

**BRIDGEWATER-RARITAN REGIONAL
SCHOOL DISTRICT**

**Bridgewater-Raritan Regional School District
Bridgewater, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

**Bridgewater-Raritan Regional School District
Board of Education**

Bridgewater, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Bridgewater-Raritan Regional School District
Board Office**

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INTRODUCTORY SECTION



Board of Education

Bridgewater-Raritan Regional School District

836 Newmans Lane, P. O. Box 6030
Bridgewater, New Jersey 08807-0030

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Fax (908) 231-8496

January 18, 2018

The Honorable President and Members of
the Board of Education
Bridgewater-Raritan Regional School District
County of Somerset, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Bridgewater-Raritan Regional School District (the "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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Bridgewater-Raritan Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Bridgewater-Raritan Regional School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12 and completed the 2017-2018 fiscal year with an average daily enrollment of 8,534 students, which is 39 students below the previous year's enrollment.

The Honorable President and Members of
the Board of Education
Bridgewater-Raritan Regional School District
Page 2
January 18, 2018

2) ECONOMIC CONDITION AND OUTLOOK: Both Bridgewater Township and Raritan Borough are situated approximately 45 minutes west of New York City by train, bus or car with major highways running through the communities. Both communities are characterized by educated supportive residents.

Raritan Borough is an established community that is almost fully developed. It is a well-maintained, single-family, residential community. Commercial uses serving the immediate area are concentrated on Routes 202 and 206.

Bridgewater Township is diverse and thriving township with a mix of urban and suburban life. The Township is prime ground for many new and large businesses with its location and easy accessibility. It is home to the Bridgewater Commons Mall and numerous major companies in various industries.

The District has had a stable tax base of approximately \$9,755,000,000 and anticipates growth at a modest rate. The District exhibits wealth and income levels that are above state medians. The District has a low debt burden as percentage of equalized valuation.

3) MAJOR INITIATIVES: Bridgewater-Raritan students continue to excel and demonstrate proficiency in local, state and national assessments where data is monitored and analyzed. The District is currently working to increase the use of quantitative and qualitative data to improve performance. The District completed a strategic planning process this past year and will begin implementation this upcoming year.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The 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 awards, 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's 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 major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

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

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

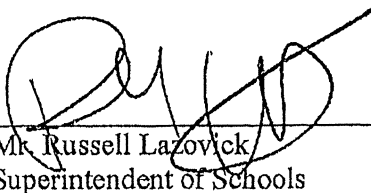
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the New Jersey Schools Insurance Group ("NJSIG"). A complete listing of the District's insurance is located in the Statistical Section of this report on Exhibit J-20.


9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. 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 *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bridgewater-Raritan Regional School District 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 the financial and accounting staff.

