, the State of New Jersey contributed \$1,416,115 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,577,970.

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$100,856,603. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.128%, which was a decrease of 0.003% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	100,856,603
Total	<u>\$ 100,856,603</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$7,577,970 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$17,414,701,002</u>	<u>\$134,532,594</u>	

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

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

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

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

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

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate-TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTE 11. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 120,445,323	\$ 100,856,603	\$ 84,859,885

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$19,411 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$22,938 for the fiscal year ended June 30, 2017.

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

NOTE 12. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combinedpdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,222,698, \$1,222,258 and \$1,123,126 for 2017, 2016, and 2015, respectively.

NOTE 13. DEFERRED COMPENSATION

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

AXA Equitable
Lincoln Investment Planning
Fidelity Investments

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

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 38,478	.
Special Revenue Fund	.	38,748
	\$ 38,478	\$ 38,748

The interfund receivable in the General Fund and the interfund payable in Special Revenue Fund represent funds advanced to the Special Revenue Fund for cash flow purposes awaiting the collection of federal grants receivable.

NOTE 15. TAX CALENDAR

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

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

NOTE 16. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

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

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

(Continued)

NOTE 16. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

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

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

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

Selected, summarized financial information for the Group as of June 30, 2017 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 328,772,862</u>
Net Position	<u>\$ 78,662,630</u>
Total Revenue	<u>\$ 131,811,793</u>
Total Expenses	<u>\$ 121,371,527</u>
Change in Net Position	<u>\$ 10,440,266</u>
Member Dividends	<u>\$ -0-</u>

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

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

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

NOTE 16. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ - 0 -	\$ 50,905	\$ 47,605	\$ 628,908
2016	- 0 -	47,348	58,800	625,608
2015	- 0 -	48,349	35,516	637,060

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2017:

	<u>Governmental Funds General Fund</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>
Vendors	\$ 23,657		\$ 23,657
Due to the State of New Jersey		\$ 370,000	370,000
	<u>\$ 23,657</u>	<u>\$ 370,000</u>	<u>\$ 393,657</u>

NOTE 18. ECONOMIC DEPENDENCY

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

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

NOTE 19. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds

General Fund	Special Revenue	Total Governmental Funds
\$ 532,857	\$ 6,342	\$ 539,199

On the District's Governmental Funds Balance Sheet as of June 30, 2017 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$6,342 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables or an increase in unearned revenue in the Special Revenue Fund.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's Proportion of the Net Pension Liability	0.0379983601%	0.037806674%	0.0387375657%
District's Proportionate Share of the Net Pension Liability	\$ 7,114,332	\$ 8,486,841	\$ 11,472,956
District's Covered Employee Payroll	\$ 2,552,695	\$ 2,625,017	\$ 2,354,627
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	2.786988653	323.31%	487.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually Required Contribution	\$ 313,253	\$ 325,036	\$ 346,437
Contributions in Relation to the Contractually Required Contribution	<u>(313,253)</u>	<u>(325,036)</u>	<u>(346,437)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 2,551,319	\$ 2,552,695	\$ 2,625,017
Contributions as a Percentage of Covered Employee Payroll	12.28%	12.73%	13.20%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's Proportion of the Net Pension Liability Attributable to the District	0.0129949562%	0.0130860545%	0.0128208035%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 69,453,811	\$ 82,709,452	\$ 100,856,603
District's Covered Employee Payroll	\$ 12,821,832	\$ 13,262,413	\$ 12,997,930
State's Proportionate Share of the Net Pension Liability Attributable to the District as a Percentage of its Covered Employee Payroll	541.68%	623.64%	775.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually Required Contribution	\$ 3,737,267	\$ 5,050,157	\$ 7,577,970
Contributions in relation to the Contractually Required Contribution	<u>(707,480)</u>	<u>(1,026,484)</u>	<u>(1,416,115)</u>
Contribution Deficiency/(Excess)	<u>\$ 3,029,787</u>	<u>\$ 4,023,673</u>	<u>\$ 6,161,855</u>
District's Covered Employee Payroll	\$ 13,262,413	\$ 12,997,930	\$ 12,736,975
Contributions as a percentage of Covered Employee Payroll	5.33%	7.90%	11.12%

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

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

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

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

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

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Changes of Assumptions (Cont'd)

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

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

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

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

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources:					
Local Tax Levy	\$ 39,622,347		\$ 39,622,347	\$ 39,622,347	
Tuition - From Individuals	70,000		70,000	76,738	\$ 6,738
Tuition - From Other LEA's	25,000		25,000	132,323	107,323
Rents and Royalties	67,560		67,560	73,190	5,630
Interest Earned on Capital Reserve Funds	38,000		38,000	3,072	3,072
Unrestricted Miscellaneous Revenue				21,680	(16,320)
Total - Local Sources	39,822,907		39,822,907	39,929,350	106,443
State Sources:					
Transportation Aid	443,962		443,962	443,962	
Categorical Special Education Aid	1,284,219		1,284,219	1,284,219	
Security Aid	193,608		193,608	193,608	
Per Pupil Growth Aid	23,145		23,145	23,145	
PARCC Readiness Aid	23,145		23,145	23,145	
Professional Learning Community Aid	21,760		21,760	21,760	
Extraordinary Aid				445,549	445,549
Nonpublic Transportation				24,012	24,012
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,222,698	1,222,698
TPAF On-Behalf Pension Contributions (Non-Budgeted)				1,416,115	1,416,115
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				51,309	51,309
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,207	3,207
TPAF Social Security (Reimbursed - Non-Budgeted)				928,835	928,835
Total State Sources	1,989,839		1,989,839	6,081,564	4,091,725
Total Revenue	41,812,746		41,812,746	46,010,914	4,198,168

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 40,576		\$ 40,576	\$ 34,600	\$ 5,976
Kindergarten - Salaries of Teachers	554,263	6,773	561,036	561,036	
Grades 1-5 - Salaries of Teachers	3,597,319	(26,701)	3,570,618	3,552,537	18,081
Grades 6-8 - Salaries of Teachers	2,842,117	6,791	2,848,908	2,848,740	168
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500		3,500	2,206	1,294
Purchased Professional-Educational Services	15,000	2,137	17,137	7,766	9,371
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	800	500	1,300	1,295	5
Other Purchased Services	136,443	(17,465)	118,978	97,749	21,229
General Supplies	568,037	25,684	593,721	528,152	65,569
Textbooks	13,000		13,000	11,898	1,102
Workmen's Compensation	10,397	(10,397)			
Other Objects	600		600	585	15
Total Regular Programs - Instruction	7,782,052	(12,678)	7,769,374	7,646,564	122,810
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	256,876	3,664	260,540	260,540	
Other Salaries for Instruction	62,415	1,188	63,603	63,603	
Purchased Professional-Educational Services	17,000	21,586	38,586	30,812	7,774
General Supplies	7,000		7,000	6,649	351
Total Learning and/or Language Disabilities	343,291	26,438	369,729	361,604	8,125

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,906,448	\$ 48,271	\$ 1,954,719	\$ 1,954,329	\$ 390
Other Salaries for Instruction	100,560	(18,390)	82,170	69,329	12,841
Other Purchased Services		4,110	4,110	4,110	
General Supplies	28,200	(4,110)	24,090	19,215	4,875
Workmen's Compensation	5,198	(5,198)			
Total Resource Room/Resource Center	2,040,406	24,683	2,065,089	2,046,983	18,106
Preschool Disabilities - Part Time:					
Salaries of Teachers	60,096	513	60,609	60,609	
Other Salaries for Instruction	55,320	9,972	65,292	65,292	
Purchased Professional-Educational Services	25,000	(5,750)	19,250	6,938	12,312
General Supplies	500		500	221	279
Total Preschool Disabilities - Part Time	140,916	4,735	145,651	133,060	12,591
Preschool Disabilities - Full Time:					
Salaries of Teachers	60,489	1,096	61,585	61,585	
Total Preschool Disabilities - Full Time	60,489	1,096	61,585	61,585	
Total Special Education - Instruction	2,585,102	56,952	2,642,054	2,603,232	38,822
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	973,745	(46,314)	927,431	887,075	40,356
Other Salaries for Instruction	17,196	87	17,283	17,283	
Total Basic Skills/Remedial - Instruction	990,941	(46,227)	944,714	904,358	40,356

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 128,083	\$ 1,567	\$ 129,650	\$ 129,650	
General Supplies	1,000		1,000	988	\$ 12
Total Bilingual Education - Instruction	129,083	1,567	130,650	130,638	12
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	58,769		58,769	46,018	12,751
Supplies and Materials	4,850		4,850	2,376	2,474
Total School-Sponsored Cocurricular Activities - Instruction	63,619		63,619	48,394	15,225
School-Sponsored Athletics - Instruction					
Salaries	95,123		95,123	75,800	19,323
Supplies and Materials	11,000		11,000	6,883	4,117
Total School-Sponsored Athletics - Instruction	106,123		106,123	82,683	23,440
Before/After School Programs- Support Services:					
Salaries	8,800	622	9,422	9,422	
Total Before/After School Programs - Support Services	8,800	622	9,422	9,422	
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	246,269	(621)	245,648	240,809	4,839
Purchased Professional & Technical Services	16,500		16,500	3,560	12,940
General Supplies	500		500		500
Total Other Supplemental/At-Risk Programs - Instruction	263,269	(621)	262,648	244,369	18,279
Total Instruction	11,928,989	(385)	11,928,604	11,669,660	258,944

