

**BRANCBURG TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual  
Financial Report**

**of the**

**Branchburg Township School District**

**Branchburg, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Branchburg Township School District Board of Education**

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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

**Theresa Linskey** • *Business Administrator/Board Secretary*  
(908) 722-3335

January 18, 2019

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, 2018 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*.

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 Board of Education 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 1,454 students during the 2017-2018 school year – a decrease of 6 students from the previous school year.

**K - 8 ENROLLMENT**

<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2006-07	1,950	(0.45%)
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)
2012-13	1,696	(2.36%)
2013-14	1,636	(3.54%)
2014-15	1,563	(4.46%)
2015-16	1,465	(6.26%)
2016-17	1,460	(0.34%)
2017-18	1,454	(0.41%)

In addition to the K-8 enrollment, the District had 675 students in 2017-2018 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 2017-18 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



## 2. 2017-2018 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 2017-2018 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*

- Partnered with Discovery Education to implement a Digital Leader Corps and lab site classrooms to support the use of technology through authentic learning experiences for our students.

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 the voters of the municipality. 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, 2018 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2018.

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.

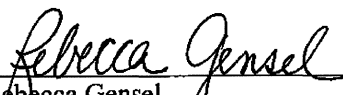
6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”, Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

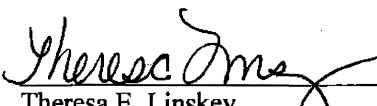
7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in the Statistical Section as Schedule J-20.

8. 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.

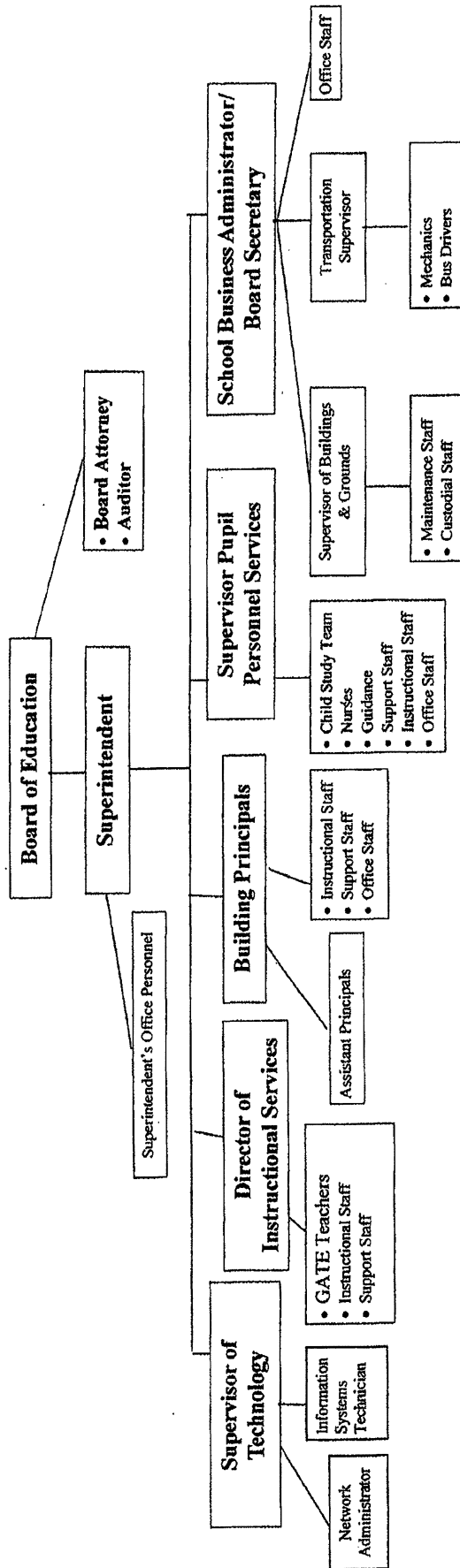
9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Branchburg Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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, 2018**

**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, 2018, 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, 2018, 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.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 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 Honorable President and Members  
of the Board of Education  
Branchburg Township School District  
Page 3

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 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.

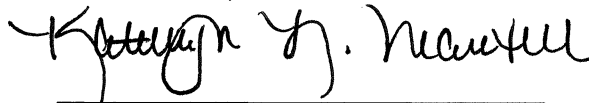
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

January 18, 2019  
Mt. Arlington, New Jersey



NISIVOCCIA, LLP



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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

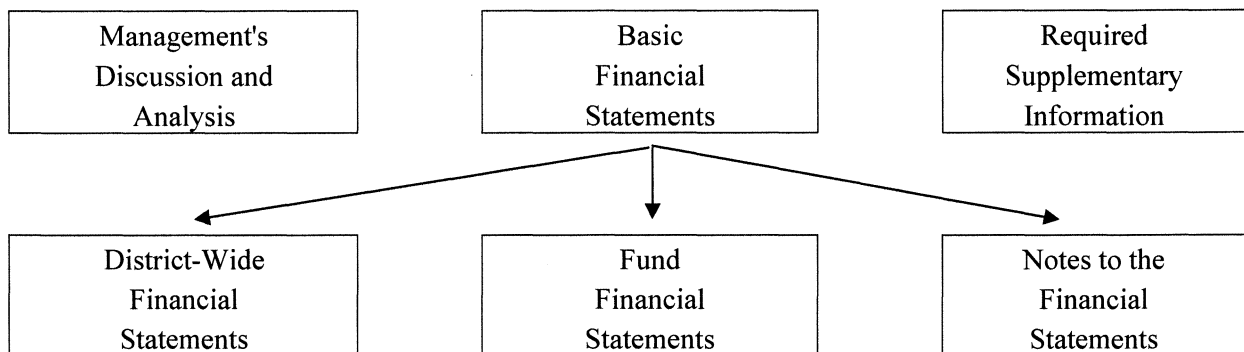
**Overview of the Financial Statements**

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

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

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances where 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"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of revenue, expenses, and changes in net position</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	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, 2018  
(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 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, 2018  
(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 \$15,176,835 on June 30, 2018, \$2,617,036 or 20.84% more than the year before (See Figure A-3). Net position from governmental activities increased \$2,654,316 and net position from business-type activities decreased by \$37,280 (See Figure A-4). Net investment in capital assets increased \$278,473, restricted net position increased \$1,318,425 and unrestricted net position increased \$1,020,138.

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2017/2018	2016/2017*	2017/2018	2016/2017*	2017/2018	2016/2017*	
Current and Other Assets	\$ 10,269,503	\$ 7,920,661	\$ 195,568	\$ 226,908	\$ 10,465,071	\$ 8,147,569	
Capital Assets, Net	36,082,171	36,974,960	47,878	54,191	36,130,049	37,029,151	
Total Assets	46,351,674	44,895,621	243,446	281,099	46,595,120	45,176,720	3.14%
Deferred Outflows of Resources	2,825,561	4,062,648			2,825,561	4,062,648	-30.45%
Other Liabilities	865,411	785,466	20,999	21,372	886,410	806,838	
Long-Term Liabilities	30,922,909	35,848,734			30,922,909	35,848,734	
Total Liabilities	31,788,320	36,634,200	20,999	21,372	31,809,319	36,655,572	-13.22%
Deferred Inflows of Resources	2,434,527	23,997			2,434,527	23,997	10045.13%
Net Position:							
Net Investment in Capital Assets	16,297,353	16,012,567	47,878	54,191	16,345,231	16,066,758	
Restricted	7,188,636	5,870,211			7,188,636	5,870,211	
Unrestricted/(Deficit)	(8,531,601)	(9,582,706)	174,569	205,536	(8,357,032)	(9,377,170)	
Total Net Position	\$ 14,954,388	\$ 12,300,072	\$ 222,447	\$ 259,727	\$ 15,176,835	\$ 12,559,799	20.84%

\* Restated

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

**Financial Analysis of the District as a Whole**

*Changes in net position.* The District's *combined* net position increased by \$2,617,036, or 20.84%, over the course of the fiscal year. Net investment in capital assets increased \$278,473 due to a \$1,215,000 reduction in bonded debt from current year maturities and \$835,526 in capital additions (net of deletions) (\$835,526 from governmental and \$0 from business-type activities) offset by \$1,734,628 in depreciation (\$1,728,315 from governmental and \$6,313 from business-type activities) and a decrease in deferred amount on refunding of \$37,425. Restricted net position increased by \$1,318,425 due to increases in the capital reserve of \$927,531, and excess surplus designated for subsequent year's expenditures of \$390,894. The \$1,020,138 increase in unrestricted net position is due primarily to an increase in year-end encumbrances, a decrease in accrued interest payable, an increase in unexpended budget balances as well as a decrease in the net pension liability offset by a decrease in deferred outflows related to pensions and an increase in deferred inflows related to pensions (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Revenue:							
Program Revenue:							
Charges for Services	\$ 140,303	\$ 209,061	\$ 540,541	\$ 567,854	\$ 680,844	\$ 776,915	
Operating Grants/Contributions	13,178,050	12,470,399	117,903	111,120	13,295,953	12,581,519	
General Revenue:							
Property Taxes	42,160,737	41,732,088			42,160,737	41,732,088	
Unrestricted Federal/State Aid	353,564	360,773			353,564	360,773	
Other	238,822	97,942	18,226	5,465	257,048	103,407	
Total Revenue	<u>56,071,476</u>	<u>54,870,263</u>	<u>676,670</u>	<u>684,439</u>	<u>56,748,146</u>	<u>55,554,702</u>	2.15%
Expenses:							
Instruction	23,204,212	22,878,296			23,204,212	22,878,296	
Pupil and Instruction Services	18,553,703	18,971,180			18,553,703	18,971,180	
Administrative and Business	4,010,467	3,748,798			4,010,467	3,748,798	
Maintenance and Operations	2,558,894	2,145,436			2,558,894	2,145,436	
Transportation	2,923,879	2,887,552			2,923,879	2,887,552	
Other	2,166,005	2,456,705	713,950	690,795	2,879,955	3,147,500	
Total Expenses	<u>53,417,160</u>	<u>53,087,967</u>	<u>713,950</u>	<u>690,795</u>	<u>54,131,110</u>	<u>53,778,762</u>	0.66%
Change in Net Position	<u>\$2,654,316</u>	<u>\$1,782,296</u>	<u>\$ (37,280)</u>	<u>\$ (6,356)</u>	<u>\$2,617,036</u>	<u>\$1,775,940</u>	47.36%



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(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 have continued to be 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-5 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-5  
Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2017/2018</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2016/2017</u>
Instruction	\$ 23,204,212	\$ 22,878,296	\$ 14,084,072	\$ 14,104,958
Pupil and Instruction Services	18,553,703	18,971,180	16,714,273	17,278,781
Administration and Business	4,010,467	3,748,798	2,963,750	2,784,512
Maintenance and Operations	2,558,894	2,145,436	2,314,900	1,916,021
Transportation	2,923,879	2,887,552	1,855,807	1,867,530
Other	2,166,005	2,456,705	2,166,005	2,456,705
	<u>\$ 53,417,160</u>	<u>\$ 53,087,967</u>	<u>\$ 40,098,807</u>	<u>\$ 40,408,507</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

**Business-Type Activities**

- Net position from the District's business-type activities (Food Service program) decreased \$37,280 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.

The District's K-8 student enrollment decreased by 25 students in 2017-18. The District anticipates an increase in enrollment of 2 students for the upcoming 2018-19 school year.

District has 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 its 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.