Respectfully submitted,

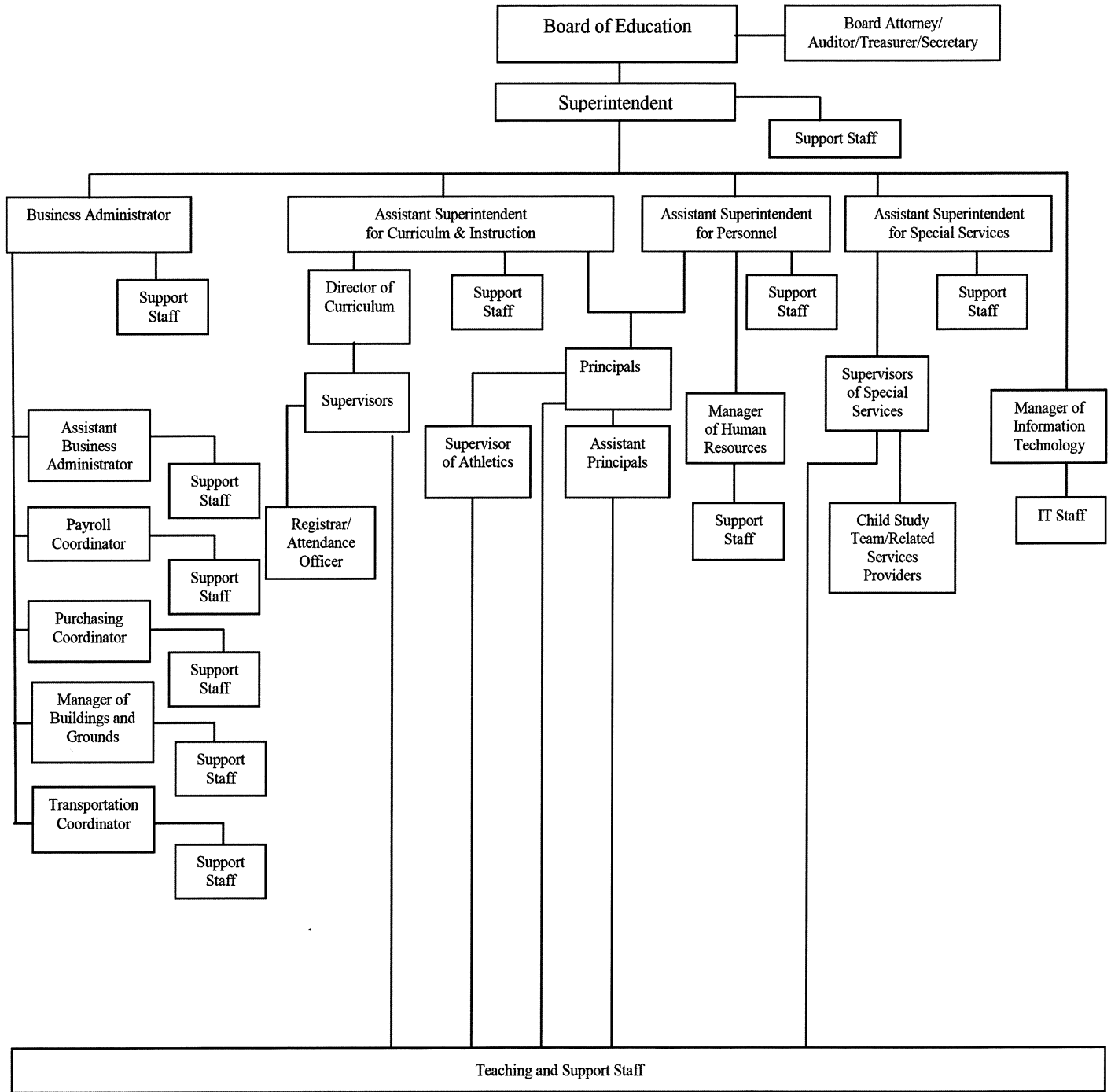


Mr. Russell Lazovick
Superintendent of Schools



Mr. Peter F. Starrs
School Business Administrator/Board Secretary

**BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART
FISCAL YEAR ENDED JUNE 30, 2018**



**BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jill Gladstone, President	2019
Melanie Thiesse	2018
Jackie Barlow	2018
Jeffrey Brookner	2019
Lynne Hurley	2019
Ann Marie Mead	2020
Daniel Petrozelli	2018
Barry Walker	2020

<u>Other Officers</u>	<u>Title</u>
Dr. Russell Lazovick	Superintendent of Schools
Dr. Daniel W. Silvia	Assistant Superintendent
Mr. Peter F. Starrs	Business Administrator/Board Secretary
Mrs. Nicole Petrone	Treasurer of School Monies
Mr. Nicholas Celso, III	General Counsel

BRIDGEWATER-RARITAN REGIONAL BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

Attorney

Nicholas Celso, III
Schwartz, Simon, Edelstein, Celso LLC
100 South Jefferson Road, Suite 200
Whippany, NJ 07981

Special Education Attorney

David Rubin, P.C.
44 Bridge Street
Metuchin, NJ 08840

Architect

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Official Depositories

PNC Bank
Washington Valley Road
Martinsville, NJ 08836

New Jersey Cash Management Fund
P.O. Box 290
Trenton, NJ 08625-0290

New Jersey Asset & Rebate Management Program
821 Alexander Road, Suite 110
Princeton, NJ 08540

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Bridgewater-Raritan Regional 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 Bridgewater-Raritan Regional 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 Bridgewater-Raritan Regional 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 9 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 section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The Honorable President and Members
of the Board of Education
Bridgewater-Raritan Regional School District
Page 3

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.