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 9,860,543	\$ 46,718	\$ 9,907,261	\$ 9,836,071	\$ 71,190
Tuition to Other LEAs Within the State - Special	1,653,439	76,349	1,729,788	1,507,676	222,112
Tuition to Co. Voc. School District - Regular	39,845		39,845	25,000	14,845
Tuition to Co. Voc. School District - Special	58,740		58,740	37,638	21,102
Tuition to Private Schools for the Disabled - Within the State	1,833,462	(185,500)	1,647,962	1,456,923	191,039
Tuition - State Facilities		62,433	62,433		62,433
Total Undistributed Expenditures - Instruction	13,446,029		13,446,029	12,863,308	582,721
Attendance & Social Work:					
Salaries	10,515	104	10,619	10,619	
Total Attendance & Social Work	10,515	104	10,619	10,619	
Health Services:					
Salaries	306,794	(2,179)	304,615	293,798	10,817
Purchased Professional and Technical Services	5,500		5,500	5,500	
Supplies and Materials	7,500	(706)	6,794	6,320	474
Total Health Services	319,794	(2,885)	316,909	305,618	11,291
Speech, OT, PT and Related Services:					
Salaries	569,472	4,994	574,466	563,752	10,714
Purchased Professional - Educational Services	46,533	(16,422)	30,111	19,594	10,517
Supplies and Materials	9,000	2,241	11,241	9,272	1,969
Total Speech, OT, PT and Related Services	625,005	(9,187)	615,818	592,618	23,200
Other Support Services - Students - Extra Services :					
Salaries	219,976	16,805	236,781	231,683	5,098
Total Other Support Services - Students - Extra Services	219,976	16,805	236,781	231,683	5,098

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Guidance:					
Salaries of Other Professional Staff	\$ 374,558	\$ (20,043)	\$ 354,515	\$ 337,844	\$ 16,671
Total Guidance	<u>374,558</u>	<u>(20,043)</u>	<u>354,515</u>	<u>337,844</u>	<u>16,671</u>
Child Study Team:					
Salaries of Other Professional Staff	598,219	(44,828)	553,391	499,232	54,159
Salaries of Secretarial and Clerical Assistants	86,849	1,254	88,103	88,103	
Purchased Professional - Educational Services	60,500	22,141	82,641	80,061	2,580
Miscellaneous Purchased Services (400-500 series)	23,300	621	23,921	19,851	4,070
Supplies and Materials	10,400	(621)	9,779	9,026	753
Other Objects	1,700		1,700	1,129	571
Total Child Study Team	<u>780,968</u>	<u>(21,433)</u>	<u>759,535</u>	<u>697,402</u>	<u>62,133</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	176,610		176,610	169,360	7,250
Salaries of Other Professional Staff	68,213	4,000	72,213	64,031	8,182
Salaries of Secretarial and Clerical Assistants	30,636	633	31,269	30,518	751
Purchased Professional - Educational Services	15,000		15,000	5,715	9,285
Other Purchased Services (400-500 series)	100,650	(4,633)	96,017	75,407	20,610
Supplies and Materials	3,000		3,000	1,949	1,051
Other Objects	4,000		4,000	2,960	1,040
Total Improvement of Instructional Services	<u>398,109</u>		<u>398,109</u>	<u>349,940</u>	<u>48,169</u>
Educational Media Services - School Library:					
Salaries	549,453	18,444	567,897	558,052	9,845
Supplies and Materials	14,850	(400)	14,450	13,144	1,306
Total Educational Media Services - School Library	<u>564,303</u>	<u>18,044</u>	<u>582,347</u>	<u>571,196</u>	<u>11,151</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 11,750		\$ 11,750	\$ 11,377	\$ 373
Purchased Professional - Educational Services	77,000		77,000	31,649	45,351
Other Purchased Services (400-500 series)	25,500		25,500	18,708	6,792
Total Instructional Staff Training Services	<u>114,250</u>		<u>114,250</u>	<u>61,734</u>	<u>52,516</u>
General Administration:					
Salaries	291,144	\$ (28,916)	262,228	236,026	26,202
Legal Services	60,000		60,000	32,601	27,399
Audit Fees	38,760	140	38,900	38,900	
Other Purchased Professional Services	20,600	2,775	23,375	22,461	914
Communications/Telephone	40,500	22,471	62,971	58,688	4,283
BOE Other Purchased Services	1,475		1,475	494	981
Miscellaneous Purchased Services (400-500 series)	174,272	(20,340)	153,932	133,714	20,218
General Supplies	4,000		4,000	3,304	696
BOE In-House Training and Meeting Supplies	1,000	1,681	2,681	2,681	
Miscellaneous Expenditures	21,980	(6,993)	14,987	13,837	1,150
Board of Education Dues and Fees	23,000	(1,920)	21,080	20,265	815
Total General Administration	<u>676,731</u>	<u>(31,102)</u>	<u>645,629</u>	<u>562,971</u>	<u>82,658</u>
School Administration:					
Salaries of Principals/Assistant Principals	647,112	(34,000)	613,112	606,547	6,565
Salaries of Other Professional Staff	95,506	(14,000)	81,506	80,783	723
Salaries of Secretarial and Clerical Assistants	362,907	4,861	367,768	366,368	1,400
Other Purchased Services (400-500 series)	10,325	(4,861)	5,464	3,557	1,907
Supplies and Materials	6,000	(450)	5,550	4,590	960
Other Objects	5,859		5,859	4,480	1,379
Total School Administration	<u>1,127,709</u>	<u>(48,450)</u>	<u>1,079,259</u>	<u>1,066,325</u>	<u>12,934</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Central Services:					
Salaries	\$ 340,914	\$ 474	\$ 341,388	\$ 340,513	\$ 875
Purchased Professional Services	3,800	20,000	23,800	23,600	200
Miscellaneous Purchased Services (400-500 series)	23,775	(19,731)	4,044	3,472	572
Supplies and Materials	12,000	(743)	11,257	10,801	456
Miscellaneous Expenditures	3,000		3,000	2,550	450
Total Central Services	383,489		383,489	380,936	2,553
Administrative Information Technology:					
Salaries	18,629	5,309	23,938	23,938	
Purchased Technical Services	95,800	4,875	100,675	68,084	32,591
Other Purchased Services (400-500 series)	39,200	(18,167)	21,033	20,594	439
Supplies and Materials	29,400	(28,402)	998	998	
Other Objects	75	50	125	100	25
Workmen's Compensation	520	(520)			
Total Administrative Information Technology	183,624	(36,855)	146,769	113,714	33,055
Operation and Maintenance of Plant Service:					
Workmen's Compensation	57,181	(57,181)			
Total Operation and Maintenance of Plant Service	57,181	(57,181)			
Required Maintenance for School Facilities:					
Salaries	325,617	(148)	325,469	278,277	47,192
Cleaning, Repair and Maintenance Services	143,124		143,124	95,113	48,011
General Supplies	123,339	(919)	122,420	54,035	68,385
Other Objects	1,900	1,067	2,967	2,026	941
Total Required Maintenance for School Facilities	593,980		593,980	429,451	164,529

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Custodial Services:					
Salaries	\$ 185,040		\$ 185,040	\$ 115,270	\$ 69,770
Cleaning, Repair and Maintenance Services	779,413	(3,500)	775,913	691,461	84,452
Other Purchased Property Services	28,000	4,566	32,566	25,075	7,491
Insurance	46,492		46,492	45,421	1,071
Miscellaneous Purchased Services	800		800		800
General Supplies	68,776		68,776	55,502	13,274
Energy (Natural Gas)	102,600	(1,065)	101,535	68,308	33,227
Energy (Electricity)	446,090	(63,238)	382,852	324,077	58,775
Other Objects	1,710		1,710	545	1,165
Total Custodial Services	1,658,921	(63,237)	1,595,684	1,325,659	270,025
Care and Upkeep of Grounds:					
Other Objects		3,492	3,492		3,492
Total Care and Upkeep of Grounds		3,492	3,492		3,492
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	797,619	(1,207)	796,412	743,721	52,691
Between Home & School - Special Education	182,592		182,592	164,698	17,894
Other than Between Home & School	76,260	706	76,966	44,477	32,489
Other Purchased Professional and Technical Services	74,085		74,085	58,734	15,351
Cleaning, Repair and Maintenance Services	3,534		3,534	1,874	1,660
Contracted Services:					
Between Home & School - Joint Agreement	87,145	(68,705)	18,440	18,440	
Special Ed. Students - ESC's & CTSA's	585,021		585,021	490,678	94,343