**Capital Assets**

The District's capital assets decreased \$899,102 – from \$37,029,151, to \$36,130,049 – or 2.43%, over the course of the fiscal year. (See Figure A-6.) (More detailed information about the District's capital assets is presented in Note 8 to the basic financial statements.)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

**Capital Assets**

**Figure A-6  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2017/2018	2016/2017*	2017/2018	2016/2017*	2017/2018	2016/2017*	
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600	
Construction in Progress	441,054				441,054		
Site Improvements	655,933	713,148			655,933	713,148	
Buildings and Building Improvements	30,749,139	32,086,237			30,749,139	32,086,237	
Furniture, Machinery & Equipment	1,868,445	1,807,975	\$ 47,878	\$ 54,191	1,916,323	1,862,166	
<b>Total Capital Assets, Net</b>	<b>\$ 36,082,171</b>	<b>\$ 36,974,960</b>	<b>\$ 47,878</b>	<b>\$ 54,191</b>	<b>\$ 36,130,049</b>	<b>\$ 37,029,151</b>	<b>-2.43%</b>

\*Restated

The decrease in capital assets was attributable to current year depreciation of \$1,734,628 (\$1,728,315 from its governmental and \$6,313 from its business-type activities) which was offset by capital asset acquisitions (net of deletions) of \$835,526 (\$835,526 from its governmental and \$0 from its business-type activities).

**Long-Term Liabilities**

The District's long-term liabilities decreased \$4,925,825 – from \$35,848,734 to \$30,922,909 – or 13.74%, over the course of the fiscal year. (See Figure A-7.) (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

**Figure A-7  
Outstanding Long-Term Liabilities**

	Total School District		Percent Change
	2017/2018	2016/2017	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,225,000	\$ 21,440,000	
Unamortized Bond Issuance Premium	2,038,689	2,193,812	
Net Pension Liability	7,943,160	11,472,956	
Other Long-term Liabilities	716,060	741,966	
<b>Total</b>	<b>\$ 30,922,909</b>	<b>\$ 35,848,734</b>	<b>-13.74%</b>

The decrease in long-term liabilities was attributable to a decrease in the net pension liability of \$3,529,796, a decrease in compensated absences payable of \$25,906, a decrease in unamortized bond issuance premium of \$155,123 and a decrease in bonds due to \$1,215,000 of maturities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
(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 2018-2019 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.

The major factors facing the District in future years will be the effects of the enforcement of the COAH guidelines and negotiations with the Branchburg Township Educational Association. These negotiations will have an impact on future budgets. Despite these concerns, the Branchburg Township Board of Education is committed to maintaining fiscal responsibility as well as achieving educational excellence for all of the students of the District.

**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, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,366,441	\$ 176,594	\$ 3,543,035
Receivable from State Government	557,262	445	557,707
Receivable from Federal Government	103,727	6,357	110,084
Other Accounts Receivable	266,148	770	266,918
Inventories		11,402	11,402
Restricted Assets - Cash and Cash Equivalents			
Capital Reserve	4,032,125		4,032,125
Maintenance Reserve	23,800		23,800
Emergency Reserve	120,000		120,000
Tuition Reserve	1,800,000		1,800,000
Capital Assets:			
Sites (Land) and Construction in Progress	2,808,654		2,808,654
Depreciable Site Improvements, Building & Building Improvements & Furniture, Machinery & Equipment	33,273,517	47,878	33,321,395
<b>Total Assets</b>	<b>46,351,674</b>	<b>243,446</b>	<b>46,595,120</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	440,182		440,182
Deferred Outflows Related to Pensions	2,385,379		2,385,379
<b>Total Deferred Outflows of Resources</b>	<b>2,825,561</b>		<b>2,825,561</b>
<b>LIABILITIES:</b>			
Accrued Interest Payable	358,712		358,712
Interfund Payable	9,134		9,134
Accounts Payable	487,985	32	488,017
Payable to State Government	2,184		2,184
Unearned Revenue	7,396	20,967	28,363
Noncurrent Liabilities:			
Due Within One Year	1,448,123		1,448,123
Due Beyond One Year	29,474,786		29,474,786
<b>Total Liabilities</b>	<b>31,788,320</b>	<b>20,999</b>	<b>31,809,319</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows Related to Pensions	2,434,527		2,434,527
<b>Total Deferred Inflows of Resources</b>	<b>2,434,527</b>		<b>2,434,527</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018  
(Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 16,297,353	\$ 47,878	\$ 16,345,231
Restricted for:			
Capital Projects	4,032,125		4,032,125
Debt Service	12,711		12,711
Tuition	1,800,000		1,800,000
Excess Surplus	1,200,000		1,200,000
Emergency	120,000		120,000
Other Purposes	23,800		23,800
Unrestricted/(Deficit)	<u>(8,531,601)</u>	<u>174,569</u>	<u>(8,357,032)</u>
Total Net Position	<u>\$ 14,954,388</u>	<u>\$ 222,447</u>	<u>\$ 15,176,835</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, 2018

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 14,740,212	\$ 140,303	\$ 4,349,356		\$ (10,390,856)		\$ (10,390,856)
Special Education	5,559,645		3,753,287		(1,666,055)		(1,666,055)
Other Special Instruction	2,082,557		633,139		(1,449,418)		(1,449,418)
School-Sponsored/Other Instruction	821,798		244,054		(577,744)		(577,744)
Support Services:							
Tuition	12,181,091				(12,181,091)		(12,181,091)
Student & Instruction Related Services	6,372,612		1,839,430		(4,533,182)		(4,533,182)
General Administration Services	953,315		188,388		(764,927)		(764,927)
School Administration Services	2,144,192		640,756		(1,503,436)		(1,503,436)
Central Services	721,997		203,102		(518,895)		(518,895)
Administrative Information Technology	190,963		14,472		(176,491)		(176,491)
Plant Operations and Maintenance	2,558,894		243,994		(2,314,900)		(2,314,900)
Pupil Transportation	2,923,879		1,068,072		(1,855,807)		(1,855,807)
Interest on Long-Term Debt	739,820				(739,820)		(739,820)
Unallocated Depreciation	1,426,185				(1,426,185)		(1,426,185)
Total Governmental Activities	53,417,160	140,303	13,178,050		(40,098,807)		(40,098,807)

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	\$ 713,950	\$ 540,541	\$ 117,903		\$ (55,506)	\$ (55,506)	
Total Business-type Activities	713,950	540,541	117,903		(55,506)	(55,506)	
Total Primary Government	\$ 54,131,110	\$ 680,844	\$ 13,295,953	\$ - 0 -	\$ (40,098,807)	(55,506)	(40,154,313)
General Revenue:							
Property Taxes, Levied for General Purposes, Net					40,216,682		40,216,682
Taxes Levied for Debt Service					1,944,055		1,944,055
Federal and State Aid not Restricted					353,564		353,564
Miscellaneous Income					238,822	18,226	257,048
Total General Revenue					42,753,123	18,226	42,771,349
Change in Net Position					2,654,316	(37,280)	2,617,036
Net Position - Beginning (Restated)					12,300,072	259,727	12,559,799
Net Position - Ending					\$ 14,954,388	\$ 222,447	\$ 15,176,835

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, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,353,730		\$ 12,711	\$ 3,366,441
Receivables From State Government	557,262			557,262
Receivables From Federal Government		\$ 103,727		103,727
Interfund Receivable	92,203			92,203
Other Accounts Receivable	266,148			266,148
Restricted Cash and Cash Equivalents	5,975,925			5,975,925
<b>Total Assets</b>	<b>\$ 10,245,268</b>	<b>\$ 103,727</b>	<b>\$ 12,711</b>	<b>\$ 10,361,706</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 83,441	\$ 4,544		\$ 87,985
Interfund Payable	9,134	92,203		101,337
Payable to State Government		2,184		2,184
Unearned Revenue	2,600	4,796		7,396
<b>Total Liabilities</b>	<b>95,175</b>	<b>103,727</b>		<b>198,902</b>
<b>Fund Balances:</b>				
Restricted for:				
Capital Reserve	4,032,125			4,032,125
Maintenance Reserve	23,800			23,800
Emergency Reserve	120,000			120,000
Tuition Reserve - For 2018-2019	900,000			900,000
Tuition Reserve - For 2019-2020	900,000			900,000
Debt Service Fund			\$ 12,711	12,711
Excess Surplus	600,000			600,000
Excess Surplus - Subsequent Year's Expenditures	600,000			600,000
<b>Assigned:</b>				
For Subsequent Year's Expenditures	525,044			525,044
Year-end Encumbrances	1,321,427			1,321,427
Unassigned	1,127,697			1,127,697
<b>Total Fund Balances</b>	<b>10,150,093</b>		<b>12,711</b>	<b>10,162,804</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Total Liabilities and Fund Balances	\$ 10,245,268	\$ 103,727	\$ 12,711	\$ 10,361,706

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.

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.

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

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Change in Deferred Outflows  
Change in Deferred Inflows

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.

The original premium was \$2,337,309 and accumulated amortization is \$298,620.

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 \$1,517,273 has been amortized.

Net Position - Governmental Activities

\$ 14,954,388

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, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 40,216,682		\$ 1,944,055	\$ 42,160,737
Tuition	140,303			140,303
Interest Earned on Capital Reserve Funds	8,113			8,113
Miscellaneous	221,960	\$ 26,244	8,749	256,953
Total - Local Sources	40,587,058	26,244	1,952,804	42,566,106
State Sources	6,642,115	3,883	91,990	6,737,988
Federal Sources	528,205			528,205
Total Revenue	47,229,173	558,332	2,044,794	49,832,299
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	7,766,963	107,133		7,874,096
Special Education Instruction	2,680,026	392,857		3,072,883
Other Special Instruction	1,056,649			1,056,649
School-Sponsored/Other Instruction	429,005			429,005
Support Services and Undistributed Costs:				
Tuition	12,181,091			12,181,091
Student & Instruction Related Services	3,366,381	58,342		3,424,723
General Administration Services	648,940			648,940
School Administration Services	1,093,830			1,093,830
Central Services	385,689			385,689
Administrative Information Technology	120,141			120,141
Plant Operations and Maintenance	2,129,316			2,129,316
Pupil Transportation	1,789,017			1,789,017
Unallocated Benefits	10,357,174			10,357,174

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Capital Outlay	\$ 941,054			\$ 941,054
Debt Service:				
Principal			\$ 1,215,000	1,215,000
Interest and Other Charges			829,794	829,794
Total Expenditures	<u>44,945,276</u>	<u>\$ 558,332</u>	<u>2,044,794</u>	<u>47,548,402</u>
Excess of Revenue over Expenditures	<u>2,283,897</u>			<u>2,283,897</u>
Fund Balance—July 1	<u>7,866,196</u>		<u>12,711</u>	<u>7,878,907</u>
Fund Balance—June 30	<u>\$ 10,150,093</u>	<u>\$ - 0 -</u>	<u>\$ 12,711</u>	<u>\$ 10,162,804</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, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 2,283,897
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 in the period.		
	Depreciation Expense	\$ (1,728,315)
	Capital Outlays	<u>835,526</u>
		(892,789)
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 (+).		
		25,906
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 (+).		
		1,215,000
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 (-).		
		(37,425)
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 (+).		
		15,000
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.		
		155,123
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	3,529,796
	Change in Deferred Outflows	(1,229,662)
	Change in Deferred Inflows	<u>(2,410,530)</u>
Change in Net Position of Governmental Activities (from Exhibit A-2)		<u>\$ 2,654,316</u>

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



BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 176,594
Accounts Receivable:	
State	445
Federal	6,357
Other	770
Inventories	11,402
Total Current Assets	195,568
Non-Current Assets:	
Capital Assets	435,733
Less: Accumulated Depreciation	(387,855)
Total Non-Current Assets	47,878
Total Assets	243,446
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	32
Unearned Revenue - Prepaid Sales	16,528
Unearned Revenue - Donated Commodities	4,439
Total Current Liabilities	20,999
<b>NET POSITION:</b>	
Investment in Capital Assets	47,878
Unrestricted	174,569
Total Net Position	\$ 222,447