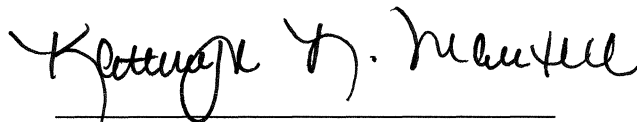
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



NISIVOCCIA LLP

January 18, 2018
Mount Arlington, New Jersey



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

This section of Bridgewater-Raritan Regional School 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.

Financial Highlights

- The District's financial status declined by \$1,224,937 on a district-wide basis.
- Overall revenue was \$214,076,385.
- Overall expenses were \$215,292,822.
- Enrollment in the District has decreased from the prior year by 39 students.

Overview of the Financial Statements

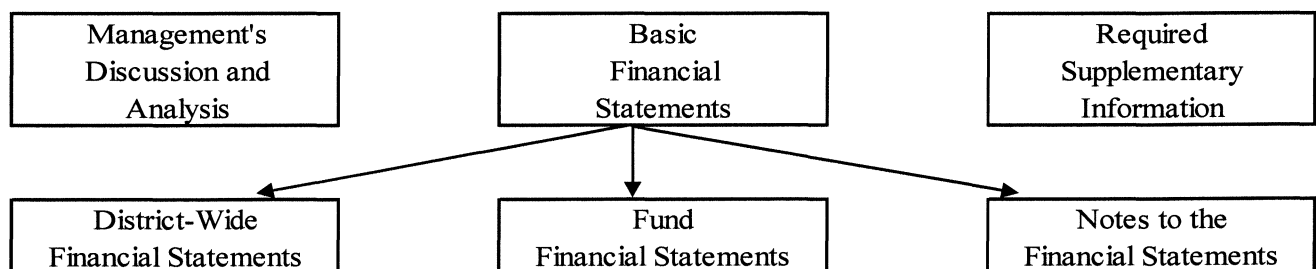
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Figure A-1

Organization of the School District's Financial Report



**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 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 program	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities 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

**Management's Discussion and Analysis
For the 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 – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or position.

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition 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 is 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. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

- *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 Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by \$1,224,937. Net position from governmental activities decreased by \$856,969 and net position from business-type activities decreased by \$367,968. Net investment in capital assets increased by \$691,285, restricted net position increased by \$2,774,441, and unrestricted net position decreased by \$4,690,663.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Current and							
Other Assets	\$ 28,327,558	\$ 27,248,285	\$ 995,921	\$ 1,132,833	\$ 29,323,479	\$ 28,381,118	3.32%
Capital Assets, Net	46,485,224	49,935,778	332,387	368,314	46,817,611	50,304,092	-6.93%
Total Assets	<u>74,812,782</u>	<u>77,184,063</u>	<u>1,328,308</u>	<u>1,501,147</u>	<u>76,141,090</u>	<u>78,685,210</u>	-3.23%
Deferred Outflows of Resources	<u>16,703,496</u>	<u>15,504,427</u>			<u>16,703,496</u>	<u>15,504,427</u>	7.73%
Other Liabilities	3,807,760	3,037,261	278,705	83,576	4,086,465	3,120,837	30.94%
Long-Term Liabilities	78,018,885	87,147,872			78,018,885	87,147,872	-10.48%
Total Liabilities	<u>81,826,645</u>	<u>90,185,133</u>	<u>278,705</u>	<u>83,576</u>	<u>82,105,350</u>	<u>90,268,709</u>	-9.04%
Deferred Inflows of Resources	<u>8,034,745</u>				<u>8,034,745</u>		100.00%
Net Position:							
Net Investment in							
Capital Assets	20,369,850	19,642,638	332,387	368,314	20,702,237	20,010,952	3.45%
Restricted	22,431,487	19,648,546			22,431,487	19,648,546	14.16%
Unrestricted/(Deficit)	<u>(41,146,449)</u>	<u>(36,787,827)</u>	<u>717,216</u>	<u>1,049,257</u>	<u>(40,429,233)</u>	<u>(35,738,570)</u>	-13.12%
Total Net Position	<u>\$ 1,654,888</u>	<u>\$ 2,503,357</u>	<u>\$ 1,049,603</u>	<u>\$ 1,417,571</u>	<u>\$ 2,704,491</u>	<u>\$ 3,920,928</u>	-31.02%