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Student Transportation Services:					
Contracted Services:					
Aid in Lieu Payments - Nonpublic Students	\$ 47,736	\$ 75,021	\$ 122,757	\$ 119,633	\$ 3,124
Aid in Lieu Payments - Choice Students		884	884	884	
Miscellaneous Purchased Services - Transportation	750		750		750
General Supplies	148,845	(28,700)	120,145	6,286	113,859
Transportation Supplies	200,200	(57,200)	143,000	87,187	55,813
Workmen's Compensation	78,283	(78,283)			
Other Objects	700	200	900		900
Total Student Transportation Services	2,282,770	(157,284)	2,125,486	1,736,612	388,874
Unallocated Benefits:					
Social Security Contributions	350,000	(760)	349,240	322,685	26,555
Other Retirement Contributions - PERS	350,000	(3,305)	346,695	346,437	258
Other Retirement Contributions - Regular	12,000	7,424	19,424	19,411	13
Workmen's Compensation	5,698,400	159,545	5,857,945	5,857,945	
Health Benefits		99,576	99,576	4,924,686	873,290
Tuition Reimbursement	71,250		71,250	71,243	7
Other Employee Benefits	21,875		21,875	16,604	5,271
Unused Sick Payment to Terminated/Retired Staff	70,000		70,000	9,600	60,400
Total Unallocated Benefits	6,573,525	262,480	6,836,005	5,870,210	965,795

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Nonbudgeted:					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				\$ 1,222,698	\$ (1,222,698)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				1,416,115	(1,416,115)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				51,309	(51,309)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,207	(3,207)
TPAF Social Security (Reimbursed - Non-Budgeted)				928,835	(928,835)
Total On-Behalf Contributions				<u>3,622,164</u>	<u>(3,622,164)</u>
Total Personal Services - Employee Benefits	\$ 6,573,525	\$ 262,480	\$ 6,836,005	9,492,374	(2,656,369)
Total Undistributed Expenditures	30,391,437	(146,732)	30,244,705	31,130,004	(885,299)
Total Current Expense	<u>42,320,426</u>	<u>(147,117)</u>	<u>42,173,309</u>	<u>42,799,664</u>	<u>(626,355)</u>
Capital Outlay:					
Equipment:					
School Administrative	11,886	30,004	41,890	41,890	
Administrative Information Technology	78,150	15,445	93,595	46,224	47,371
Required Maintenance of School Facilities	20,000	18,873	38,873		38,873
Student Transportation - Non-Instructional Equipment		4,295	4,295	4,295	
School Buses - Regular	425,010	78,500	503,510	408,314	95,196
Total Equipment	535,046	147,117	682,163	500,723	181,440
Facilities Acquisition and Construction Services:					
Construction Services	475,250	260,000	735,250	185,982	549,268
Other Objects - SDA Debt Service Assessment	42,724		42,724	42,724	
Total Facilities Acquisition and Construction Services	517,974	260,000	777,974	228,706	549,268
Total Capital Outlay Expenditures	1,053,020	407,117	1,460,137	729,429	730,708
Total Expenditures	43,373,446	260,000	43,633,446	43,529,093	104,353

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (1,560,700)	\$ (260,000)	\$ (1,820,700)	\$ 2,481,821	\$ 4,302,521
Fund Balance, July 1	5,576,236		5,576,236	5,576,236	
Fund Balance, June 30	<u>\$ 4,015,536</u>	<u>\$ (260,000)</u>	<u>\$ 3,755,536</u>	<u>\$ 8,058,057</u>	<u>\$ 4,302,521</u>

Recapitulation:

Restricted for:

Capital Reserve	\$ 3,104,594
Maintenance Reserve	23,800
Tuition Reserve - For 2017-2018	900,000
Tuition Reserve - For 2018-2019	900,000
Emergency Reserve	120,000
Excess Surplus - Designated for Subsequent Year's Expenditures	209,106
Excess Surplus	600,000

Assigned:

Designated for Subsequent Year's Expenditures	400,000
Year-end Encumbrances	532,857
Unassigned	1,267,700
	<u>8,058,057</u>

Reconciliation to Governmental Fund Statements (GAAP):

Last Two State Aid Payments not recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

	<u>(191,861)</u>
	<u>\$ 7,866,196</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 28,482	\$ 14,412	\$ 42,894	\$ 28,984	\$ (13,910)
State Sources	3,636	614	4,250	2,353	(1,897)
Federal Sources	500,216	106,861	607,077	464,599	(142,478)
Total Revenue	532,334	121,887	654,221	495,936	(158,285)
Expenditures:					
Instruction:					
Salaries of Teachers	16,500	39,783	56,283	43,624	12,659
Purchased Professional and Technical Services	9,330	1,927	11,257	8,125	3,132
Other Purchased Services		6,359	6,359	5,082	1,277
Tuition	420,016	69,296	489,312	385,826	103,486
General Supplies	43,698	(6,638)	37,060	26,417	10,643
Textbooks	1,200	(104)	1,096	724	372
Total Instruction	490,744	110,623	601,367	469,798	131,569
Support Services:					
Salaries of Other Professional Staff	5,390	1,828	7,218	6,808	410
Purchased Professional/Educational Services	30,000	(20,000)	10,000	4,203	5,797
Other Purchased Services	6,200	29,436	35,636	15,127	20,509
Total Support Services	41,590	11,264	52,854	26,138	26,716
Total Expenditures	532,334	121,887	654,221	495,936	158,285
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 46,010,914	\$ 495,936
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(6,342)
Prior Year State Aid Payments recognized for GAAP statements	188,836	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(191,861)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 46,007,889	\$ 489,594
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,529,093	\$ 495,936
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(6,342)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,529,093	\$ 489,594

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	No Child Left Behind			IDEA, Part B	
	Title I	Title IIA	Title III	Basic	Preschool
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 54,118	\$ 19,330	\$ 167	\$ 370,736	\$ 20,248
Total Revenue	54,118	19,330	167	370,736	20,248
EXPENDITURES:					
Instruction:					
Salaries of Teachers	43,624				
Purchased Professional and Technical Services					
Other Purchased Services					
Tuition				370,736	15,090
General Supplies	5,000		167		5,158
Textbooks					
Total Instruction	48,624		167	370,736	20,248
Support Services:					
Salaries of Other Professional Staff	5,494				
Purchased Professional and Educational Services		4,203			
Other Purchased Services		15,127			
Total Support Services	5,494	19,330			
Total Expenditures	\$ 54,118	\$ 19,330	\$ 167	\$ 370,736	\$ 20,248

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

	Nonpublic			Local Grants	Totals June 30, 2017
	Textbooks	Nursing	Technology		
REVENUE:					
Local Sources				\$ 28,984	\$ 28,984
State Sources	\$ 724	\$ 1,314	\$ 315		2,353
Federal Sources					464,599
Total Revenue	724	1,314	315	28,984	495,936
EXPENDITURES:					
Instruction:					
Salaries of Teachers					43,624
Purchased Professional and Technical Services				8,125	8,125
Other Purchased Services				5,082	5,082
Tuition					385,826
General Supplies			315	15,777	26,417
Textbooks	724				724
Total Instruction	724		315	28,984	469,798
Support Services:					
Salaries of Other Professional Staff		1,314			6,808
Purchased Professional and Educational Services					4,203
Other Purchased Services					15,127
Total Support Services		1,314			26,138
Total Expenditures	\$ 724	\$ 1,314	\$ 315	\$ 28,984	\$ 495,936

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 214,138
Accounts Receivable:	
State	403
Federal	6,285
Other	584
Inventories	<u>5,498</u>
 Total Current Assets	 <u>226,908</u>
 Capital Assets:	
Furniture & Equipment	520,279
Less: Accumulated Depreciation	<u>(421,741)</u>
 Total Capital Assets, Net	 <u>98,538</u>
 Total Assets	 <u>325,446</u>
 LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	16,374
Unearned Revenue - Donated Commodities	<u>4,998</u>
 Total Current Liabilities	 <u>21,372</u>
 NET POSITION:	
Investment in Capital Assets	98,538
Unrestricted	<u>205,536</u>
 Total Net Position	 <u>\$ 304,074</u>

BRANCBURG BOARD OF EDUCATION
ENTERPRISE FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 380,462
Daily Sales - Non-Reimbursable Programs	187,392
	567,854
Total Operating Revenue	567,854
Operating Expenses:	
Cost of Sales - Reimbursable Programs	213,024
Cost of Sales - Non-Reimbursable Programs	104,923
Salaries, Benefits & Payroll Taxes	275,773
Supplies and Materials	29,068
Food Service Management Fee	16,340
Purchased Professional/Technical Services	11,300
Other Purchased Services	27,895
Depreciation	12,472
	690,795
Total Operating Expenses	690,795
Operating (Loss)	(122,941)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	4,482
Federal Sources:	
National School Lunch Program	70,539
Food Distribution Program	36,099
Local Sources:	
Interest Income	5,465
	116,585
Total Non-Operating Revenue	116,585
Change in Net Position	(6,356)
Net Position - Beginning of Year	310,430
Net Position - End of Year	\$ 304,074