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

BRANCBURG BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 337,864
Daily Sales - Non-Reimbursable Programs	<u>202,677</u>
Total Operating Revenue	<u>540,541</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	199,277
Cost of Sales - Non-Reimbursable Programs	104,923
Salaries, Benefits & Payroll Taxes	279,735
Supplies and Materials	5,834
Food Service Management Fee	16,501
Utilities	71,795
Purchased Professional Services	27,956
Other Purchased Services	1,616
Depreciation	<u>6,313</u>
Total Operating Expenses	<u>713,950</u>
Operating (Loss)	<u>(173,409)</u>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	5,166
Federal Sources:	
National School Lunch Program	74,449
Food Distribution Program	38,288
Local Sources:	
Interest Income	<u>18,226</u>
Total Non-Operating Revenue	<u>136,129</u>
Change in Net Position	(37,280)
Net Position - Beginning of Year (Restated)	<u>259,727</u>
Net Position - End of Year	<u>\$ 222,447</u>

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 540,355
Payments to Employees	(351,530)
Payments to Suppliers	(324,096)
Net Cash Used for Operating Activities	(135,271)
Cash Flows from Investing Activities:	
Interest Income	18,226
Net Cash Provided by Investing Activities	18,226
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	79,501
Net Cash Provided by Noncapital Financing Activities	79,501
Net Decrease in Cash and Cash Equivalents	(37,544)
Cash and Cash Equivalents, July 1	214,138
Cash and Cash Equivalents, June 30	\$ 176,594
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (173,409)
Adjustment to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation	6,313
Federal Food Distribution Program	38,288
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Other	(186)
(Increase) in Inventory	(5,904)
(Decrease) in Unearned Revenue	(405)
Increase in Accounts Payable	32
Net Cash Used for Operating Activities	\$ (135,271)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$37,729 and utilized \$38,288 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2018.

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, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 57,885	\$ 641,424	\$ 1,304
Interfund Receivable:			
General Fund	9,134		
Total Assets	<u>67,019</u>	<u>641,424</u>	<u>1,304</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	306		
Accrued Salaries and Wages	9,134		
Summer Savings Deductions Payable	1,415		
Due to Student Groups	56,164		
Total Liabilities	<u>67,019</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		641,424	
Held in Trust for Flexible Spending Claims			1,304
Total Net Position	<u>\$ -0-</u>	<u>\$ 641,424</u>	<u>\$ 1,304</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, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 49,509	\$ 9,160
Interest Earnings	4,379	
Total Additions	<u>53,888</u>	<u>9,160</u>
DEDUCTIONS:		
Unemployment Benefit Claims	41,372	
Flexible Spending Claims		12,188
Total Deductions	<u>41,372</u>	<u>12,188</u>
Change in Net Position	12,516	(3,028)
Net Position - July 1	<u>628,908</u>	<u>4,332</u>
Net Position - June 30	<u>\$ 641,424</u>	<u>\$ 1,304</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, 2018

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, 2018  
(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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018  
(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, 2018 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, 2018  
(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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 47,237,447	\$ 552,309
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		6,023
Prior Year State Aid payments recognized for GAAP Statements	191,861	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(200,135)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 47,229,173</u>	<u>\$ 558,332</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,945,276	\$ 552,309
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		<u>6,023</u>
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 44,945,276</u>	<u>\$ 558,332</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018  
(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, 2018.

K. Capital Assets:

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018, the amount earned by these employees but not disbursed was \$9,134.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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 \$10,150,093 General Fund balance at June 30, 2018, \$1,321,427 is assigned for encumbrances; \$4,032,125 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, 2019 and \$900,000 will be appropriated as anticipated revenue for the year ending June 30, 2020; \$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, 2020; \$600,000 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, 2019; \$525,044 is designated for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019; and \$1,127,697 is unassigned fund balance which is \$200,135 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, 2019.

Debt Service Fund: The \$12,711 of Debt Service Fund balance at June 30, 2018 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, 2018 as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$200,135 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$8,531,601 in governmental activities, which is primarily due to accrued interest payable, compensated absences payable, unamortized bond premiums, and net pension liability and the related deferred inflows and outflows. 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, 2018 for the Deferred Amount on Bond Refunding, and 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, 2018 for 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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018.

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, 2018.

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, 2018  
(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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018  
(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 of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

Investments: (Cont'd)

- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve	Tuition Reserve	
Checking and Savings Accounts	\$ 4,243,648	\$ 4,032,125	\$ 23,800	\$ 120,000	\$ 1,800,000	\$ 10,219,573

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$10,219,573 and the bank balance was \$14,061,244.

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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 4. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	23,800
Ending Balance, June 30, 2018	\$	<u>23,800</u>

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.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	3,104,594
Increased by:		
Interest Earnings	\$	8,113
Transfer by Board Resolution June 2018		1,478,890
Unexpended Funds of Budgeted Withdrawal for Capital Outlay		<u>567,816</u>
		<u>2,054,819</u>
Decreased by:		
Budgeted Withdrawal		<u>(1,127,288)</u>
Ending Balance, June 30, 2018	\$	<u>4,032,125</u>

The balance in the capital reserve account as of June 30, 2018 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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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 1<sup>st</sup> and June 30<sup>th</sup>. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 120,000
Ending Balance, June 30, 2018	\$ 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 2016/2017 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2019 and a \$900,000 tuition reserve during 2017/2018 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2020.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2018 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,367,600			\$ 2,367,600
Construction in Progress		\$ 441,054		441,054
Total Capital Assets not Being Depreciated	<u>2,367,600</u>	<u>441,054</u>		<u>2,808,654</u>
Capital Assets Being Depreciated:				
Site Improvements	1,498,377			1,498,377
Buildings and Building Improvements	57,148,128			57,148,128
Machinery and Equipment	7,483,009	394,472		7,877,481
Total Capital Assets Being Depreciated	<u>66,129,514</u>	<u>394,472</u>		<u>66,523,986</u>
Governmental Activities Capital Assets	<u>68,497,114</u>	<u>835,526</u>		<u>69,332,640</u>
Less Accumulated Depreciation for:				
Site Improvements	(785,229)	(57,215)		(842,444)
Buildings and Building Improvements	(25,061,891)	(1,337,098)		(26,398,989)
Machinery and Equipment	(5,675,034)	(334,002)		(6,009,036)
Total Accumulated Depreciation	<u>(31,522,154)</u>	<u>(1,728,315)</u>		<u>(33,250,469)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$36,974,960</u>	<u>\$ (892,789)</u>	<u>\$ -0-</u>	<u>\$36,082,171</u>
Business -Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 435,733			\$ 435,733
Less: Accumulated Depreciation	(381,542)	(6,313)		(387,855)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,191</u>	<u>\$ (6,313)</u>	<u>\$ -0-</u>	<u>\$ 47,878</u>

The District had no active capital projects as of June 30, 2018.

Depreciation expense was charged to governmental functions as follows:

Student & Instruction Related Services	\$ 84,792
Plant Operations and Maintenance	36,502
Pupil Transportation	180,836
Unallocated Depreciation	<u>1,426,185</u>
	<u>\$ 1,728,315</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in the long-term liabilities reported in the District-wide financial statements:

	Balance June 30, 2017	Accrued	Retired	Balance June 30, 2018
Serial Bonds Payable	\$ 21,440,000		\$ 1,215,000	\$ 20,225,000
Unamortized Bond Issuance Premium	2,193,812		155,123	2,038,689
Net Pension Liability	11,472,956		3,529,796	7,943,160
Compensated Absences Payable	741,966	\$ 6,474	32,380	716,060
	<u>\$ 35,848,734</u>	<u>\$ 6,474</u>	<u>\$ 4,932,299</u>	<u>\$ 30,922,909</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 \$1,285,000 and the long-term portion is \$18,940,000

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, 2018 as follows:

Purpose	<u>Serial Bonds</u>		Amount
	Final Maturity	Interest Rates	
Refunding Bonds of 2010	02/01/26	3.25% to 4.00%	\$ 5,725,000
Refunding Bonds of 2016	07/15/31	2.50% to 5.00%	14,500,000
			<u>\$ 20,225,000</u>



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year	Bonds		Total
	Principal	Interest	
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	815,000	575,794	1,390,794
2024-2028	8,450,000	1,798,694	10,248,694
2028-2032	5,275,000	350,918	5,625,918
	<u>\$ 20,225,000</u>	<u>\$ 5,581,232</u>	<u>\$ 25,806,232</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, 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 \$8,000 and the long-term portion is \$708,060.

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 \$1,883,566.

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, 2018 is \$0- and the long-term portion is \$7,943,160. See Note 11 for further information on the PERS.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District made transfers to capital outlay accounts in the amount of \$20,632 for equipment which did not require County Superintendent approval.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

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

The following represents the membership tiers for PERS:

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, 2018  
(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 \$321,635 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. 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, 2018, the District reported a liability of \$7,943,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.0341%, which was a decrease of 0.0046% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$429,730.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018, 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	\$ 90,107	
	2015	5.72	379,554	
	2016	5.57	1,130,612	
	2017	5.48		\$(1,594,406)
			<u>1,600,273</u>	<u>(1,594,406)</u>
Difference Between Expected and Actual Experience	2015	5.72	105,306	
	2016	5.57	34,311	
	2017	5.48	47,417	
			<u>187,034</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(95,182)	
	2015	5.00	81,196	
	2016	5.00	340,444	
	2017	5.00	(272,370)	
			<u>54,088</u>	
Changes in Proportion	2014	6.44	25,476	
	2015	5.72		(17,546)
	2016	5.57	118,508	
	2017	5.48		(822,575)
			<u>143,984</u>	<u>(840,121)</u>
District Contribution Subsequent to the Measurement Date	2017	1.00	400,000	
			<u>\$ 2,385,379</u>	<u>\$(2,434,527)</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 186,990
2019	282,172
2020	170,982
2021	(227,406)
2022	(165,749)
	\$ 246,989

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the 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, 2016 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, 2018  
(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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2017 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, 2017		
	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 9,854,029	\$ 7,943,160	\$ 6,351,169

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(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 2018, the State's pension contribution was less than the actuarial 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, 2018  
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

During the fiscal year ended 2018, the State of New Jersey contributed \$1,850,415 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,093,506.

The employee contribution rate was 7.34% effective July 1, 2017. 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, 2018, the State's proportionate share of the net pension liability associated with the District was \$87,961,192. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.130%, which was an increase of 0.002% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>87,961,192</u>
Total	<u>\$ 87,961,192</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$6,093,506 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
			<u>441,116,389</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
			<u>341,507,504</u>	
		<u>\$14,160,879,257</u>		<u>\$ 11,800,239,661</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Discount Rate-TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, 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, 2018  
(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, 2017 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, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 104,500,656	\$ 87,961,192	\$ 74,335,911

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 \$31,886 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$43,965 for the fiscal year ended June 30, 2018.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 12. 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 and Lincoln Investment Planning are the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 92,203	\$ 9,134
Special Revenue Fund		92,203
Fiduciary Funds	9,134	
	\$ 101,337	\$ 101,337

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

NOTE 14. TAX CALENDAR

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 15. RISK MANAGEMENT

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

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

Property and Liability Insurance

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

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

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

The June 30, 2018 financial information was not available as of the date of the audit. Selected financial information for the Group as of June 30, 2017 is as follows:

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

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 15. 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>
2018	\$ - 0 -	\$ 53,888	\$ 41,372	\$ 641,424
2017	- 0 -	50,905	47,605	628,908
2016	- 0 -	47,348	58,800	625,608

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2018:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Proprietary Funds</u>		
Vendors	\$ 83,441	\$ 4,544		\$ 87,985	\$ 32		\$ 88,017
Due State of New Jersey			\$ 400,000	400,000			400,000
	<u>\$ 83,441</u>	<u>\$ 4,544</u>	<u>\$ 400,000</u>	<u>\$ 487,985</u>	<u>\$ 32</u>		<u>\$ 488,017</u>

NOTE 17. 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, 2018  
(Continued)

NOTE 18. 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, 2018, there were encumbrances as detailed below in the governmental funds

General Fund	Special Revenue	Total Governmental Funds
\$ 1,321,427	\$ 6,023	\$ 1,327,450

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$6,023 are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in unearned revenue.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

Health Care Trend Assumptions (Cont'd)

5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	<u>45,748,749</u>
Net Changes	<u>(4,191,942,326)</u>
Balance at June 30, 2017	<u><u>\$ 53,639,841,858</u></u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 80,841,799	\$ 68,101,841	\$ 57,996,386
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 88,249,600	\$ 73,662,802	\$ 62,181,122

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 56,007,181	\$ 68,101,841	\$ 84,163,407

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the  
Healthcare Trend Rate (Cont'd)

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 60,442,380	\$ 73,662,802	\$ 91,337,246

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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$3,846,501 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
(Cont'd)

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment to the District Wide Financial Statements to correct the values reported for its capital assets per the updated appraisal report as of June 30, 2018.