Changes in Net Position. The District's combined net position was \$2,704,491 on June 30, 2018, a decrease of \$1,216,437 or 31.02% less than the year before. (See Figure A-3). Net Investment in Capital Assets increased by \$691,285 due to a net decrease in serial bonds payable of \$4,405,000; a net decrease in capital leases payable of \$2,822; as well as current year capital assets additions (net of deletions) of \$3,167,220 offset by current year depreciation expense of \$6,653,701 and a net decrease in deferred interest of \$230,056. Restricted net position increased by \$2,82,941 primarily due to the net increase in Capital Reserve of \$3,024,441 offset by a \$250,000 decrease in excess surplus.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

The decrease of \$4,690,663 in unrestricted net position was primarily due to a net decrease in business-type activities unrestricted net position of \$332,041; a \$2,558,202 decrease in fund balance committed to Capital Projects; a net decrease in deferred inflows and outflows and liabilities related to pensions of \$2,357,828; offset by an increase in encumbrances of \$347,452 and an increase from normal operations in unrestricted net position of \$209,956.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2017/18	Business- Type Activities 2017/18	Governmental Activities 2016/17	Business- Type Activities 2016/17	Total School District 2017/18	Total School District 2016/17	Percentage Change 2017/18
Revenue:							
Program Revenue:							
Charges for Services	\$ 568,120	\$2,517,382	\$ 448,540	\$2,336,499	\$ 3,085,502	\$ 2,785,039	10.79%
Operating Grants and Contributions	66,390,328	626,306	60,726,503	641,824	67,016,634	61,368,327	9.20%
General Revenue:							
Property Taxes	139,859,072		135,159,186		139,859,072	135,159,186	3.48%
Unrestricted State and Federal Aid	2,899,424		2,871,325		2,899,424	2,871,325	0.98%
Other	1,211,814	3,939	818,108	1,376	1,215,753	819,484	48.36%
Total Revenue	210,928,758	3,147,627	200,023,662	2,979,699	214,076,385	203,003,361	5.45%
Expenses:							
Instruction	134,861,901		127,415,341		134,861,901	127,415,341	5.84%
Pupil and Instruction Services	31,485,550		31,138,278		31,485,550	31,138,278	1.12%
Administrative and Business	16,236,740		15,951,092		16,236,740	15,951,092	1.79%
Maintenance and Operations	19,323,705		18,929,556		19,323,705	18,929,556	2.08%
Transportation	9,516,584		9,371,725		9,516,584	9,371,725	1.55%
Other	888,455	2,979,887	1,051,197	2,760,192	3,868,342	3,811,389	1.49%
Total Expenses	212,312,935	2,979,887	203,857,189	2,760,192	215,292,822	206,617,381	4.20%
Transfers	535,708	(535,708)					0.00%
Increase/(Decrease) in Net Position	\$ (848,469)	\$ (367,968)	\$ (3,833,527)	\$ 219,507	\$ (1,216,437)	\$ (3,614,020)	

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District declined. Maintaining existing programs with a slight decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary and benefit costs, school security, state mandates on testing and energy costs place great demands on the District's resources.

Careful management of expenses and increases in revenues remains essential for the District to sustain its financial health. Monitoring expenses carefully and planning Capital Reserve projects and other expenses allowed us to make several significant upgrades during the 2017/2018 school year.

The District will continue its practice of examining all expenses carefully and being mindful of pressure to reduce taxes while maintaining and/or expanding programs.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. 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

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017/18	2017/18	2016/17	2016/17
Instruction	\$ 134,861,901	\$ 79,861,565	\$ 127,415,341	\$ 77,888,833
Pupil and Instruction Services	31,485,550	23,162,840	31,138,278	23,215,732
Administrative and Business	16,236,740	13,996,974	15,951,092	13,538,828
Maintenance and Operations	19,323,705	18,845,680	18,929,556	18,929,556
Transportation	9,516,584	8,120,948	9,371,725	8,058,000
Other	888,455	1,366,480	1,051,197	1,051,197
	<u>\$ 212,312,935</u>	<u>\$ 145,354,487</u>	<u>\$ 203,857,189</u>	<u>\$ 142,682,146</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$367,968 (Refer to Figure A-4). The decrease in net position was primarily due to transfers made to the General Fund.