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

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 570,583
Payments to Employees	(275,773)
Payments to Suppliers	(408,480)
Net Cash Used for Operating Activities	(113,670)
Cash Flows from Investing Activities:	
Interest Income	5,465
Net Cash Provided by Investing Activities	5,465
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(6,240)
Net Cash Used for Capital and Related Financing Activities	(6,240)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	74,787
Cash Received from General Fund	76,655
Net Cash Provided by Noncapital Financing Activities	151,442
Net Increase in Cash and Cash Equivalents	36,997
Cash and Cash Equivalents, July 1	177,141
Cash and Cash Equivalents, June 30	\$ 214,138
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (122,941)
Adjustment to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation	12,472
Federal Food Distribution Program	36,099
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(584)
Decrease in Inventory	161
Increase in Prepaid Sales	3,313
(Decrease) in Unearned Revenue	(1,278)
(Decrease) in Accounts Payable	(40,912)
Net Cash Used for Operating Activities	\$ (113,670)
<u>Noncash Investing, Capital and Financing Activities:</u>	

The Food Service Enterprise Fund received \$34,820 and utilized \$36,099 of commodities from the Federal Distribution Program for the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

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

	Agency	Payroll	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 57,685	\$ 3,065	\$ 60,750	\$ 628,908	\$ 4,332
Total Assets	57,685	3,065	60,750	628,908	4,332
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		435	435		
Summer Savings Deductions Payable		1,271	1,271		
Accrued Salaries and Wages		1,359	1,359		
Due to Student Groups	57,685		57,685		
Total Liabilities	57,685	3,065	60,750		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				628,908	4,332
Held in Trust for Flexible Spending Claims					
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 628,908	\$ 4,332

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 49,255	\$ 11,020	\$ 60,275
Interest Earnings	1,650		1,650
	<u> </u>	<u> </u>	<u> </u>
Total Additions	50,905	11,020	61,925
	<u> </u>	<u> </u>	<u> </u>
DEDUCTIONS:			
Unemployment Benefit Claims	47,605		47,605
Flexible Spending Claims		8,928	8,928
	<u> </u>	<u> </u>	<u> </u>
Total Deductions	47,605	8,928	56,608
	<u> </u>	<u> </u>	<u> </u>
Change in Net Position	3,300	2,092	5,392
Net Position- July 1	625,608	2,240	627,848
	<u> </u>	<u> </u>	<u> </u>
Net Position - June 30	<u>\$ 628,908</u>	<u>\$ 4,332</u>	<u>\$ 633,240</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 59,465	\$ 140,184	\$ 141,964	\$ 57,685
Total Assets	<u>\$ 59,465</u>	<u>\$ 140,184</u>	<u>\$ 141,964</u>	<u>\$ 57,685</u>
LIABILITIES:				
Due to Student Groups	\$ 59,465	\$ 140,184	\$ 141,964	\$ 57,685
Total Liabilities	<u>\$ 59,465</u>	<u>\$ 140,184</u>	<u>\$ 141,964</u>	<u>\$ 57,685</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary and Middle Schools:				
Central Middle School	\$ 43,559	\$ 88,499	\$ 93,644	\$ 38,414
Whiton School	9,935	31,853	30,746	11,042
Stony Brook School	5,971	19,832	17,574	8,229
Total Student Activities	<u>\$ 59,465</u>	<u>\$ 140,184</u>	<u>\$ 141,964</u>	<u>\$ 57,685</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 2,641	\$ 8,920,721	\$ 8,920,297	\$ 3,065
Interfund Receivable	25,373		25,373	
Total Assets	\$ 28,014	\$ 8,920,721	\$ 8,945,670	\$ 3,065
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,145	\$ 8,752,481	\$ 8,753,191	\$ 435
Summer Savings Deductions Payable	1,207	166,881	166,817	1,271
Accrued Salaries and Wages	25,662	1,359	25,662	1,359
Total Liabilities	\$ 28,014	\$ 8,920,721	\$ 8,945,670	\$ 3,065

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2016	Retired or Matured	Balance June 30, 2017
			Date	Amount				
Refunding School Bonds 2006	07/15/2006	\$ 18,100,000				\$ 490,000	\$ 490,000	
School Bonds 2007	02/01/2007	3,305,000				235,000	235,000	
Refunding Bonds of 2010	11/16/2010	9,760,000	2/1/18	\$ 515,000	4.000%			
			2/1/19	535,000	4.000%			
			2/1/20	555,000	4.000%			
			2/1/21	585,000	4.000%			
			2/1/22	605,000	4.000%			
			2/1/23	815,000	3.250%			
			2/1/24	835,000	4.000%			
			2/1/25	880,000	3.500%			
			2/1/26	915,000	3.625%	6,730,000	490,000	\$ 6,240,000
Refunding Bonds of 2016	03/15/2016	15,490,000	7/15/17	700,000	2.000%			
			7/15/18	750,000	3.000%			
			7/15/19	815,000	3.509%			
			7/15/20	885,000	4.000%			
			7/15/21	955,000	3.686%			
			7/15/22	750,000	3.600%			
			7/15/23	830,000	5.000%			
			7/15/24	915,000	5.000%			
			7/15/25	1,020,000	5.000%			
			7/15/26	1,120,000	5.000%			
			7/15/27	1,185,000	5.000%			
			7/15/28	1,245,000	5.000%			
			7/15/29	1,295,000	2.500%			
			7/15/30	1,345,000	3.336%			
			7/15/31	1,390,000	3.270%			
						15,490,000	290,000	15,200,000
						\$ 22,945,000	\$ 1,505,000	\$ 21,440,000

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

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

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Final to Actual</u>
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 2,109,741		\$ 2,109,741	\$ 2,109,741
State Sources:				
Debt Service State Aid Support	101,184		101,184	101,184
Total Revenue	<u>2,210,925</u>		<u>2,210,925</u>	<u>2,210,925</u>
EXPENDITURES:				
Regular Debt Service:				
Interest	995,925	\$ (298,748)	697,177	\$ 3,963
Redemption of Principal	<u>1,215,000</u>	<u>298,748</u>	<u>1,513,748</u>	<u>8,748</u>
Total Regular Debt Service	<u>2,210,925</u>	<u>- 0 -</u>	<u>2,210,925</u>	<u>12,711</u>
Total Expenditures	<u>2,210,925</u>		<u>2,210,925</u>	<u>12,711</u>
Excess of Revenues Over Expenditures	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>12,711</u>
Fund Balance, July 1	<u>- 0 -</u>		<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 12,711</u>
Restricted Fund Balance			<u>\$ 12,711</u>	<u>\$ 12,711</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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.

Exhibit

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets (Deficit)	\$ (13,004,518)	\$ (9,343,289)	\$ (8,385,886)	\$ (7,809,967)	\$ 12,288,257	\$ 12,313,755	\$ 12,688,164	\$ 14,152,600	\$ 16,567,660	\$ 16,383,188
Restricted	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944	5,870,211
Unrestricted (Deficit)	(819,201)	930,271	1,339,087	1,467,536	1,279,667	721,738	(6,503,523)	(7,196,220)	(9,743,207)	(9,582,706)
Total Governmental Activities										
Net Position (Deficit)	\$ (9,196,444)	\$ (7,825,702)	\$ (6,222,344)	\$ (5,405,253)	\$ 17,054,622	\$ 17,486,882	\$ 10,451,250	\$ 9,889,603	\$ 10,888,397	\$ 12,670,693
Business-Type Activities:										
Investment in Capital Assets	\$ 119,389	\$ 94,558	\$ 147,465	\$ 122,634	\$ 122,988	\$ 108,593	\$ 117,919	\$ 117,109	\$ 104,770	\$ 98,538
Unrestricted	156,837	109,820	102,929	169,147	232,932	216,248	205,450	177,409	205,660	205,536
Total Business-Type Activities Net Position	\$ 276,226	\$ 204,378	\$ 250,394	\$ 291,781	\$ 355,920	\$ 324,841	\$ 323,369	\$ 294,518	\$ 310,430	\$ 304,074
District-Wide:										
Net Investment in Capital Assets (Deficit)	\$ (12,885,129)	\$ (9,248,731)	\$ (8,238,421)	\$ (7,687,333)	\$ 12,411,245	\$ 12,422,348	\$ 12,806,083	\$ 14,269,709	\$ 16,672,430	\$ 16,481,726
Restricted	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944	5,870,211
Unrestricted (Deficit)	(662,364)	1,040,091	1,442,016	1,636,683	1,512,599	937,986	(6,298,073)	(7,018,811)	(9,537,547)	(9,377,170)
Total District-Wide Net Position (Deficit)	\$ (8,920,218)	\$ (7,621,324)	\$ (5,971,950)	\$ (5,113,472)	\$ 17,410,542	\$ 17,811,723	\$ 10,774,619	\$ 10,184,121	\$ 11,198,827	\$ 12,974,767

Source: Branchburg Township School District financial reports.