	Balance 6/30/17 as Previously Reported	Retroactive Adjustments	Balance 6/30/2017 as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	\$ 67,657,587	\$(1,528,073)	\$ 66,129,514
Accumulated Depreciation	(32,679,606)	1,157,452	(31,522,154)
Total Assets - Governmental Activities	45,266,242	(370,621)	44,895,621
Net Position:			
Net Investment in Capital Assets	16,383,188	(370,621)	16,012,567
Total Net Position - Governmental Activities	12,670,693	(370,621)	12,300,072
<u>Business-Type Activities - Proprietary Funds:</u>			
Non-Current Assets:			
Capital Assets:			
Machinery and Equipment	520,279	(84,546)	435,733
Accumulated Depreciation	(421,741)	40,199	(381,542)
Total Capital Assets, Net	98,538	(44,347)	54,191
Net Position:			
Investment in Capital Assets	98,538	(44,347)	54,191
Total Net Position	304,074	(44,347)	259,727



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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's Proportion - Net Pension Liability	0.0379983601%	0.037806674%	0.0387375657%	0.0341224439%
District's Proportionate Share - Net Pension Liability	\$ 7,114,332	\$ 8,486,841	\$ 11,472,956	\$ 7,943,160
District's Covered Employee Payroll	\$ 2,552,695	\$ 2,625,017	\$ 2,354,627	\$ 2,413,370
District's Proportionate Share - Net Pension Liability as a Percentage of its Covered Employee Payroll	278.70%	323.31%	487.25%	329.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%

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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 313,253	\$ 325,036	\$ 346,437	\$ 321,635
Contributions in Relation to the Contractually Required Contribution	<u>(313,253)</u>	<u>(325,036)</u>	<u>(346,437)</u>	<u>(321,635)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 2,551,319	\$ 2,552,695	\$ 2,625,017	\$ 2,354,627
Contributions as a Percentage of Covered Employee Payroll	12.28%	12.73%	13.20%	13.66%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's Proportion - Net Pension Liability Attributable to the District	0.1299495616%	0.1308605445%	0.1282080348%	0.1304605284%
State's Proportionate Share - Net Pension Liability Attributable to the District	\$ 69,453,811	\$ 82,709,452	\$ 100,856,603	\$ 87,961,192
District's Covered Employee Payroll	\$ 12,821,832	\$ 13,262,413	\$ 12,997,930	\$ 12,736,975
State's Proportionate Share - Net Pension Liability Attributable to the District as a Percentage of its Covered Employee Payroll	541.68%	623.64%	775.94%	690.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%

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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 3,737,267	\$ 5,050,157	\$ 7,577,970	\$ 6,093,506
Contributions in relation to the Contractually Required Contribution	(707,480)	(1,026,484)	(1,416,115)	(1,850,415)
Contribution Deficiency/(Excess)	<u>\$ 3,029,787</u>	<u>\$ 4,023,673</u>	<u>\$ 6,161,855</u>	<u>\$ 4,243,091</u>
District's Covered Employee Payroll	\$ 12,821,832	\$ 13,262,413	\$ 12,997,930	\$ 12,736,975
Contributions as a percentage of Covered Employee Payroll	5.52%	7.74%	10.89%	14.53%

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

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

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources:					
Local Tax Levy	\$ 40,216,682		\$ 40,216,682	\$ 40,216,682	
Tuition - From Individuals	70,000		70,000	77,436	\$ 7,436
Tuition - From Other LEA's	25,000		25,000	62,867	37,867
Rents and Royalties	67,560		67,560	131,390	63,830
Interest Earned on Capital Reserve Funds				8,113	8,113
Unrestricted Miscellaneous Revenue	8,000		8,000	90,570	82,570
<b>Total - Local Sources</b>	<b>40,387,242</b>		<b>40,387,242</b>	<b>40,587,058</b>	<b>199,816</b>
State Sources:					
Transportation Aid	443,962		443,962	443,962	
Categorical Special Education Aid	1,284,219		1,284,219	1,363,026	78,807
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				472,074	472,074
Nonpublic Transportation				38,280	38,280
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,224,147	1,224,147
TPAF On-Behalf Pension Contributions (Non-Budgeted)				1,850,415	1,850,415
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				44,905	44,905
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,792	2,792
TPAF Social Security (Reimbursed - Non-Budgeted)				949,130	949,130
<b>Total State Sources</b>	<b>1,989,839</b>		<b>1,989,839</b>	<b>6,650,389</b>	<b>4,660,550</b>
<b>Total Revenue</b>	<b>42,377,081</b>		<b>42,377,081</b>	<b>47,237,447</b>	<b>4,860,366</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 43,852	\$ 7,980	\$ 51,832	\$ 51,832	
Kindergarten - Salaries of Teachers	573,776	642	574,418	574,418	
Grades 1-5 - Salaries of Teachers	3,676,165	(14,272)	3,661,893	3,657,782	\$ 4,111
Grades 6-8 - Salaries of Teachers	2,885,300	(1,628)	2,883,672	2,883,080	592
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	544	4,044	3,167	877
Purchased Professional-Educational Services	15,000	7,988	22,988	22,810	178
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	800	500	1,300	1,295	5
Other Purchased Services	99,987	5,000	104,987	86,754	18,233
General Supplies	603,777	(31,378)	572,399	485,095	87,304
Textbooks	9,000		9,000	220	8,780
Workmen's Compensation	10,397	(10,397)			
Other Objects	600		600	510	90
Total Regular Programs - Instruction	7,922,154	(35,021)	7,887,133	7,766,963	120,170
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	269,316		269,316	269,316	
Other Salaries for Instruction	65,028	321	65,349	65,349	
Purchased Professional-Educational Services	17,000		17,000	17,000	
General Supplies	17,000	(2,784)	14,216	12,815	1,401
Total Learning and/or Language Disabilities	368,344	(2,463)	365,881	364,480	1,401

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 2,000,904	\$ 19,590	\$ 2,020,494	\$ 2,007,926	\$ 12,568
Other Salaries for Instruction	100,272	(13,489)	86,783	80,824	5,959
General Supplies	35,000	(1,240)	33,760	30,775	2,985
Workmen's Compensation	5,198	(5,198)			
Total Resource Room/Resource Center	2,141,374	(337)	2,141,037	2,119,525	21,512
Preschool Disabilities - Part Time:					
Salaries of Teachers	61,975	(2,368)	59,607	59,476	131
Other Salaries for Instruction	60,807	(14,186)	46,621	46,621	
Purchased Professional-Educational Services	25,000		25,000	25,000	
General Supplies	10,500	(10,000)	500	40	460
Textbooks		6,600	6,600	2,338	4,262
Total Preschool Disabilities - Part Time	158,282	(19,954)	138,328	133,475	4,853
Preschool Disabilities - Full Time:					
Salaries of Teachers	62,509	37	62,546	62,546	
Total Preschool Disabilities - Full Time	62,509	37	62,546	62,546	
Total Special Education - Instruction	2,730,509	(22,717)	2,707,792	2,680,026	27,766
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	920,572	(1,347)	919,225	904,652	14,573
Other Salaries for Instruction	17,789	95	17,884	17,884	
Total Basic Skills/Remedial - Instruction	938,361	(1,252)	937,109	922,536	14,573

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 133,033		\$ 133,033	\$ 133,033	
General Supplies	1,898		1,898	1,080	\$ 818
Total Bilingual Education - Instruction	134,931		134,931	134,113	818
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	58,769	\$ 6,158	64,927	62,789	2,138
Supplies and Materials	3,800		3,800	3,740	60
Total School-Sponsored Cocurricular Activities - Instruction	62,569	6,158	68,727	66,529	2,198
School-Sponsored Athletics - Instruction					
Salaries	88,053	1,489	89,542	79,439	10,103
Supplies and Materials	11,000		11,000	10,905	95
Total School-Sponsored Athletics - Instruction	99,053	1,489	100,542	90,344	10,198
Before/After School Programs- Support Services:					
Salaries	8,800	159	8,959	8,959	
Total Before/After School Programs - Support Services	8,800	159	8,959	8,959	
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	333,115	(7,805)	325,310	261,317	63,993
Purchased Professional & Technical Services	16,500		16,500	1,856	14,644
General Supplies	500		500	500	
Total Other Supplemental/At-Risk Programs - Instruction	350,115	(7,805)	342,310	263,173	79,137
Total Instruction	12,246,492	(58,989)	12,187,503	11,932,643	254,860

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 9,474,043		\$ 9,474,043	\$ 9,474,043	
Tuition to Other LEAs Within the State - Special	1,437,398	(2,200)	1,435,198	1,274,873	\$ 160,325
Tuition to Co. Voc. School District - Regular	29,716		29,716	25,500	4,216
Tuition to Co. Voc. School District - Special	38,394		38,394	11,475	26,919
Tuition to Private Schools for the Disabled - Within the State	1,760,222	(98,290)	1,661,932	1,395,200	266,732
Total Undistributed Expenditures - Instruction	12,739,773	(100,490)	12,639,283	12,181,091	458,192
Attendance & Social Work:					
Salaries	10,619		10,619	10,619	
Total Attendance & Social Work	10,619		10,619	10,619	
Health Services:					
Salaries	321,272	(36,000)	285,272	280,299	4,973
Purchased Professional and Technical Services	5,500		5,500	5,500	
Supplies and Materials	7,500		7,500	6,097	1,403
Total Health Services	334,272	(36,000)	298,272	291,896	6,376
Speech, OT, PT and Related Services:					
Salaries	577,759	(9,423)	568,336	543,397	24,939
Purchased Professional - Educational Services	32,500		32,500	18,677	13,823
Supplies and Materials	29,000		29,000	28,227	773
Total Speech, OT, PT and Related Services	639,259	(9,423)	629,836	590,301	39,535
Other Support Services - Students - Extra Services :					
Salaries	227,899	68,200	296,099	288,627	7,472
Total Other Support Services - Students - Extra Services	227,899	68,200	296,099	288,627	7,472