Financial Analysis of the District's Funds

The District is presently in a stable financial position. A major concern for the community is that the burden of the rising cost of education is focused on taxpayers to support their local schools. Despite these concerns, the Bridgewater-Raritan Regional School District is committed to maintaining fiscal responsibility as well as achieving educational excellence for all the students of the District.

To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts after staff transfers to various programs.
- Transferred from unexpended appropriations to purchase teaching materials, computers, and equipment to meet various program needs.
- Transferred from capital reserve to fund the high school running track reconstruction and various roof replacements.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Capital Asset and Long-Term Liabilities Administration

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2017/18
	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		
	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>	
Sites and Site							
Improvements	\$ 23,025,349	\$ 23,422,441			\$ 23,025,349	\$ 23,422,441	-1.70%
Construction in Progress	57,350	215,238			57,350	215,238	-73.36%
Buildings and Building Improvements	20,088,780	23,068,931			20,088,780	23,068,931	-12.92%
Machinery and Equipment	<u>3,313,745</u>	<u>3,229,168</u>	<u>\$ 332,387</u>	<u>\$ 368,314</u>	<u>3,646,132</u>	<u>3,597,482</u>	1.35%
Total	<u><u>\$ 46,485,224</u></u>	<u><u>\$ 49,935,778</u></u>	<u><u>\$ 332,387</u></u>	<u><u>\$ 368,314</u></u>	<u><u>\$ 46,817,611</u></u>	<u><u>\$ 50,304,092</u></u>	-6.93%

The District expended \$2,436,583 towards construction projects in progress and transferred \$2,594,471 of completed capital projects to depreciable capital assets during the fiscal year. Additionally, the District expended \$725,991 from its current year capital budget and depreciated \$6,613,128 of its governmental activities capital assets. The District purchased \$4,646 of capital assets and depreciated \$40,573 of its business-type activities capital assets during the fiscal year.

Long-term Liabilities

At year-end, the District had \$78,018,885 in long-term liabilities – a decrease of \$9,128,987 or 10.48% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-7

	Outstanding Long-Term Liabilities		Percentage Change 2017/18
	<u>Total School District</u>		
	<u>2017/18</u>	<u>2016/17</u>	
General Obligation Bonds (Financed with Property Taxes)	\$ 26,505,000	\$ 30,910,000	-14.25%
Unamortized Bond Issuance Premium	1,574,372	1,877,686	-16.15%
Capital Leases Payable	808,245	811,067	-0.35%
Compensated Absences Payable	9,103,029	8,965,551	1.53%
Net Pension Liability	<u>40,028,239</u>	<u>44,583,568</u>	-10.22%
	<u><u>\$ 78,018,885</u></u>	<u><u>\$ 87,147,872</u></u>	-10.48%

- The District continued to pay down its bonded debt, retiring \$4,405,000 of outstanding bonds.
- In fiscal year 2018, there was a net decrease of \$4,555,329 in the District's net pension liability.
- The District entered into a \$811,792 lease purchase agreement for various technology equipment and paid down \$814,614 in capital leases payable.
- The District amortized \$303,314 of bond issuance premium related to its bonded debt.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was unaware of existing circumstances that could significantly affect its financial health in the future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors 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, 836 Newmans Lane, P.O. Box 6030, Bridgewater, New Jersey 08807-0030. Please visit our website at www.brrsd.k12.nj.us.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 11,797,229	\$ 876,650	\$ 12,673,879
Investments	3,118,813		3,118,813
Interfund Receivable - Fiduciary Funds	9,775		9,775
Receivables from State Government	1,321,424	2,111	1,323,535
Receivables from Federal Government	642,595	37,582	680,177
Receivables from Other Governments	90,188		90,188
Other Accounts Receivables	165,877	26,176	192,053
Inventories		53,402	53,402
Restricted Cash and Cash Equivalents	11,181,657		11,181,657
Capital Assets, Net:			
Sites (Land) and Construction in Progress	21,745,050		21,745,050
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	24,740,174	332,387	25,072,561
Total Assets	74,812,782	1,328,308	76,141,090
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	1,197,871		1,197,871
Deferred Outflows - Pensions	15,505,625		15,505,625
Total Deferred Outflows of Resources	16,703,496		16,703,496
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	3,173,590	185,040	3,173,590
Accrued Interest Payable	297,850		297,850
Interfund Payable		1,620	
Payable to State Government	59,338		59,338
Unearned Revenue	276,982	92,045	276,982
Noncurrent Liabilities:			
Due Within One Year	5,480,988		5,480,988
Due Beyond One Year	72,537,897		72,537,897
Total Liabilities	81,826,645	278,705	81,826,645
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows - Pensions	8,034,745		8,034,745
Total Deferred Inflows of Resources	8,034,745		8,034,745
<u>NET POSITION:</u>			
Net Investment in Capital Assets	20,369,850	332,387	20,369,850
Restricted for:			
Capital Projects	11,181,657		11,181,657
Excess Surplus	11,250,000		11,250,000
Unrestricted/(Deficit)	(41,146,619)	717,216	(41,146,619)
Total Net Position	\$ 1,654,888	\$ 1,049,603	\$ 1,654,888