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 12,646,693	\$ 21,060,976	\$ 20,728,221	\$ 21,578,746	\$ 21,351,863	\$ 11,581,107	\$ 11,292,106	\$ 12,601,388	\$ 13,313,817	\$ 14,629,510
Special Education	3,820,666	6,696,002	7,450,996	7,068,084	7,004,098	3,765,366	4,539,183	5,035,984	4,926,087	5,475,316
Other Special Instruction	1,183,566	1,271,018	1,381,013	1,267,377	1,351,578	1,693,233	1,521,015	1,603,234	1,947,619	2,032,737
School-Sponsored/Other Instruction	217,358	208,497	236,499	165,574	159,147	181,921	267,367	449,652	648,398	740,733
Support Services:										
Tuition	10,390,326					12,443,083	12,753,265	13,260,547	12,987,601	12,863,308
Student & Instruction Related Services	4,870,027	4,558,519	4,834,050	4,137,990	4,021,558	4,536,021	4,344,120	5,066,063	5,454,740	6,107,872
School Administration Services	1,885,519	1,979,933	1,987,159	1,876,725	1,575,222	1,600,538	1,519,679	1,804,833	1,710,545	2,102,409
General Administration Services	720,726	634,198	697,131	724,148	779,619	685,898	787,418	886,590	925,050	794,698
Central Services and Administrative Information Technology	1,047,036	949,876	921,521	765,201	845,897	906,253	790,336	919,708	728,440	851,691
Plant Operations and Maintenance	3,007,956	2,684,795	2,363,098	2,217,271	1,888,476	1,820,123	1,904,141	2,296,007	2,315,820	2,145,436
Pupil Transportation	2,747,030	2,722,269	2,617,313	2,244,168	2,570,788	2,422,786	2,584,224	2,920,064	2,714,783	2,887,552
Capital Outlay							34,194			
Interest On Long-Term Debt	1,495,607	1,436,255	1,496,907	1,231,818	1,269,558	1,200,262	1,157,988	1,156,024	1,360,087	1,023,964
Unallocated Depreciation						1,440,329	1,394,239	1,428,878	1,462,332	1,432,741
Total Governmental Activities Expenses	44,032,510	44,202,338	44,713,908	43,277,102	42,817,804	44,276,920	44,889,275	49,428,972	50,495,319	53,087,967
Business-Type Activities:										
Food Service		727,299	727,260	690,981	658,318	700,556	646,166	665,162	646,424	690,795
Community Education	763,588	51,701	73,725	67,365	57,293	64,436				
Total Business-Type Activities Expenses	763,588	779,000	800,985	758,346	715,611	764,992	646,166	665,162	646,424	690,795

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total District-Wide Expenses	\$44,796,098	\$44,981,338	\$45,514,893	\$44,035,448	\$43,533,415	\$45,041,912	\$45,535,441	\$50,094,134	\$51,141,743	\$53,778,762
Program Revenues:										
Governmental Activities:										
Charges For Services	6,825	122,949	140,274	181,050	174,100	154,218	117,608	152,146	209,061	209,061
Operating Grants and Contributions	5,232,838	5,184,648	5,649,995	4,422,591	5,330,011	5,493,585	5,269,020	8,493,488	9,772,045	12,470,399
Capital Grants and Contributions				441,526	13,198	55,470	71,615			
Total Governmental Activities Program Revenues	5,232,838	5,191,473	5,772,944	5,004,391	5,524,259	5,667,685	5,478,708	8,682,711	9,924,191	12,679,460
Business-Type Activities:										
Charges for Services:										
Food Service	617,291	610,983	612,303	641,284	593,262	559,399	555,927	544,113	592,524	567,854
Community Education		7,645	73,909	55,181	59,017	72,295				
Operating Grants and Contributions	86,128	87,380	102,247	101,447	107,023	100,137	87,321	90,134	94,357	111,120
Total Business-Type Activities Program Revenues	703,419	706,008	788,459	797,912	759,302	731,831	643,248	634,247	686,881	678,974
Total District-Wide Program Revenues	5,936,257	5,897,481	6,561,403	5,802,303	6,283,561	6,399,516	6,121,956	9,316,958	10,611,072	13,358,434
Net Revenue/(Expense) - Governmental Activities	(38,799,672)	(39,010,865)	(38,940,964)	(38,272,711)	(37,293,545)	(38,609,235)	(39,410,567)	(40,746,261)	(40,571,128)	(40,408,507)
Net Revenue/(Expense) - Business-Type Activities	(60,169)	(72,992)	(12,526)	39,566	43,691	(33,161)	(2,918)	(30,915)	40,457	(11,821)
Total District-Wide Net Revenue/(Expense)	(38,859,841)	(39,083,857)	(38,953,490)	(38,233,145)	(37,249,854)	(38,642,396)	(39,413,485)	(40,777,176)	(40,530,671)	(40,420,328)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	35,971,264	36,152,955	37,147,672	36,906,051	36,590,431	36,283,559	36,801,457	37,536,975	38,963,858	39,622,347
Taxes Levied for Debt Service	2,007,932	2,079,616	2,101,907	1,962,989	2,038,829	2,092,418	2,102,973	2,205,081	2,130,355	2,109,741

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Federal and State Aid not Restricted	\$ 1,247,289	\$ 132,129	\$ 42,861	\$ 46,279	\$ 45,976	\$ 291,803	\$ 299,973	\$ 335,832	\$ 341,210	\$ 360,773
Investment Earnings	283,909	68,236	16,829	10,633	5,495	6,832	6,832	5,641	8,504	19,001
Miscellaneous Income	105,061	78,493	51,121	172,761	209,060	375,600	358,702	101,085	112,631	78,941
Disposal of Capital Assets, Net				(8,911)		(1,885)			(13,317)	
Other Item - SDA Grants Cancelled										
Transfers			(57,560)						26,681	
Total Governmental Activities General Revenues and Other Changes in Net Position	39,615,455	38,511,429	39,302,830	39,089,802	38,889,791	39,043,380	39,569,937	40,184,614	41,569,922	42,190,803
Business-Type Activities:										
Investment Earnings	3,416	1,147	982	1,821	1,861	2,082	1,446	2,064	2,136	5,465
Transfers			57,560						(26,681)	
Total Business-Type Activities General Revenues and Other Changes in Net Position	3,416	1,147	58,542	1,821	1,861	2,082	1,446	2,064	(24,545)	5,465
Total District-Wide General Revenues and Other Changes in Net Position	39,618,871	38,512,576	39,361,372	39,091,623	38,891,652	39,045,462	39,571,383	40,186,678	41,545,377	42,196,268
Change in Net Position:										
Governmental Activities	815,783	(499,436)	361,866	817,091	1,596,246	434,145	159,370	(561,647)	998,794	1,782,296
Business-Type Activities	(56,753)	(71,845)	46,016	41,387	45,552	(31,079)	(1,472)	(28,851)	15,912	(6,356)
Total District-Wide Change in Net Position	\$ 759,030	\$ (571,281)	\$ 407,882	\$ 858,478	\$ 1,641,798	\$ 403,066	\$ 157,898	\$ (590,498)	\$ 1,014,706	\$ 1,775,940

Source: Branchburg Township School District financial reports.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 2,450,422	\$ 2,306,637	\$ 2,428,761							
Unreserved	771,054	364,349	619,146							
Restricted				\$ 2,048,042	\$ 3,430,415	\$ 4,395,786	\$ 4,046,207	\$ 2,854,349	\$ 4,063,944	\$ 5,857,500
Assigned				569,966	970,545	367,149	588,804	814,758	643,224	932,857
Unassigned				271,584	639,082	789,724	655,013	654,189	680,232	1,075,839
Total General Fund	\$ 3,221,476	\$ 2,670,986	\$ 3,047,907	\$ 2,889,592	\$ 5,040,042	\$ 5,552,659	\$ 5,290,024	\$ 4,323,296	\$ 5,387,400	\$ 7,866,196
Other Governmental Funds:										
Unreserved	\$ 1	\$ 1	\$ 1	\$ 1	\$ 56,283	\$ 55,603	\$ 1	\$ 49,101	\$ 12,711	
Restricted					87,969	29,774	220,401	29,773		
Committed										
Total Other Governmental Funds	\$ 1	\$ 1	\$ 1	\$ 1	\$ 144,252	\$ 85,377	\$ 220,402	\$ 78,874	\$ - 0 -	\$ 12,711
Total All Governmental Funds	\$ 3,221,477	\$ 2,670,987	\$ 3,047,908	\$ 2,889,593	\$ 5,184,294	\$ 5,638,036	\$ 5,510,426	\$ 4,402,170	\$ 5,387,400	\$ 7,878,907