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
Current Expense:					
Guidance:					
Salaries of Other Professional Staff	\$ 352,952		\$ 352,952	\$ 290,596	\$ 62,356
Total Guidance	<u>352,952</u>		<u>352,952</u>	<u>290,596</u>	<u>62,356</u>
Child Study Team:					
Salaries of Other Professional Staff	668,817		668,817	645,616	23,201
Salaries of Secretarial and Clerical Assistants	118,912		118,912	118,911	1
Purchased Professional - Educational Services	70,500	\$ 122,820	193,320	118,848	74,472
Miscellaneous Purchased Services (400-500 series)	28,100	3,400	31,500	24,857	6,643
Supplies and Materials	10,500		10,500	9,652	848
Other Objects	1,700		1,700	1,144	556
Total Child Study Team	<u>898,529</u>	<u>126,220</u>	<u>1,024,749</u>	<u>919,028</u>	<u>105,721</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	191,909	(2,228)	189,681	122,510	67,171
Salaries of Other Professional Staff	83,034	3,219	86,253	85,281	972
Salaries of Secretarial and Clerical Assistants	60,196	9	60,205	59,455	750
Purchased Professional - Educational Services	17,583	(1,000)	16,583	10,350	6,233
Other Purchased Services (400-500 series)	100,288	1,239	101,527	90,693	10,834
Supplies and Materials	3,650		3,650	2,346	1,304
Other Objects	4,000		4,000	1,650	2,350
Total Improvement of Instructional Services	<u>460,660</u>	<u>1,239</u>	<u>461,899</u>	<u>372,285</u>	<u>89,614</u>
Educational Media Services - School Library:					
Salaries	577,357		577,357	551,626	25,731
Supplies and Materials	14,850		14,850	11,752	3,098
Total Educational Media Services - School Library	<u>592,207</u>		<u>592,207</u>	<u>563,378</u>	<u>28,829</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	\$ 12,980	\$ 3,825	\$ 16,805	\$ 13,488	\$ 3,317
Purchased Professional - Educational Services	54,000		54,000	10,589	43,411
Other Purchased Services (400-500 series)	28,500	3,019	31,519	15,574	15,945
<b>Total Instructional Staff Training Services</b>	<u>95,480</u>	<u>6,844</u>	<u>102,324</u>	<u>39,651</u>	<u>62,673</u>
<b>General Administration:</b>					
Salaries	313,547	4,870	318,417	314,965	3,452
Legal Services	60,000	(11,000)	49,000	37,701	11,299
Audit Fees	38,760	140	38,900	38,900	
Other Purchased Professional Services	20,600	(11,000)	9,600	1,950	7,650
Communications/Telephone	45,000	40,000	85,000	73,349	11,651
BOE Other Purchased Services	1,200		1,200	777	423
Miscellaneous Purchased Services (400-500 series)	173,754	(25,054)	148,700	144,298	4,402
General Supplies	4,000	(408)	3,592	1,504	2,088
BOE In-House Training and Meeting Supplies	1,000		1,000	35	965
Miscellaneous Expenditures	21,980		21,980	15,114	6,866
Board of Education Dues and Fees	23,000		23,000	20,347	2,653
<b>Total General Administration</b>	<u>702,841</u>	<u>(2,452)</u>	<u>700,389</u>	<u>648,940</u>	<u>51,449</u>
<b>School Administration:</b>					
Salaries of Principals/Assistant Principals	614,651	849	615,500	615,499	1
Salaries of Other Professional Staff	91,928		91,928	91,883	45
Salaries of Secretarial and Clerical Assistants	377,445	(849)	376,596	375,634	962
Other Purchased Services (400-500 series)	10,325		10,325	649	9,676
Supplies and Materials	6,000	(500)	5,500	4,675	825
Other Objects	5,860		5,860	5,490	370
<b>Total School Administration</b>	<u>1,106,209</u>	<u>(500)</u>	<u>1,105,709</u>	<u>1,093,830</u>	<u>11,879</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Central Services:					
Salaries	\$ 349,332	\$ 1,059	\$ 350,391	\$ 343,286	\$ 7,105
Purchased Professional Services	23,800	550	24,350	22,475	1,875
Miscellaneous Purchased Services (400-500 series)	23,500	(854)	22,646	9,820	12,826
Supplies and Materials	12,000	(755)	11,245	7,321	3,924
Other Objects	3,000		3,000	2,787	213
Total Central Services	411,632		411,632	385,689	25,943
Administrative Information Technology:					
Salaries	24,460	1	24,461	24,461	
Purchased Technical Services	94,000	565	94,565	71,349	23,216
Other Purchased Services (400-500 series)	35,400	(4,466)	30,934	19,109	11,825
Supplies and Materials	31,900		31,900	5,122	26,778
Other Objects	75	75	150	100	50
Workmen's Compensation	520	(520)			
Total Administrative Information Technology	186,355	(4,345)	182,010	120,141	61,869
Required Maintenance for School Facilities:					
Salaries	307,758		307,758	301,282	6,476
Cleaning, Repair and Maintenance Services	143,669	348,352	492,021	461,079	30,942
Travel		1,900	1,900	432	1,468
General Supplies	123,339	(42,329)	81,010	61,261	19,749
Other Objects		33,381	33,381	1,047	32,334
Workmen's Compensation	61,169	(61,169)			
Total Required Maintenance for School Facilities	635,935	280,135	916,070	825,101	90,969



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Custodial Services:					
Salaries	\$ 184,815		\$ 184,815	\$ 111,121	\$ 73,694
Cleaning, Repair and Maintenance Services	781,837	\$ (3,269)	778,568	684,357	94,211
Other Purchased Property Services	28,000	5,769	33,769	28,661	5,108
Insurance	49,963		49,963	44,598	5,365
Miscellaneous Purchased Services	800		800		800
General Supplies	69,192		69,192	45,718	23,474
Energy (Natural Gas)	102,600		102,600	76,211	26,389
Energy (Electricity)	446,090	(27,000)	419,090	312,489	106,601
Other Objects	1,710		1,710	1,060	650
Total Custodial Services	<u>1,665,007</u>	<u>(24,500)</u>	<u>1,640,507</u>	<u>1,304,215</u>	<u>336,292</u>
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	891,788	(73,260)	818,528	704,953	113,575
Between Home & School - Special Education	159,977	48,047	208,024	208,024	
Other than Between Home & School	76,650	25,214	101,864	71,781	30,083
Other Purchased Professional and Technical Services	66,127	24,000	90,127	66,919	23,208
Cleaning, Repair and Maintenance Services	3,560		3,560	1,723	1,837
Contracted Services:					
Special Ed. Students - ESC's & CTSA's	578,821		578,821	495,000	83,821

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 127,296	\$ 3,000	\$ 130,296	\$ 128,606	\$ 1,690
Aid in Lieu Payments - Choice Students		1,000	1,000	1,000	
Miscellaneous Purchased Services - Transportation	750		750	520	230
General Supplies	140,473		140,473	11,988	128,485
Transportation Supplies	200,090	(31,000)	169,090	98,503	70,587
Workmen's Compensation	98,214	(98,214)			
Other Objects	900	3,000	3,900		3,900
Total Student Transportation Services	<u>2,344,646</u>	<u>(98,213)</u>	<u>2,246,433</u>	<u>1,789,017</u>	<u>457,416</u>
Unallocated Benefits:					
Social Security Contributions	350,000	(886)	349,114	337,844	11,270
Other Retirement Contributions - PERS	370,000	(14,424)	355,576	321,635	33,941
Other Retirement Contributions - Regular	20,000	11,886	31,886	31,886	
Workmen's Compensation		175,498	175,498	133,432	42,066
Health Benefits	5,969,061	(24,004)	5,945,057	5,373,644	571,413
Tuition Reimbursement	78,250		78,250	71,337	6,913
Other Employee Benefits	21,875	377	22,252	16,007	6,245
Unused Sick Payment to Terminated/Retired Staff	70,000		70,000		70,000
Total Unallocated Benefits	<u>6,879,186</u>	<u>148,447</u>	<u>7,027,633</u>	<u>6,285,785</u>	<u>741,848</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Nonbudgeted:					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				\$ 1,224,147	\$ (1,224,147)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				1,850,415	(1,850,415)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				44,905	(44,905)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,792	(2,792)
TPAF Social Security (Reimbursed - Non-Budgeted)				949,130	(949,130)
Total On-Behalf Contributions				4,071,389	(4,071,389)
Total Personal Services - Employee Benefits	\$ 6,879,186	\$ 148,447	\$ 7,027,633	10,357,174	(3,329,541)
Total Undistributed Expenditures	30,283,461	355,162	30,638,623	32,071,579	(1,432,956)
Total Current Expense	42,529,953	296,173	42,826,126	44,004,222	(1,178,096)
Capital Outlay:					
Equipment:					
Auditory Impairments		6,208	6,208	6,208	
School Administrative		7,212	7,212	7,212	
Central Services		7,212	7,212	7,212	
Administrative Information Technology	47,372		47,372	47,372	
Required Maintenance of School Facilities	38,873		38,873	38,873	
School Buses - Regular	391,259		391,259	350,399	40,860
Total Equipment	477,504	20,632	498,136	457,276	40,860
Facilities Acquisition and Construction Services:					
Construction Services	2,496,151	(316,805)	2,179,346	441,054	1,738,292
Other Objects - SDA Debt Service Assessment	42,724		42,724	42,724	
Total Facilities Acquisition and Construction Services	2,538,875	(316,805)	2,222,070	483,778	1,738,292
Total Capital Outlay Expenditures	3,016,379	(296,173)	2,720,206	941,054	1,779,152
Total Expenditures	45,546,332		45,546,332	44,945,276	601,056

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (3,169,251)	\$ - 0 -	\$ (3,169,251)	\$ 2,292,171	\$ 5,461,422
Fund Balance, July 1	<u>8,058,057</u>		<u>8,058,057</u>	<u>8,058,057</u>	
Fund Balance, June 30	<u>\$ 4,888,806</u>	<u>\$ - 0 -</u>	<u>\$ 4,888,806</u>	<u>\$ 10,350,228</u>	<u>\$ 5,461,422</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 4,032,125	
Maintenance Reserve				23,800	
Tuition Reserve - For 2018-2019				900,000	
Tuition Reserve - For 2019-2020				900,000	
Emergency Reserve				120,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				600,000	
Excess Surplus				600,000	
Assigned:					
Designated for Subsequent Year's Expenditures				525,044	
Year-end Encumbrances				1,321,427	
Unassigned				<u>1,327,832</u>	
				<u>10,350,228</u>	
Reconciliation to Governmental Fund Statements (GAAP):				<u>(200,135)</u>	
Last Two State Aid Payments not recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,150,093</u>	

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenue:</b>					
Local Sources	\$ 22,602	\$ 389	\$ 22,991	\$ 21,633	\$ (1,358)
State Sources	4,250	1,817	6,067	3,883	(2,184)
Federal Sources	418,088	134,055	552,143	526,793	(25,350)
<b>Total Revenue</b>	<b>444,940</b>	<b>136,261</b>	<b>581,201</b>	<b>552,309</b>	<b>(28,892)</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	55,000	13,670	68,670	65,071	3,599
Purchased Professional and Technical Services	6,973	6,973	6,973	6,973	
Tuition	320,248	72,609	392,857	392,857	
General Supplies	20,573	12,180	32,753	28,001	4,752
Textbooks	1,096	164	1,260	1,065	195
<b>Total Instruction</b>	<b>403,890</b>	<b>98,623</b>	<b>502,513</b>	<b>493,967</b>	<b>8,546</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	7,050	7,973	15,023	9,628	5,395
Purchased Professional/Educational Services	10,000	22,500	32,500	20,000	12,500
Other Purchased Services	24,000	7,165	31,165	28,714	2,451
<b>Total Support Services</b>	<b>41,050</b>	<b>37,638</b>	<b>78,688</b>	<b>58,342</b>	<b>20,346</b>
<b>Total Expenditures</b>	<b>444,940</b>	<b>136,261</b>	<b>581,201</b>	<b>552,309</b>	<b>28,892</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 47,237,447	\$ 552,309
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.		6,023
Prior Year State Aid Payments recognized for GAAP statements	191,861	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(200,135)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 47,229,173	\$ 558,332
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,945,276	\$ 552,309
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.		6,023
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 44,945,276	\$ 558,332