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 87,310,949	\$ 154,718	\$ 29,250,824	\$ (57,905,407)		\$ (57,905,407)
Special Education	34,550,043	27,354	21,149,254	(13,373,435)		(13,373,435)
Other Special Instruction	10,575,344		4,418,186	(6,157,158)		(6,157,158)
Other Instruction	2,425,565			(2,425,565)		(2,425,565)
Support Services:						
Tuition	4,626,742			(4,626,742)		(4,626,742)
Student and Instruction Related Services	26,858,808		8,322,710	(18,536,098)		(18,536,098)
General Administrative Services	2,595,418		330,828	(2,264,590)		(2,264,590)
School Administrative Services	10,723,326		1,725,221	(8,998,105)		(8,998,105)
Central Services	2,523,380		183,717	(2,339,663)		(2,339,663)
Administrative Information Technology	394,616			(394,616)		(394,616)
Plant Operations and Maintenance	18,845,680			(18,845,680)		(18,845,680)
Pupil Transportation	9,516,584	386,048	1,009,588	(8,120,948)		(8,120,948)
Transfer of Funds to Charter School	11,931			(11,931)		(11,931)
Interest on Long-Term Debt	876,524			(876,524)		(876,524)
Capital Outlay	478,025			(478,025)		(478,025)
Total Governmental Activities	212,312,935	568,120	66,390,328	(145,354,487)		(145,354,487)
Business-Type Activities:						
Food Service Fund	2,979,887	2,517,382	626,306		\$ 163,801	163,801
Total Business-Type Activities	2,979,887	2,517,382	626,306		163,801	163,801

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 215,292,822	\$ 3,085,502	\$ 67,016,634	\$ (145,354,487)	\$ 163,801	\$ (145,190,686)
General Revenues and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				134,459,028		134,459,028
Taxes Levied for Debt Service				5,400,044		5,400,044
Federal, State and Local Aid not Restricted				2,899,424		2,899,424
Interest Earnings				92,253	3,939	96,192
Miscellaneous Income				1,119,561		1,119,561
Transfers				535,708	(535,708)	
Total General Revenues and Transfers				144,506,018	(531,769)	143,974,249
Change in Net Position				(848,469)	(367,968)	(1,216,437)
Net Position - Beginning				2,503,357	1,417,571	3,920,928
Net Position - Ending				\$ 1,654,888	\$ 1,049,603	\$ 2,704,491

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

FUND FINANCIAL STATEMENTS

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 11,785,079		\$ 12,150	\$ 11,797,229
Investments	3,118,813			3,118,813
Interfund Receivable	338,808			338,808
Receivables From State Government	1,321,424			1,321,424
Receivables From Federal Government	9,374	\$ 633,221		642,595
Receivables From Other Governments	86,449	3,739		90,188
Other Accounts Receivable	165,877			165,877
Restricted Cash and Cash Equivalents	11,181,657			11,181,657
Total Assets	\$ 28,007,481	\$ 636,960	\$ 12,150	\$ 28,656,591
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		\$ 329,033		\$ 329,033
Accounts Payable	\$ 1,197,403	198,651	\$ 700	1,396,754
Payable to State Government		59,338		59,338
Unearned Revenue	227,044	49,938		276,982
Total Liabilities	1,424,447	636,960	700	2,062,107
Fund Balances:				
Restricted:				
Capital Reserve Account	11,181,657			11,181,657
Excess Surplus - For 2019-2020	5,500,000			5,500,000
Excess Surplus - For 2018-2019	5,750,000			5,750,000
Committed:				
Capital Projects			\$ 11,450	11,450
Assigned:				
Other Purposes	1,158,157			1,158,157
Unassigned	2,993,220			2,993,220
Total Fund Balances	26,583,034		11,450	26,594,484
Total Liabilities and Fund Balances	\$ 28,007,481	\$ 636,960	\$ 12,150	\$ 28,656,591