Source: Branchburg Township School District financial reports.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 37,979,196	\$ 38,232,571	\$ 39,249,579	\$ 38,869,040	\$ 38,629,260	\$ 38,375,977	\$ 38,904,430	\$ 39,742,056	\$ 41,094,213	\$ 41,732,088
Tuition			122,949	140,274	181,050	174,100	154,218	117,608	152,146	209,061
Interest Earned on Investments	283,909	68,236	16,829	10,633	5,495	6,822	5,678	4,486	6,847	15,929
Interest Earned on Capital Reserve Funds						784	1,154	1,155	1,657	3,072
Miscellaneous	105,061	116,734	89,392	200,353	264,990	397,261	395,573	122,360	143,398	102,995
State Sources	5,908,090	4,758,655	4,791,043	4,077,737	4,528,008	5,231,918	4,888,618	5,257,349	5,571,808	6,182,076
Federal Sources	572,036	526,706	863,542	805,067	805,247	524,203	698,974	592,524	487,007	463,187
Total Revenue	44,848,292	43,702,902	45,133,334	44,103,104	44,414,050	44,711,065	45,048,645	45,837,538	47,457,076	48,708,408
Expenditures:										
Instruction:										
Regular Instruction	8,855,230	8,195,430	8,526,204	7,514,573	7,812,732	7,753,939	7,772,386	7,955,251	7,894,098	7,719,036
Special Education Instruction	2,551,043	3,282,308	3,738,960	3,389,417	3,297,808	2,651,711	3,231,971	3,273,576	2,984,395	2,994,216
Other Special Instruction	813,771	857,702	901,844	837,930	908,235	1,119,462	1,019,463	964,216	1,096,442	1,034,996
School-Sponsored/Other Instruction	154,297	146,598	177,286	109,245	107,905	132,002	184,228	274,810	372,395	384,868
Support Services:										
Tuition	10,390,326	11,350,774	10,236,394	12,348,665	12,230,142	12,443,083	12,753,265	13,260,547	12,987,601	12,863,308
Student & Instruction-Related Services	3,531,040	3,264,382	3,395,185	2,840,856	2,853,159	3,175,024	3,069,273	3,131,629	3,155,510	3,184,792
General Administration Services	572,168	525,504	582,163	566,992	663,012	572,880	670,472	693,985	708,491	562,971
School Administration Services	1,286,234	1,428,005	1,329,685	1,238,319	1,065,733	1,098,884	1,051,393	1,077,939	967,675	1,066,325
Central Services	469,508	437,461	463,652	397,195	404,860	398,009	359,335	344,400	366,049	380,936
Administrative Information Technology	319,428	283,328	231,526	164,164	221,727	335,077	280,473	266,495	111,774	113,714
Plant Operations and Maintenance	2,419,517	2,273,441	1,918,142	1,918,612	1,678,931	1,629,510	1,758,171	1,926,153	1,881,080	1,755,110
Pupil Transportation	2,251,875	2,386,381	2,238,423	1,927,125	2,266,862	2,170,791	2,223,660	2,152,300	1,850,927	1,736,612
Unallocated Benefits	8,081,781	7,359,437	8,593,088	7,783,887	7,054,051	7,949,606	7,760,772	8,334,630	8,872,757	9,492,374
Capital Outlay	1,229,882	1,979,972	491,554	944,078	301,907	575,916	781,293	1,033,513	955,716	729,429
Debt Service:										
Principal	705,000	750,000	805,000	1,025,000	1,045,000	1,075,000	1,125,000	1,165,000	1,235,000	1,505,000
Interest and Other Charges	1,475,496	1,447,242	1,415,967	1,216,122	1,205,625	1,174,544	1,135,100	1,091,350	1,045,300	693,214
Total Expenditures	45,106,596	45,967,965	45,045,073	44,222,180	43,117,689	44,255,438	45,176,255	46,945,794	46,485,210	46,216,901
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(258,304)	(2,265,063)	88,261	(119,076)	1,296,361	455,627	(127,610)	(1,108,256)	971,866	2,491,507

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources/(Uses):			\$ 380,000			\$ (1,885)			\$ (13,317)	
Capital Leases (Non-Budgeted)										
NJEDA/SDA Grants (Cancelled)										
Proceeds from the Sale of Bonds				\$ 9,760,000					15,490,000	
Refunding Bonds Issued				(9,785,000)					(17,100,000)	
School Bonds Defeased				(346,096)					(141,823)	
Bond Issuance Costs									(375,417)	
Deferred Amount on Refunding				371,096					2,127,240	
Original Issuance Bond Premium	\$ 54,562		22,128	768,061	\$ 272,025	56,310	\$ 246,231		43,137	
Transfers In	(54,562)		(79,688)	(768,061)	(272,025)	(56,310)	(246,231)		(16,456)	
Transfers Out										
Total Other Financing Sources/(Uses)	- 0 -	- 0 -	322,440	- 0 -	- 0 -	(1,885)	- 0 -	- 0 -	13,364	- 0 -
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (258,304)	\$ (2,265,063)	\$ 410,701	\$ (119,076)	\$ 1,296,361	\$ 453,742	\$ (127,610)	\$ (1,108,256)	\$ 985,230	\$ 2,491,507

Debt Service As a % of Noncapital Expenditures	5.23%	5.26%	5.25%	5.46%	5.55%	5.43%	5.36%	5.17%	5.27%	5.07%
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Source: Branchburg Township School District financial reports.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2008	\$ 283,909				\$ 46,260	\$ 330,169
2009	36,472	\$ 6,825			478,493	521,790
2010	16,829	122,949			51,121	190,899
2011	10,633	140,274			172,761	323,668
2012	5,495	181,050			209,060	395,605
2013	7,606	174,100	\$ 280,139	\$ 42,456	45,399	549,700
2014	6,832	154,218	270,624		88,078	519,752
2015	5,641	117,608	22,552		78,533	224,334
2016	8,504	152,146	50,670		61,961	273,281
2017	19,001	209,061	73,190		5,751	307,003

Source: Branchburg Township School District financial reports.

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

Year End Dec. 31	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized) Valuation
2007	\$ 24,572,100	\$ 2,282,796,800	\$ 36,287,000	\$ 1,443,400	\$ 202,426,400	\$ 529,423,800	\$ 27,851,200	\$ 3,104,800,700	\$ 4,876,247	\$ 3,109,676,947	\$ 117,491,900	\$ 1.20	\$ 3,117,947,430
2008	26,221,300	2,217,444,300	30,574,350	1,414,900	225,302,800	570,870,400	27,851,200	3,099,679,250	5,239,013	3,104,918,263	120,417,600	1.23	3,232,856,674
2009	28,139,200	2,083,863,800	29,227,750	1,399,700	244,381,650	576,246,300	28,264,200	2,991,522,600	5,691,021	2,997,213,621	147,184,800	1.29	3,217,573,758
2010	12,200,800	2,036,634,500	29,660,250	1,447,500	237,515,100	553,643,300	25,500,000	2,896,601,450	6,693,660	2,903,295,110	171,125,300	1.35	3,247,091,973
2011	11,612,800	2,013,888,700	29,501,500	1,463,200	222,270,700	516,393,900	23,460,000	2,818,590,800	5,327,753	2,823,918,553	178,020,200	1.37	3,003,216,474
2012	10,114,500	1,988,890,400	29,705,100	1,422,300	222,675,600	506,046,700	21,245,000	2,780,099,600	5,555,411	2,785,655,011	188,005,600	1.38	2,932,080,663
2013	9,576,300	1,965,401,200	29,377,200	1,359,600	217,471,500	521,820,300	20,000,000	2,765,006,100	5,153,713	2,770,159,813	203,243,200	1.40	2,839,007,795
2014	10,326,400	1,988,040,700	29,649,700	1,316,100	222,821,400	556,367,300	22,000,000	2,830,521,600	4,079,639	2,834,601,239	203,369,800	1.39	2,877,475,796
2015	22,535,500	1,995,476,000	29,974,800	1,316,000	225,697,700	576,756,700	25,000,000	2,876,756,700	4,200,235	2,880,956,935	202,713,800	1.40	2,931,494,083
2016	18,910,800	2,045,433,700	27,597,700	1,310,300	243,296,400	593,317,700	28,000,000	2,957,866,600	4,323,235	2,962,189,835	204,654,700	1.40	3,017,020,874

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

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

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

* Information is not available.

Source: Branchburg Township Tax Assessor.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

Year Ended December 31,	Branchburg Township School District				Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Township of Branchburg		Somerset County	
	Basic Rate ^a	Obligation Debt Service ^b					
2007	\$ 1.14	\$ 0.06	\$ 1.20	\$ 0.27	\$ 0.34	\$ 1.81	
2008	1.16	0.07	1.23	0.29	0.35	1.87	
2009	1.22	0.07	1.29	0.31	0.36	1.95	
2010	1.27	0.07	1.35	0.33	0.37	2.05	
2011	1.30	0.07	1.37	0.35	0.38	2.10	
2012	1.31	0.07	1.38	0.36	0.39	2.12	
2013	1.32	0.08	1.40	0.37	0.39	2.15	
2014	1.31	0.08	1.39	0.37	0.40	2.16	
2015	1.33	0.07	1.40	0.37	0.40	2.18	
2016	1.33	0.07	1.40	0.39	0.41	2.19	

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

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

Source: Branchburg Township Tax Collector and School Business Administrator.