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, 2018 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, 2018

	E.S.E.A				IDEA, Part B	
	Title I	Title IIA	Title III	Title IV	Basic	Preschool
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 77,104	\$ 48,714	\$ 1,506	\$ 6,612	\$ 372,605	\$ 20,252
Total Revenue	77,104	48,714	1,506	6,612	372,605	20,252
EXPENDITURES:						
Instruction:						
Salaries of Teachers	59,471			5,600		
Purchased Professional and Technical Services						
Tuition					372,605	20,252
General Supplies	9,843		1,506	1,012		
Textbooks						
Total Instruction	69,314		1,506	6,612	372,605	20,252
Support Services:						
Salaries of Other Professional Staff	7,790					
Purchased Professional and Educational Services		20,000				
Other Purchased Services		28,714				
Total Support Services	7,790	48,714				
Total Expenditures	\$ 77,104	\$ 48,714	\$ 1,506	\$ 6,612	\$ 372,605	\$ 20,252

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Nonpublic</u>			<u>Local</u>	<u>Totals</u>
	<u>Security</u>	<u>Nursing</u>	<u>Textbooks</u>	<u>Grants</u>	<u>June 30, 2018</u>
REVENUE:					
Local Sources				\$ 21,633	\$ 21,633
State Sources	\$ 980	\$ 1,838	\$ 1,065		3,883
Federal Sources					526,793
Total Revenue	<u>980</u>	<u>1,838</u>	<u>1,065</u>	<u>21,633</u>	<u>552,309</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					65,071
Purchased Professional and Technical Services				6,973	6,973
Tuition					392,857
General Supplies	980			14,660	28,001
Textbooks			1,065		1,065
Total Instruction	<u>980</u>		<u>1,065</u>	<u>21,633</u>	<u>493,967</u>
Support Services:					
Salaries of Other Professional Staff		1,838			9,628
Purchased Professional and Educational Services					20,000
Other Purchased Services					28,714
Total Support Services		<u>1,838</u>			<u>58,342</u>
Total Expenditures	<u>\$ 980</u>	<u>\$ 1,838</u>	<u>\$ 1,065</u>	<u>\$ 21,633</u>	<u>\$ 552,309</u>

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 176,594
Accounts Receivable:	
State	445
Federal	6,357
Other	770
Inventories	<u>11,402</u>
Total Current Assets	<u>195,568</u>
Capital Assets:	
Furniture & Equipment	435,733
Less: Accumulated Depreciation	<u>(387,855)</u>
Total Capital Assets, Net	<u>47,878</u>
Total Assets	<u>243,446</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	32
Unearned Revenue - Prepaid Sales	16,528
Unearned Revenue - Donated Commodities	<u>4,439</u>
Total Current Liabilities	<u>20,999</u>
<b>NET POSITION:</b>	
Investment in Capital Assets	47,878
Unrestricted	<u>174,569</u>
Total Net Position	<u><u>\$ 222,447</u></u>

BRANCHBURG BOARD OF EDUCATION  
ENTERPRISE FUNDS  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 337,864
Daily Sales - Non-Reimbursable Programs	202,677
	540,541
Total Operating Revenue	540,541
Operating Expenses:	
Cost of Sales - Reimbursable Programs	199,277
Cost of Sales - Non-Reimbursable Programs	104,923
Salaries, Benefits & Payroll Taxes	279,735
Supplies and Materials	5,834
Food Service Management Fee	16,501
Utilities	71,795
Purchased Professional/Technical Services	27,956
Other Purchased Services	1,616
Depreciation	6,313
	713,950
Total Operating Expenses	713,950
Operating (Loss)	(173,409)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	5,166
Federal Sources:	
National School Lunch Program	74,449
Food Distribution Program	38,288
Local Sources:	
Interest Income	18,226
	136,129
Total Non-Operating Revenue	136,129
Change in Net Position	(37,280)
Net Position - Beginning of Year (Restated)	259,727
Net Position - End of Year	\$ 222,447

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 540,355
Payments to Employees	(351,530)
Payments to Suppliers	(324,096)
	(135,271)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	18,226
	18,226
Net Cash Provided by Investing Activities	
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	79,501
	79,501
Net Cash Provided by Noncapital Financing Activities	
Net Decrease in Cash and Cash Equivalents	(37,544)
Cash and Cash Equivalents, July 1	214,138
Cash and Cash Equivalents, June 30	\$ 176,594
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (173,409)
Adjustment to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation	6,313
Federal Food Distribution Program	38,288
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Other	(186)
(Increase) in Inventory	(5,904)
(Decrease) in Unearned Revenue	(405)
Increase in Accounts Payable	32
	32
Net Cash Used for Operating Activities	\$ (135,271)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$37,729 and utilized \$38,288 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	Agency		Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
	Student Activity	Payroll			
Cash and Cash Equivalents	\$ 56,164	\$ 1,721	\$ 57,885	\$ 641,424	\$ 1,304
Interfund Receivable:					
General Fund		9,134	9,134		
Total Assets	56,164	10,855	67,019	641,424	1,304
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		306	306		
Summer Savings Deductions Payable		1,415	1,415		
Accrued Salaries and Wages		9,134	9,134		
Due to Student Groups	56,164		56,164		
Total Liabilities	56,164	10,855	67,019		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				641,424	
Held in Trust for Flexible Spending Claims					1,304
Total Net Position	-0-	-0-	\$ -0-	\$ 641,424	\$ 1,304

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 49,509	\$ 9,160	\$ 58,669
Interest Earnings	4,379		4,379
Total Additions	<u>53,888</u>	<u>9,160</u>	<u>63,048</u>
DEDUCTIONS:			
Unemployment Benefit Claims	41,372		41,372
Flexible Spending Claims		12,188	12,188
Total Deductions	<u>41,372</u>	<u>12,188</u>	<u>53,635</u>
Change in Net Position	12,516	(3,028)	9,488
Net Position- July 1	<u>628,908</u>	<u>4,332</u>	<u>633,240</u>
Net Position - June 30	<u>\$ 641,424</u>	<u>\$ 1,304</u>	<u>\$ 642,728</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 57,685	\$ 148,153	\$ 149,674	\$ 56,164
Total Assets	<u>\$ 57,685</u>	<u>\$ 148,153</u>	<u>\$ 149,674</u>	<u>\$ 56,164</u>
<b>LIABILITIES:</b>				
Due to Student Groups	\$ 57,685	\$ 148,153	\$ 149,674	\$ 56,164
Total Liabilities	<u>\$ 57,685</u>	<u>\$ 148,153</u>	<u>\$ 149,674</u>	<u>\$ 56,164</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary and Middle Schools:				
Central Middle School	\$ 38,414	\$ 91,517	\$ 95,203	\$ 34,728
Whiton School	11,042	35,548	32,312	14,278
Stony Brook School	8,229	21,088	22,159	7,158
	<u>57,685</u>	<u>148,153</u>	<u>149,674</u>	<u>56,164</u>
Total Student Activities	<u>\$ 57,685</u>	<u>\$ 148,153</u>	<u>\$ 149,674</u>	<u>\$ 56,164</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,065	\$ 9,373,622	\$ 9,374,966	\$ 1,721
Interfund Receivable:				
General Fund		9,134		9,134
<b>Total Assets</b>	<u>\$ 3,065</u>	<u>\$ 9,382,756</u>	<u>\$ 9,374,966</u>	<u>\$ 10,855</u>
 <b>LIABILITIES:</b>				
	\$ 435	\$ 9,137,828	\$ 9,137,957	\$ 306
Payroll Deductions and Withholdings	1,271	235,794	235,650	1,415
Summer Savings Deductions Payable	1,359	9,134	1,359	9,134
Accrued Salaries and Wages				
<b>Total Liabilities</b>	<u>\$ 3,065</u>	<u>\$ 9,382,756</u>	<u>\$ 9,374,966</u>	<u>\$ 10,855</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance July 1, 2017	Retired or Matured	Balance June 30, 2018
			Date	Amount	Outstanding June 30, 2018				
Refunding Bonds of 2010	11/16/2010	\$ 9,760,000	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%	\$ 6,240,000	\$ 515,000	
								\$ 5,725,000	
									14,500,000
Refunding Bonds of 2016	03/15/2016	15,490,000	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%	15,200,000	700,000	14,500,000	
						\$ 21,440,000	\$ 1,215,000	\$ 20,225,000	

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 1,944,055		\$ 1,944,055	\$ 1,944,055	
Other Miscellaneous	8,749		8,749	8,749	
State Sources:					
Debt Service State Aid Support	91,990		91,990	91,990	
<b>Total Revenue</b>	<u>2,044,794</u>		<u>2,044,794</u>	<u>2,044,794</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	829,794		829,794	829,794	
Redemption of Principal	1,215,000		1,215,000	1,215,000	
<b>Total Regular Debt Service</b>	<u>2,044,794</u>		<u>2,044,794</u>	<u>2,044,794</u>	
<b>Total Expenditures</b>	<u>2,044,794</u>		<u>2,044,794</u>	<u>2,044,794</u>	
<b>Excess of Revenues Over Expenditures</b>	<u>- 0 -</u>		<u>- 0 -</u>	<u>- 0 -</u>	
<b>Fund Balance, July 1</b>	<u>12,711</u>		<u>12,711</u>	<u>12,711</u>	
<b>Fund Balance, June 30</b>	<u>\$ 12,711</u>	<u>\$ - 0 -</u>	<u>\$ 12,711</u>	<u>\$ 12,711</u>	<u>\$ - 0 -</u>
<b>Restricted Fund Balance</b>			<u>\$ 12,711</u>	<u>\$ 12,711</u>	

STATISTICAL SECTION

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018
<b>Governmental Activities:</b>										
Net Investment in Capital Assets (Deficit)	\$ (9,343,289)	\$ (8,385,886)	\$ (7,809,967)	\$ 12,288,257	\$ 12,313,755	\$ 12,688,164	\$ 14,152,600	\$ 16,567,660	\$ 16,012,567	\$ 16,297,353
Restricted	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944	5,870,211	7,188,636
Unrestricted (Deficit)	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)	(8,531,601)
Total Governmental Activities										
Net Position (Deficit)	\$ (7,825,702)	\$ (6,222,344)	\$ (5,405,253)	\$ 17,054,622	\$ 17,486,882	\$ 10,451,250	\$ 9,889,603	\$ 10,888,397	\$ 12,300,072	\$ 14,954,388
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 94,558	\$ 147,465	\$ 122,634	\$ 122,988	\$ 108,593	\$ 117,919	\$ 117,109	\$ 104,770	\$ 54,191	\$ 47,878
Unrestricted	109,820	102,929	169,147	232,932	216,248	205,450	177,409	205,660	205,536	174,569
Total Business-Type Activities Net Position	\$ 204,378	\$ 250,394	\$ 291,781	\$ 355,920	\$ 324,841	\$ 323,369	\$ 294,518	\$ 310,430	\$ 259,727	\$ 222,447
<b>District-Wide:</b>										
Net Investment in Capital Assets (Deficit)	\$ (9,248,731)	\$ (8,238,421)	\$ (7,687,333)	\$ 12,411,245	\$ 12,422,348	\$ 12,806,083	\$ 14,269,709	\$ 16,672,430	\$ 16,066,758	\$ 16,345,231
Restricted	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944	5,870,211	7,188,636
Unrestricted (Deficit)	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)	(8,357,032)
Total District-Wide Net Position (Deficit)	\$ (7,621,324)	\$ (5,971,950)	\$ (5,113,472)	\$ 17,410,542	\$ 17,811,723	\$ 10,774,619	\$ 10,184,121	\$ 11,198,827	\$ 12,559,799	\$ 15,176,835