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Amounts reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

Total Fund Balances from previous page	\$ 26,594,484
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$325,515,327 and the accumulated depreciation is \$279,030,103.	46,485,224
Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	1,197,871
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(297,850)
Long-Term Liabilities, including the Net Pension Liability for PERS, Bonds Payable and Capital Leases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(76,444,513)
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$3,104,987 and the Accumulated Amortization is \$1,530,615.	(1,574,372)
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:	
Changes in Assumptions - Pensions	29,566
Changes in Proportions - Pensions	4,449,386
Difference Between Expected and Actual Experience - Pensions	942,527
Net Difference Between Expected and Actual Earnings on Pension Plan Investments- Pensions	<u>272,565</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 1,654,888</u></u>

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

BRIDGEWATER-RARITAN REGIONAL 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	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 134,459,028			\$ 5,400,044	\$ 139,859,072
Other Local Government Units - Restricted	319,813				319,813
Tuition from Individuals	1,460				1,460
Tuition from Other LEAs	153,258				153,258
Tuition from Other Sources	27,354				27,354
Transportation Fees From Individuals	32,570				32,570
Transportation Fees from LEA's	33,665				33,665
Interest Earned on Capital Reserve Funds	1,000				1,000
Unrestricted Miscellaneous Revenue	1,210,814	\$ 87,754			1,298,568
Total - Local Sources	136,238,962	87,754		5,400,044	141,726,760
State Sources	32,501,528	107,765			32,609,293
Federal Sources	95,425	2,286,815			2,382,240
Total Revenues	168,835,915	2,482,334		5,400,044	176,718,293
EXPENDITURES:					
Current:					
Regular Instruction	45,554,735	393,108			45,947,843
Special Education Instruction	15,545,950	1,470,822			17,016,772
Other Special Instruction	4,757,361				4,757,361
School-Sponsored/Other Instruction	1,986,092				1,986,092
Support Services and Undistributed Costs:					
Tuition	4,324,768				4,324,768
Student/Other Instruction Related Services	14,703,191	610,156			15,313,347
General Administrative Services	1,952,864				1,952,864
School Administrative Services	7,427,102				7,427,102
Central Services	1,215,313				1,215,313
Administrative Information Technology	339,549				339,549
Plant Operations and Maintenance	11,398,519				11,398,519
Student Transportation	8,590,767				8,590,767
Unallocated and Allocated Benefits	47,360,081				47,360,081
Transfer of Funds to Charter School	11,931				11,931
Capital Outlay	2,007,560	8,248	\$ 2,436,583		4,452,391
Debt Service:					
Principal				4,405,000	4,405,000
Interest and Other Charges				995,044	995,044
Total Expenditures	167,175,783	2,482,334	2,436,583	5,400,044	177,494,744
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	1,660,132		(2,436,583)		(776,451)
Other Financing Sources/(Uses):					
Capital Leases (Non-budgeted)	811,792				811,792
Transfers	121,619		(121,619)		
Transfer In - Food Service Fund	537,328				537,328
Transfer Out - Before and After Care Program	(1,620)				(1,620)
Total Other Financing Sources/(Uses)	1,469,119		(121,619)		1,347,500

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 3,129,251		\$ (2,558,202)		\$ 571,049
Fund Balance - July 1	<u>23,453,783</u>		<u>2,569,652</u>		<u>26,023,435</u>
Fund Balance - June 30	<u>\$ 26,583,034</u>	<u>\$ -0-</u>	<u>\$ 11,450</u>	<u>\$ -0-</u>	<u>\$ 26,594,484</u>