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

	2016		2007			% of Total		
	Taxpayer	Taxable Assessed Value	District Net Valuation Taxable	% of Total District Net Valuation Taxable		Taxpayer	Taxable Assessed Value	
Roche & Genetech Inc.		\$ 87,000,000	2.94%					
Imclone Systems Corp.		81,610,600	2.76%					
Cellco Partnership (Verizon)		38,450,000	1.30%					
Transco Gas Pipeline Co.		28,961,800	0.98%					
S/K Old York Road Associates		28,500,000	0.96%					
Friedrich D&Weill J, Sue-Co-Trustees		25,980,400	0.88%					
Briad Lodging Group Branchburg II		17,860,500	0.60%					
LSREF3/AH Chicago, LLC		16,700,000	0.56%					
Zeus Industrial Products Inc.		15,398,100	0.52%					
Branchburg Commons		15,155,500	0.51%					
Total		\$ 355,616,900	12.01%					

Information is Not Available

Source: Branchburg Township Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 37,979,196	\$ 37,380,276	100.00%	\$ 598,920
2009	38,232,571	38,232,571	100.00%	- 0 -
2010	39,249,579	39,249,579	100.00%	- 0 -
2011	38,869,040	38,869,040	100.00%	- 0 -
2012	38,629,260	38,629,260	100.00%	- 0 -
2013	38,375,977	38,375,977	100.00%	- 0 -
2014	38,904,430	38,904,430	100.00%	- 0 -
2015	39,742,056	39,742,056	100.00%	- 0 -
2016	41,094,213	41,094,213	100.00%	- 0 -
2017	41,732,088	41,732,088	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2008	\$ 32,805,000	\$ 632,398	\$ - 0 -	\$ 33,437,398	3.16%	\$ 2,219
2009	32,055,000	365,312	- 0 -	32,420,312	3.12%	2,230
2010	31,250,000	469,597	- 0 -	31,719,597	2.92%	2,169
2011	30,200,000	340,135	- 0 -	30,540,135	2.66%	2,083
2012	29,155,000	235,184	- 0 -	29,390,184	2.50%	2,002
2013	28,080,000	159,260	- 0 -	28,239,260	2.40%	1,924
2014	26,955,000	80,892	- 0 -	27,035,892	2.20%	1,839
2015	25,790,000	- 0 -	- 0 -	25,790,000	2.03%	1,757
2016	22,945,000	- 0 -	- 0 -	22,945,000	1.81%	1,562
2017	21,440,000	- 0 -	- 0 -	21,440,000	1.69%	1,460

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

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

Source: Branchburg Township School District financial reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General		Net General		
	Obligation	Deductions	Bonded Debt		
	Bonds		Outstanding		
2008	\$ 32,805,000	\$ - 0 -	\$ 32,805,000	1.05%	\$ 2,212
2009	32,055,000	- 0 -	32,055,000	1.03%	2,148
2010	31,250,000	- 0 -	31,250,000	1.04%	2,074
2011	30,200,000	- 0 -	30,200,000	1.04%	2,077
2012	29,155,000	- 0 -	29,155,000	1.03%	1,994
2013	28,080,000	- 0 -	28,080,000	1.01%	1,915
2014	26,955,000	- 0 -	26,955,000	0.97%	1,836
2015	25,790,000	- 0 -	25,790,000	0.91%	1,755
2016	22,945,000	- 0 -	22,945,000	0.80%	1,564
2017	21,440,000	- 0 -	21,440,000	0.72%	1,460

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

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

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

Source: Branchburg Township School District financial reports.

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Branchburg	\$ 10,969,759	100.00%	\$ 10,969,759
Somerset County General Obligation Debt	198,783,605	5.19%	<u>10,314,022</u>
Subtotal, Overlapping Debt			21,283,781
Branchburg School District Direct Debt			<u>20,965,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 42,248,781</u></u>

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

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

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 90,428,869	\$ 94,649,874	\$ 96,128,423	\$ 95,725,331	\$ 94,373,497	\$ 90,935,178	\$ 88,198,109	\$ 87,142,102	\$ 88,649,952	\$ 90,391,503
Total Net Debt Applicable to Debt Limit	32,805,000	32,055,000	31,250,000	30,200,000	29,155,000	28,080,000	26,955,000	25,790,000	22,945,000	21,440,000
Legal Debt Margin	\$ 122,145,907	\$ 126,695,144	\$ 130,475,127	\$ 130,060,257	\$ 65,218,497	\$ 62,855,178	\$ 61,243,109	\$ 61,352,102	\$ 65,704,952	\$ 68,951,503

Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	36.28%	33.87%	32.51%	31.55%	30.89%	30.88%	30.56%	29.60%	25.88%	23.72%
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Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	Branchburg Township
2016	\$ 3,054,069,799
2015	3,032,314,430
2014	2,952,766,117
	<u>\$9,039,150,346</u>
Average Equalized Valuation of Taxable Property	<u>\$3,013,050,115</u>
Debt Limit (3%* of Average Equalization Value)	\$ 90,391,503
Net Bonded School Debt as of June 30, 2017	21,440,000
Legal Debt Margin	<u>\$ 68,951,503</u>

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

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

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

Year	Township Population ^a	Somerset County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2008	14,923	\$ 74,860	\$ 1,117,135,780	2.90%
2009	15,069	70,311	1,059,516,459	5.20%
2010	14,538	71,473	1,039,074,474	5.20%
2011	14,624	74,238	1,085,656,512	5.10%
2012	14,665	78,163	1,146,260,395	5.30%
2013	14,679	80,167	1,176,771,393	5.60%
2014	14,698	83,731	1,230,678,238	4.40%
2015	14,675	86,468	1,268,917,900	4.20%
2016	14,688	86,468	1,270,041,984	3.80%
2017	14,688	86,468	1,270,041,984	N/A

N/A - Information is not available.

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

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

*** - Latest available population data (2016) and latest available Somerset County per capita personal income (2015) was used for calculation purposes.

Sources:

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

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

<u>2016</u>		<u>2007</u>	
<u>Employer</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
<u>Employer</u>	<u>Employment</u>	<u>Employees</u>	<u>Employment</u>

Information is Not Available

Information is Not Available

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	133.0	116.0	126.0	111.0	108.0	109.5	110.0	107.3	106.4	108.0
Special Education	41.0	67.0	68.0	38.5	35.7	32.7	49.7	50.5	45.0	45.0
Other Special Education		12.0	12.0	11.0	13.0	16.0	16.0	18.2	19.7	17.0
Support Services:										
Student & Instruction Related Services	44.0	40.0	43.0	56.8	57.4	58.0	44.6	40.5	42.9	43.0
School Administration Services	44.0	17.0	16.0	14.3	13.3	14.3	13.8	14.0	14.0	13.8
General Administration Services	11.0	11.0	11.0	7.8	8.2	3.0	3.0	3.0	3.0	3.0
Central Services and Administrative Information Technology				5.8	6.2	5.6	6.0	5.5	5.4	9.7
Plant Operations and Maintenance	28.0	24.0	20.0	7.0	6.0	6.0	6.0	9.2	8.6	8.0
Pupil Transportation	30.0	25.0	28.0	25.0	25.0	25.5	25.5	29.7	30.2	28.0
Total	331.0	312.0	324.0	277.1	272.7	270.5	274.6	277.9	275.2	275.4

Source: Branchburg Township School District personnel records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2008	2,593	\$ 41,696,218	\$ 16,080	0.33%	184	11:1	11:1	1,905	1,838	-2.41%	96.48%
2009	2,559	41,790,751	16,331	1.56%	195	9:1	10:1	1,832	1,768	-3.83%	96.51%
2010	2,552	42,332,552	16,588	1.57%	194	9:1	10:1	1,825	1,757	-0.38%	96.27%
2011	2,579	41,036,980	15,912	-4.08%	160	12:1	11:1	1,796	1,724	-1.59%	95.99%
2012	2,483	40,565,157	16,337	2.67%	151	10:1	10:1	1,737	1,673	-3.29%	96.32%
2013	2,472	41,429,978	16,760	2.59%	158	12:1	10:1	1,696	1,630	-2.36%	96.11%
2014	2,422	42,134,862	17,397	3.80%	162	11:1	9:1	1,624	1,562	-4.25%	96.18%
2015	2,328	43,655,931	18,753	7.79%	160	10:1	9:1	1,557	1,497	-4.13%	96.15%
2016	2,236	43,249,194	19,342	3.14%	162	9:1	9:1	1,459	1,407	-6.29%	96.44%
2017	2,166	43,289,258	19,986	3.33%	153	9:1	10:1	1,462	1,406	0.21%	96.17%

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

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Branchburg Township School District records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Old York Elementary School										
Square Feet	41,137	41,137	41,137	41,137	*	*	*	*	*	*
Capacity (Students)	378	378	378	378	*	*	*	*	*	*
Enrollment	323	335	337	328	*	*	*	*	*	*
Stony Brook Elementary School										
Square Feet	47,368	47,368	47,368	47,638	47,368	47,368	47,368	47,368	47,368	47,368
Capacity (Students)	398	398	398	398	398	398	398	398	398	398
Enrollment	336	295	288	265	392	360	360	350	326	337
Whiton Elementary School										
Square Feet	90,321	90,321	9,321	9,321	90,321	90,321	90,321	90,321	90,321	90,321
Capacity (Students)	792	792	792	792	792	792	792	792	792	792
Enrollment	562	552	545	555	733	733	660	647	615	629
Central Middle School										
Square Feet	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310
Capacity (Students)	733	733	733	733	733	733	733	733	733	733
Enrollment	668	647	655	644	612	603	604	566	524	501

Number of Schools at June 30, 2017:

Elementary = 2
 Middle School = 1

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

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

Source: Branchburg Township School District Facilities Office.