\* Restated

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 14,740,212
Special Education	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	5,559,645
Other Special Instruction	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	2,082,557
School-Sponsored/Other Instruction	208,497	236,499	165,574	159,147	181,921	267,367	449,652	648,398	740,733	821,798
Support Services:										
Tuition					12,443,083	12,753,265	13,260,547	12,987,601	12,863,308	12,181,091
Student & Instruction Related Services	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	6,372,612
School Administration Services	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	2,144,192
General Administration Services	634,198	697,131	724,148	779,619	685,898	787,418	886,590	925,050	794,698	953,315
Central Services and Administrative										
Information Technology	949,876	921,521	765,201	845,897	906,253	790,336	919,708	728,440	851,691	912,960
Plant Operations and Maintenance	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	2,558,894
Pupil Transportation	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	2,923,879
Capital Outlay						34,194				
Interest On Long-Term Debt	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	739,820
Unallocated Depreciation					1,440,329	1,394,239	1,428,878	1,462,332	1,432,741	1,426,185
Total Governmental Activities Expenses	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	53,417,160
Business-Type Activities:										
Food Service	727,299	727,260	690,981	658,318	700,556	646,166	665,162	646,424	690,795	713,950
Community Education	51,701	73,725	67,365	57,293	64,436					
Total Business-Type Activities Expenses	779,000	800,985	758,346	715,611	764,992	646,166	665,162	646,424	690,795	713,950

BRANCHBURG TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total District-Wide Expenses	\$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	\$54,131,110
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	140,303
Operating Grants and Contributions	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	13,178,050
Capital Grants and Contributions			441,526	13,198		55,470	71,615			
Total Governmental Activities Program Revenues	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	13,318,353
Business-Type Activities:										
Charges for Services:										
Food Service	610,983	612,303	641,284	593,262	559,399	555,927	544,113	592,524	567,854	540,541
Community Education	7,645	73,909	55,181	59,017	72,295					
Operating Grants and Contributions	87,380	102,247	101,447	107,023	100,137	87,321	90,134	94,357	111,120	117,903
Total Business-Type Activities Program Revenues	706,008	788,459	797,912	759,302	731,831	643,248	634,247	686,881	678,974	658,444
Total District-Wide Program Revenues	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	13,976,797
Net Revenue/(Expense) - Governmental Activities	(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)	(40,098,807)
Net Revenue/(Expense) - Business-Type Activities	(72,992)	(12,526)	39,566	43,691	(33,161)	(2,918)	(30,915)	40,457	(11,821)	(55,506)
Total District-Wide Net Revenue/(Expense)	(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)	(40,154,313)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	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	40,216,682
Taxes Levied for Debt Service	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	1,944,055

BRANCHBURG TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Federal and State Aid not Restricted	\$ 132,129	\$ 42,861	\$ 46,279	\$ 45,976	\$ 291,803	\$ 299,973	\$ 335,832	\$ 341,210	\$ 360,773	\$ 353,564
Investment Earnings	68,236	16,829	10,633	5,495		6,832	5,641	8,504	19,001	63,573
Miscellaneous Income	78,493	51,121	172,761	209,060	375,600	358,702	101,085	112,631	78,941	175,249
Disposal of Capital Assets, Net			(8,911)							
Other Item - SDA Grants Cancelled					(1,885)			(13,317)		
Transfers		(57,560)						26,681		
Total Governmental Activities General Revenues and Other Changes in Net Position	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	42,753,123
Business-Type Activities:										
Investment Earnings	1,147	982	1,821	1,861	2,082	1,446	2,064	2,136	5,465	18,226
Transfers		57,560						(26,681)		
Total Business-Type Activities General Revenues and Other Changes in Net Position	1,147	58,542	1,821	1,861	2,082	1,446	2,064	(24,545)	5,465	18,226
Total District-Wide General Revenues and Other Changes in Net Position	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	42,771,349
Change in Net Position:										
Governmental Activities	(499,436)	361,866	817,091	1,596,246	434,145	159,370	(561,647)	998,794	1,782,296	2,654,316
Business-Type Activities	(71,845)	46,016	41,387	45,552	(31,079)	(1,472)	(28,851)	15,912	(6,356)	(37,280)
Total District-Wide Change in Net Position	\$ (571,281)	\$ 407,882	\$ 858,478	\$ 1,641,798	\$ 403,066	\$ 157,898	\$ (590,498)	\$ 1,014,706	\$ 1,775,940	\$ 2,617,036

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 2,306,637	\$ 2,428,761								
Unreserved	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	\$ 7,175,925
Assigned			569,966	970,545	367,149	588,804	814,758	643,224	932,857	1,846,471
Unassigned			271,584	639,082	789,724	655,013	654,189	680,232	1,075,839	1,127,697
<b>Total General Fund</b>	<b>\$ 2,670,986</b>	<b>\$ 3,047,907</b>	<b>\$ 2,889,592</b>	<b>\$ 5,040,042</b>	<b>\$ 5,552,659</b>	<b>\$ 5,290,024</b>	<b>\$ 4,323,296</b>	<b>\$ 5,387,400</b>	<b>\$ 7,866,196</b>	<b>\$ 10,150,093</b>
Other Governmental Funds:										
Unreserved	\$ 1									
Restricted		\$ 1	\$ 1	\$ 56,283	\$ 55,603	\$ 1	\$ 49,101		\$ 12,711	\$ 12,711
Committed				87,969	29,774	220,401	29,773			
<b>Total Other Governmental Funds</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 144,252</b>	<b>\$ 85,377</b>	<b>\$ 220,402</b>	<b>\$ 78,874</b>	<b>\$ - 0 -</b>	<b>\$ 12,711</b>	<b>\$ 12,711</b>
<b>Total All Governmental Funds</b>	<b>\$ 2,670,987</b>	<b>\$ 3,047,908</b>	<b>\$ 2,889,593</b>	<b>\$ 5,184,294</b>	<b>\$ 5,638,036</b>	<b>\$ 5,510,426</b>	<b>\$ 4,402,170</b>	<b>\$ 5,387,400</b>	<b>\$ 7,878,907</b>	<b>\$ 10,162,804</b>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Tax Levy	\$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	\$42,160,737
Tuition	68,236	122,949	140,274	181,050	174,100	154,218	117,608	152,146	209,061	140,303
Interest Earned on Investments		16,829	10,633	5,495	6,822	5,678	4,486	6,847	15,929	55,460
Interest Earned on Capital Reserve Funds					784	1,154	1,155	1,657	3,072	8,113
Miscellaneous	116,734	89,392	200,353	264,990	397,261	395,573	122,360	143,398	102,995	201,493
State Sources	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	6,737,988
Federal Sources	526,706	863,542	805,067	805,247	524,203	698,974	592,524	487,007	463,187	528,205
<b>Total Revenue</b>	<b>43,702,902</b>	<b>45,133,334</b>	<b>44,103,104</b>	<b>44,414,050</b>	<b>44,711,065</b>	<b>45,048,645</b>	<b>45,837,538</b>	<b>47,457,076</b>	<b>48,708,408</b>	<b>49,832,299</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	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	7,874,096
Special Education Instruction	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	3,072,883
Other Special Instruction	857,702	901,844	837,930	908,235	1,119,462	1,019,463	964,216	1,096,442	1,034,996	1,056,649
School-Sponsored/Other Instruction	146,598	177,286	109,245	107,905	132,002	184,228	274,810	372,395	384,868	429,005
<b>Support Services:</b>										
Tuition	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	12,181,091
Student & Instruction-Related Services	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	3,424,723
General Administration Services	525,504	582,163	566,992	663,012	572,880	670,472	693,985	708,491	562,971	648,940
School Administration Services	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	1,093,830
Central Services	437,461	463,652	397,195	404,860	398,009	359,335	344,400	366,049	380,936	385,689
Administrative Information Technology	283,328	231,526	164,164	221,727	335,077	280,473	266,495	111,774	113,714	120,141
Plant Operations and Maintenance	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	2,129,316
Pupil Transportation	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	1,789,017
Unallocated Benefits	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	10,357,174
Capital Outlay	1,979,972	491,554	944,078	301,907	575,916	781,293	1,033,513	955,716	729,429	941,054
<b>Debt Service:</b>										
Principal	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	1,215,000
Interest and Other Charges	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	829,794
<b>Total Expenditures</b>	<b>45,967,965</b>	<b>45,045,073</b>	<b>44,222,180</b>	<b>43,117,689</b>	<b>44,255,438</b>	<b>45,176,255</b>	<b>46,945,794</b>	<b>46,485,210</b>	<b>46,216,901</b>	<b>47,548,402</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(2,265,063)</b>	<b>88,261</b>	<b>(119,076)</b>	<b>1,296,361</b>	<b>455,627</b>	<b>(127,610)</b>	<b>(1,108,256)</b>	<b>971,866</b>	<b>2,491,507</b>	<b>2,283,897</b>



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

UNAUDITED

(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)		\$ 380,000								
NJEDA/SDA Grants (Cancelled)					\$ (1,885)			\$ (13,317)		
Refunding Bonds Issued			\$ 9,760,000					15,490,000		
School Bonds Defeased			(9,785,000)					(17,100,000)		
Bond Issuance Costs			(346,096)					(141,823)		
Deferred Amount on Refunding			371,096					(375,417)		
Original Issuance Bond Premium		22,128	768,061	\$ 272,025	56,310	\$ 246,231		2,127,240		
Transfers In		(79,688)	(768,061)	(272,025)	(56,310)	(246,231)		43,137		
Transfers Out								(16,456)		
Total Other Financing Sources/(Uses)	-0-	322,440	-0-	-0-	(1,885)	-0-	-0-	13,364	-0-	-0-
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (2,265,063)	\$ 410,701	\$ (119,076)	\$ 1,296,361	\$ 453,742	\$ (127,610)	\$ (1,108,256)	\$ 985,230	\$ 2,491,507	\$ 2,283,897
Debt Service As a % of Noncapital Expenditures	5.26%	5.25%	5.46%	5.55%	5.43%	5.36%	5.17%	5.27%	5.07%	4.59%

Source: Branchburg Township School District financial reports.

BRANCHBURG 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
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
2018	63,573	140,303	131,390		35,110	370,376

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 <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized) Valuation
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
2017	18,131,400	2,086,801,600	27,847,300	1,281,300	249,325,500	612,645,000	28,500,000	3,024,532,100	4,439,637	3,028,971,737	201,582,200	1.39	3,056,724,791

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.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>		Branchburg	Somerset County		
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	
2017	1.32	0.06	1.39	0.39	0.40	2.18	

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

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

<sup>b</sup> 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

	2017		2008		% of Total District Net Valuation Taxable
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Roche & Genetech Inc.	\$ 87,000,000	2.82%			
Imclone Systems Corp.	81,610,600	2.64%			
Cellco Partnership (Verizon)	38,450,000	1.25%			
Transco Gas Pipeline Co.	28,650,700	0.93%			
S/K Old York Road Associates	29,925,000	0.97%			
Friedrich D&Weill J, Suc-Co-Trustees	27,390,000	0.89%			
Briad Lodging Group Branchburg II	18,338,000	0.59%			
LSREF3/AH Chicago, LLC	16,700,000	0.54%			
Zeus Industrial Products Inc.	15,000,000	0.49%			
Branchburg Commons	14,500,000	0.47%			
Total	\$ 357,564,300	11.58%			

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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 -
2018	42,160,737	42,160,737	100.00%	- 0 -

<sup>a</sup> 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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
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	1.73%	1,562
2017	21,440,000	- 0 -	- 0 -	21,440,000	1.61%	1,457
2018	20,225,000	- 0 -	- 0 -	20,225,000	1.52%	1,375

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

<sup>a</sup> 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.