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

Undistributed Expenditures:

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

Fiscal Year	Central Middle School	Old York Elementary School	Stony Brook Elementary School	Whiton Elementary School	Total All Facilities
2008	\$ 123,458	\$ 106,363	\$ 62,472	\$ 133,710	\$ 426,003
2009	100,248	184,807	44,613	80,775	410,443
2010	158,428	56,938	60,615	108,902	384,883
2011	139,546	46,152	50,429	105,106	341,233
2012	162,321	11,135	78,898	118,332	370,686
2013	173,357	48,910	66,191	130,587	419,045
2014	169,426	46,418	87,106	100,798	403,748
2015	206,601	68,850	88,361	191,394	555,206
2016	198,555	72,799	79,390	159,864	510,608
2017	160,792	59,481	68,161	141,017	429,451

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

Source: Branchburg Township School District records.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:		
NJ Schools Insurance Group:		
Property - Blanket Building and Contents	\$ 450,000,000	\$ 5,000
Extra Expense - Blanket	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Electronic Data Processing (Computers)	1,339,000	1,000
Crime and Bonds:		
Faithful Performance	250,000	1,000
Forgery & Alteration	250,000	1,000
Money & Securities	100,000	500
Money Orders/Counterfeit Currency	100,000	500
Computer Fraud	250,000	1,000
Commercial General Liability	16,000,000	N/A
Commercial Automobile Liability	16,000,000	N/A
Physical Damage (Comprehensive & Collision)	Actual Cash Value	1,000
Workers Compensation	Statutory	N/A
(Including Employer's Liability)	2,000,000	N/A
School Leaders' Errors & Omissions Liability	6,000,000	10,000
(Including Employment Practices Liability)		
Coverage "B" Administrative Hearings/Due Process		
Per Claim	100,000	
Aggregate	300,000	10,000
Public Employees' Faithful Performance Blanket Position Bond -	250,000	1,000
Selective Insurance Company		
Business Administrator/Board Secretary	350,000	N/A

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

Source: Branchburg Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

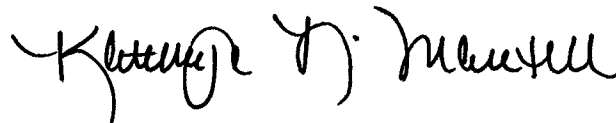
Purpose of this Report

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



NISIVOCCIA, LLP

October 20, 2017
Mt. Arlington, New Jersey



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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

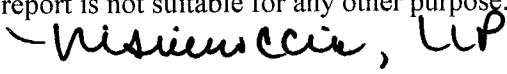
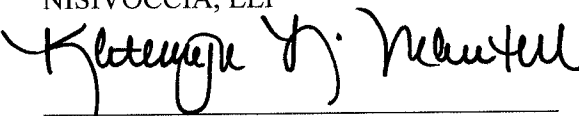
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 20, 2017
Mt. Arlington, New Jersey


NISIVOCCIA, LLP

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

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Cash Received	Budgetary Expenditures	Balance June 30, 2017	
					Accounts Receivable	Unearned Revenue			(Budgetary Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Agriculture:										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 34,820			\$ 34,820	\$ (29,822)	\$ 4,998	
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	22,901		\$ 6,277		(6,277)		
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	70,539			64,254	(70,539)	(6,285)	
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	69,580			6,041			
Subtotal Child Nutrition Cluster							105,115	(106,638)	(6,285)	4,998
Total Enterprise Funds							105,115	(106,638)	(6,285)	4,998
U.S. Department of Education										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA-0510-17	7/1/16-6/30/17	370,736			370,736	(370,736)		
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-17	7/1/16-6/30/17	20,248			20,248	(20,248)		
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-16	7/1/15-6/30/16	20,259			9,526			
Subtotal Special Education Cluster							400,510	(390,984)		
NCLB Consolidated:										
Title I	84.010	NCLB-0510-17	7/1/16-6/30/17	66,791			33,641	(54,118)	(20,477)	
Title I	84.010	NCLB-0510-16	7/1/15-6/30/16	45,580			21,363			
Title II - Part A	84.367A	NCLB-0510-17	7/1/16-6/30/17	45,296			12,152	(19,330)	(7,178)	
Title II - Part A	84.367A	NCLB-0510-16	7/1/15-6/30/16	35,634			16,102			
Title III - Immigrant	84.365	NCLB-0510-17	7/1/16-6/30/17	519				(167)	(167)	
Title III - Immigrant	84.365	NCLB-0510-16	7/1/15-6/30/16	5,232			4,713			
Subtotal Special Education Fund							488,481	(464,599)	(27,822)	
Total Federal Awards							\$ 593,596	\$ (571,237)	\$ (34,107)	\$ 4,998
										\$ - 0 -

N/A - Not applicable/available.

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016			Balance June 30, 2017			MEMO	
				Budgetary			GAAP			Budgetary	Cumulative
				Accounts Receivable	Due to Grantor	Cash Received	Accounts Receivable	Due to Grantor	Canceled	Accounts Receivable	Expenditures
New Jersey Department of Education											
General Fund:											
Special Education											
Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 1,284,219	\$ 1,160,395	\$ (1,284,219)		\$ 123,824	\$ 1,284,219		\$ 443,962	\$ 1,284,219
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	443,962	401,155	(443,962)		42,807	443,962		18,668	443,962
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	193,608	174,940	(193,608)		2,232	193,608		2,232	193,608
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	23,145	20,913	(23,145)		2,232	23,145		2,098	23,145
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	23,145	20,913	(23,145)		2,232	23,145		2,098	23,145
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	21,760	19,662	(21,760)		2,098	21,760		445,549	445,549
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	445,549		(445,549)		24,012	445,549		24,012	445,549
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	24,012		(24,012)			24,012			24,012
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	928,835	883,070	(928,835)		45,765	928,835			928,835
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	1,222,698	1,222,698	(1,222,698)			1,222,698			1,222,698
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	1,416,115	1,416,115	(1,416,115)			1,416,115			1,416,115
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	51,309	51,309	(51,309)			51,309			51,309
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	3,207	3,207	(3,207)			3,207			3,207
Special Education											
Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	1,310,668	\$ 126,302				1,310,668			1,310,668
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	408,584	39,373				408,584			408,584
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	194,058	18,701				194,058			194,058
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	23,145	2,230				23,145			23,145
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	23,145	2,230				23,145			23,145
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	287,480	287,480				287,480			287,480
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	21,882	21,882				21,882			21,882
Total General Fund State Aid			498,198	5,872,575	(6,081,564)		515,326	707,187		9,301,148	9,301,148
Special Revenue Fund:											
N.J. Nonpublic Aid:											
Textbook Aid	17-100-034-5120-064	9/1/16 - 6/30/17	1,096	1,096	(724)			1,096			724
Textbook Aid	16-100-034-5120-064	9/1/15 - 6/30/16	1,200	\$ 411	\$ (411)			1,200			789
Nursing Aid	17-100-034-5120-070	9/1/16 - 6/30/17	1,710	568	(1,314)			1,710			1,314
Nursing Aid	16-100-034-5120-070	9/1/15 - 6/30/16	1,890		(568)			1,890			1,322
Technology Aid	17-100-034-5120-373	9/1/16 - 6/30/17	494	169	(315)			494			315
Technology Aid	16-100-034-5120-373	9/1/15 - 6/30/16	546		(169)			546			377
Security Aid	17-100-034-5120-509	9/1/16 - 6/30/17	950	525	(525)			950			950
Security Aid	16-100-034-5120-509	9/1/15 - 6/30/16	525					525			707
Handicapped Services:											
Corrective Speech	17-100-034-5120-509	9/1/16 - 6/30/17	707	707				707			707
Total Special Revenue Fund			1,673	4,957	(2,353)		2,604	707		4,841	4,841

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016			Balance June 30, 2017			MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Fund:												
Debt Service State Aid Support	17-495-034-5120-075	7/1/16-6/30/17	\$ 101,184	\$ 101,184	\$ 101,184	\$ (101,184)					\$ 101,184	
Total Debt Service Fund				101,184	(101,184)						101,184	
Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	4,821	413	413	(4,482)					4,821	
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	4,482	4,079	4,079	(4,482)			\$ 403	\$ 403	4,482	
Total Enterprise Fund				413	4,492	(4,482)			403	403	9,303	
Total State Awards				\$ 498,611	\$ 1,673	\$ 5,983,208	\$ (6,189,583)	\$ (1,673)	\$ 515,729	\$ 2,604	\$ 9,416,476	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(1,222,698)			1,222,698						
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(1,416,115)			1,416,115						
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(51,309)			51,309						
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(3,207)			3,207						
Subtotal - On-Behalf TPAF Pension System Contributions						2,693,329						
Total State Awards Subject to Single Audit Major Program Determination						(3,496,254)						

N/A - Not Available.

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,025) for the General Fund and (\$6,342) for the Special Revenue Fund (of which \$4,930 is for local awards and is not included in the table below). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

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

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,078,539	\$ 6,078,539
Special Revenue Fund	\$ 463,187	2,353	465,540
Debt Service Fund		101,184	101,184
Proprietary Funds - Food Service Enterprise	106,638	4,482	111,120
Total Awards	<u>\$ 569,825</u>	<u>\$ 6,186,558</u>	<u>\$ 6,756,383</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following award:

	<u>State</u>		<u>Award</u>	<u>Budgetary</u>
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
State:				
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	\$ 928,835	\$ 928,835

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

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

(Continued)

Summary of Auditors' Results: (Cont'd)

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

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

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

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

Status of Prior Year Findings:

There were no prior year findings.