BRANCBURG 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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2018	20,225,000	- 0 -	20,225,000	0.67%	1,375

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

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

<sup>b</sup> 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, 2017  
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	\$ 11,035,509	100.00%	\$ 11,035,509
Somerset County General Obligation Debt	206,591,021	5.17%	<u>10,689,531</u>
Subtotal, Overlapping Debt			21,725,040
Branchburg School District Direct Debt			<u>20,740,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 42,465,040</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 92,073,543
Total Net Debt Applicable to Debt Limit	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	20,225,000
Legal Debt Margin	\$ 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	\$ 71,848,543
Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	33.87%	32.51%	31.55%	30.89%	30.88%	30.56%	29.60%	25.88%	23.72%	21.97%

Legal Debt Margin Calculation for Fiscal Year 2018	
Equalized Valuation Basis	Branchburg
2017	Township
2016	\$ 3,120,970,075
2015	3,054,069,799
	<u>3,032,314,430</u>
	<u>\$9,207,354,304</u>
Average Equalized Valuation of Taxable Property	<u>\$3,069,118,101</u>
Debt Limit (3%* of Average Equalization Value)	\$ 92,073,543
Net Bonded School Debt as of June 30, 2018	<u>20,225,000</u>
Legal Debt Margin	<u>\$ 71,848,543</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.

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

Year	Township Population <sup>a</sup>	Somerset County Per Capita Personal Income <sup>b</sup>		Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
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	90,268		1,325,856,384	3.80%
2017	14,712	90,268	**	1,328,022,816	3.50%
2018	14,712	90,268	*	1,328,022,816	***

N/A - Information is not available.

\* - Latest population data available (2017) was used for calculation purposes.

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

\*\*\* - Latest available population data (2017) and latest available Somerset County per capita personal income (2016) was used for calculation purposes.

Sources:

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

	2018		2009	
	Employer	Percentage of Total Employment	Employees	Percentage of Total Employment

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>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>	<u>2018</u>
Instruction:										
Regular	116.0	126.0	111.0	108.0	109.5	110.0	107.3	106.4	108.0	104.8
Special Education	67.0	68.0	38.5	35.7	32.7	49.7	50.5	45.0	45.0	47.3
Other Special Education	12.0	12.0	11.0	13.0	16.0	16.0	18.2	19.7	17.0	15.0
Support Services:										
Student & Instruction Related Services	40.0	43.0	56.8	57.4	58.0	44.6	40.5	42.9	43.0	43.3
School Administration Services	17.0	16.0	14.3	13.3	14.3	13.8	14.0	14.0	13.8	3.0
General Administration Services	11.0	11.0	7.8	8.2	3.0	3.0	3.0	3.0	3.0	13.8
Central Services and Administrative Information Technology			5.8	6.2	5.6	6.0	5.5	5.4	9.7	9.0
Plant Operations and Maintenance	24.0	20.0	7.0	6.0	6.0	6.0	9.2	8.6	8.0	7.5
Pupil Transportation	25.0	28.0	25.0	25.0	25.5	25.5	29.7	30.2	28.0	27.0
<b>Total</b>	<b>312.0</b>	<b>324.0</b>	<b>277.1</b>	<b>272.7</b>	<b>270.5</b>	<b>274.6</b>	<b>277.9</b>	<b>275.2</b>	<b>275.4</b>	<b>270.5</b>

Source: Branchburg Township School District personnel records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percent Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
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%
2018	2,191	44,562,554	20,339	1.77%	152	9:1	10:1	1,444	1,382	-1.23%	95.71%

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

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> 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.

<sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> 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>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Old York Elementary School										
Square Feet	41,137	41,137	41,137	*	*	*	*	*	*	*
Capacity (Students)	378	378	378	*	*	*	*	*	*	*
Enrollment	335	337	328	*	*	*	*	*	*	*
Stony Brook Elementary School										
Square Feet	47,368	47,368	47,638	47,368	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	295	288	265	392	360	360	350	326	337	342
Whiton Elementary School										
Square Feet	90,321	9,321	9,321	90,321	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	552	545	555	733	733	660	647	615	629	593
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	647	655	644	612	603	604	566	524	501	500

Number of Schools at June 30, 2018:

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.

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

## Undistributed Expenditures:

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

Fiscal Year	Central Middle School	Old York Elementary School	Stony Brook Elementary School	Whiton Elementary School	Total All Facilities
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
2018	190,531	61,925	87,254	485,391	825,101

\* 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.



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:		
NJ Schools Insurance Group:		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 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	6,000,000	N/A
Commercial Automobile Liability	6,000,000	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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

**Internal Control Over Financial Reporting**

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

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

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

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.

January 18, 2019  
Mt. Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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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, 2018. 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, 2018.

### **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.

January 18, 2019  
Mt. Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2017		Cash Received	Budgetary Expenditures	Balance June 30, 2018	
					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	7/1/17-6/30/18	\$ 37,729			\$ 37,729	\$ (33,290)	\$ 4,439	
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	34,820				(4,998)		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	74,449			68,092	(74,449)	\$ (6,357)	
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	70,539			6,285			
Subtotal Child Nutrition Cluster							112,106	(112,737)	(6,357)	4,439
Total Enterprise Funds							112,106	(112,737)	(6,357)	4,439
U.S. Department of Education										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA-0510-18	7/1/17-6/30/18	372,605			372,605	(372,605)		
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-18	7/1/17-6/30/18	20,252			20,252	(20,252)		
Subtotal Special Education Cluster							392,857	(392,857)		
ESEA Consolidated:										
Title I	84.010	ESEA-0510-18	7/1/17-6/30/18	83,964			10,649	(77,104)	(66,455)	
Title I	84.010	NCLB-0510-17	7/1/16-6/30/17	54,118			20,477	(20,477)		
Title II - Part A	84.367A	ESEA-0510-18	7/1/17-6/30/18	63,665			19,560	(48,714)	(29,154)	
Title II - Part A	84.367A	NCLB-0510-17	7/1/16-6/30/17	19,330			7,178	(7,178)		
Title III - Immigrant	84.365	ESEA-0510-18	7/1/17-6/30/18	1,657			167	(1,506)	(1,506)	
Title III - Immigrant	84.365	NCLB-0510-17	7/1/16-6/30/17	519				(167)		
Title IV	84.186	ESEA-0510-18	7/1/17-6/30/18	10,000				(6,612)	(6,612)	
Total Special Revenue Fund							450,888	(526,793)	(103,727)	
Total Federal Awards							\$ 562,994	\$ (639,530)	\$ (110,084)	\$ 4,439
										\$ - 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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2017			Balance June 30, 2018			MEMO	
				Budgetary			GAAP			Budgetary	Cumulative
				Accounts Receivable	Due to Grantor	Cash Received	Accounts Receivable	Due to Grantor	Accounts Receivable	Expenditures	Total Expenditures
<b>New Jersey Department of Education</b>											
<b>Special Fund:</b>											
<b>General Education</b>											
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 1,363,026	\$ 1,231,157	\$ (1,363,026)	\$ 131,869	\$ 1,363,026	\$ 42,952	\$ 1,363,026	\$ 42,952	\$ 443,962
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	443,962	401,010	(443,962)			18,731	193,608	18,731	193,608
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	193,608	174,877	(193,608)			2,239	23,145	2,239	23,145
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	23,145	20,906	(23,145)			2,239	23,145	2,239	23,145
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	23,145	20,906	(23,145)			2,239	23,145	2,239	23,145
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	21,760	19,655	(21,760)			2,105	21,760	2,105	21,760
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	472,074		(472,074)		\$ 472,074	472,074	472,074	472,074	472,074
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	38,280		(38,280)		38,280	38,280	38,280	38,280	38,280
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	949,130	902,222	(949,130)		46,908	46,908	46,908	46,908	949,130
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	1,224,147	1,224,147	(1,224,147)				1,224,147		1,224,147
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	1,850,415	1,850,415	(1,850,415)				1,850,415		1,850,415
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	44,905	44,905	(44,905)				44,905		44,905
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	2,792	2,792	(2,792)				2,792		2,792
<b>Special Education</b>											
Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	1,284,219	123,824					1,284,219		1,284,219
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	443,962	42,807					443,962		443,962
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	193,608	18,668					193,608		193,608
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	23,145	2,232					23,145		23,145
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	23,145	2,232					23,145		23,145
Professional Learning Community Aid	17-495-034-5120-098	7/1/16-6/30/17	21,760	2,098					21,760		21,760
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	445,549	445,549					445,549		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	45,765					928,835		928,835
<b>Total General Fund State Aid</b>			<b>707,187</b>	<b>6,600,179</b>	<b>(6,650,389)</b>		<b>557,262</b>	<b>757,397</b>	<b>10,038,624</b>		<b>10,038,624</b>
<b>Special Revenue Fund:</b>											
<b>N.J. Nonpublic Aid:</b>											
Textbook Aid	18-100-034-5120-064	9/1/17 - 6/30/18	1,260	1,260	(1,065)			\$ 195	1,065		1,065
Nursing Aid	17-100-034-5120-064	9/1/16 - 6/30/17	1,096				\$ 372	\$ (372)	724		724
Nursing Aid	18-100-034-5120-070	9/1/17 - 6/30/18	2,231	2,231	(1,838)			393	1,838		1,838
Nursing Aid	17-100-034-5120-070	9/1/16 - 6/30/17	1,710	396				(396)	1,314		1,314
Technology Aid	18-100-034-5120-373	9/1/17 - 6/30/18	851	851				851	851		851
Technology Aid	17-100-034-5120-373	9/1/16 - 6/30/17	494	179				(179)	215		215
Security Aid	18-100-034-5120-509	9/1/17 - 6/30/18	1,725	1,725	(980)			745	980		980
Security Aid	17-100-034-5120-509	9/1/16 - 6/30/17	950	950				(950)			
<b>Handicapped Services:</b>											
Corrective Speech	17-100-034-5120-509	9/1/16 - 6/30/17	707	707	(707)			(707)			
<b>Total Special Revenue Fund</b>			<b>2,604</b>	<b>6,067</b>	<b>(3,883)</b>		<b>2,184</b>	<b>2,184</b>	<b>6,136</b>		<b>6,136</b>



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2017		Balance June 30, 2018		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Fund:									
Debt Service State Aid Support	18-495-034-5120-075	7/1/17-6/30/18	\$ 91,990	\$ 91,990	\$ (91,990)				\$ 91,990
Total Debt Service Fund				91,990	(91,990)				91,990
Enterprise Fund:									
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	4,482	403	403				4,482
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	5,166	4,721	(5,166)	\$ 445	\$ 445	\$ 445	5,166
Total Enterprise Fund				403	(5,166)	445	445	445	9,648
Total State Awards Subject to Single Audit Determination				\$ 707,590	\$ 2,604	\$ 6,703,360	\$ (2,604)	\$ 557,707	\$ 10,146,398
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18			1,224,147				
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18			1,850,415				
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18			44,905				
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18			2,792				
Subtotal - On-Behalf TPAF Pension System Contributions					3,122,259				
Total State Awards Subject to Single Audit Major Program Determination					(3,629,169)				

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, 2018

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, 2018. 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 (\$8,274) for the General Fund and \$6,023 for the Special Revenue Fund (of which \$4,611 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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		\$ 6,642,115	\$ 6,642,115
Special Revenue Fund	\$ 528,205	3,883	532,088
Debt Service Fund		91,990	91,990
Proprietary Funds - Food Service Enterprise	<u>112,737</u>	<u>5,166</u>	<u>117,903</u>
Total Awards	<u>\$ 640,942</u>	<u>\$ 6,743,154</u>	<u>\$ 7,384,096</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, 2018.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018 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:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
State:				
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	\$ 949,130	\$ 949,130

- 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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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.

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

There were no prior year findings.