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	571,049
Amounts reported for Governmental Activities in the Statement of 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 depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (6,613,128)
	Capital Outlays	<u>3,162,574</u>
		(3,450,554)
In the Statement of Activities, 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 accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		45,262
Repayment of serial bonds 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.		
		4,405,000
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities.		
		(811,792)
Repayment of capital leases 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.		
		814,614
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. (+)		
		303,314
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(230,056)
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(137,478)
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:		
		4,555,329
Change in Net Pension Liability		
Change in Deferred Outflows:		
		(1,171,023)
		3,606,650
		113,408
		(1,427,447)
		<u>(8,034,745)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	\$	<u>(848,469)</u>

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 876,650
Intergovernmental Accounts Receivable:	
State	2,111
Federal	37,582
Other Accounts Receivable	26,176
Inventories	53,402
	995,921
Total Current Assets	
Non-Current Assets:	
Capital Assets	726,696
Less: Accumulated Depreciation	(394,309)
	332,387
Total Non-Current Assets	
Total Assets	1,328,308
<u>LIABILITIES:</u>	
Interfund Payable - General Fund	1,620
Accounts Payable	185,040
Prepaid Sales	70,747
USDA Commodities	21,298
	278,705
Total Liabilities	
<u>NET POSITION:</u>	
Investment in Capital Assets	332,387
Unrestricted	717,216
	1,049,603
Total Net Position	\$ 1,049,603

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>
Operating Revenue:	
Daily Sales:	
Reimbursable Programs	\$ 1,334,838
Non-Reimbursable Programs	1,063,260
Charges for Services:	1,380
Program Fees	112,518
Miscellaneous Revenue	5,386
Total Operating Revenue	<u>2,517,382</u>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	992,886
Non-Reimbursable Programs	558,498
Salaries, Benefits & Payroll Taxes	1,094,116
Insurance & Other Costs	140,814
Other Purchased Services	43,556
Supplies and Materials	68,851
Management Fee	37,419
Miscellaneous Expenditures	3,174
Depreciation Expense	40,573
Total Operating Expenses	<u>2,979,887</u>
Operating Loss	(462,505)
Non-Operating Revenue:	
Local Sources:	
Interest Earnings	3,939
State Sources:	
State School Lunch Program	30,632
Federal Sources:	
National School Lunch Program	472,441
School Breakfast Program	12,731
Food Distribution Program	110,502
Total Non-Operating Revenue	<u>630,245</u>
Change in Net Position Before Transfers	167,740
Transfers:	
Transfer In - General Fund	1,620
Transfer Out - General Fund	(537,328)
Total Other Items	<u>(535,708)</u>
Change in Net Position after Transfers	(367,968)
Net Position - Beginning of Year	<u>1,417,571</u>
Net Position - End of Year	<u>\$ 1,049,603</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,509,010
Payments to Food Service Contractors	(2,637,426)
Payments for Salaries, Payroll Taxes and Benefits	(3,000)
Net Cash Used for Operating Activities	<u>(131,416)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(4,646)
Net Cash Used for Capital and Related Financing Activities	<u>(4,646)</u>
Cash Flows from Investing Activities:	
Interest Income	3,939
Net Cash Provided by Investing Activities	<u>3,939</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	30,448
Federal Sources	487,801
Transfer In - General Fund	1,620
Transfer Out - General Fund	(537,328)
Net Cash Used For Noncapital Financing Activities	<u>(17,459)</u>
Net Decrease in Cash and Cash Equivalents	(149,582)
Cash and Cash Equivalents, July 1	<u>1,026,232</u>
Cash and Cash Equivalents, June 30	<u>\$ 876,650</u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (462,505)
Adjustment to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation	40,573
Food Distribution Program	110,502
Changes in Assets and Liabilities:	
(Increase) in Other Accounts Receivable	(15,125)
Decrease in Inventory	3,010
Increase in Accounts Payable	185,040
Increase in Unearned Revenue	7,089
Net Cash Used for Operating Activities	<u>\$ (131,416)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$110,837 and utilized U.S.D.A. Commodities valued at \$110,502.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 1,881,054	\$ 3,068,716
Total Assets	<u>1,881,054</u>	<u>3,068,716</u>
<u>LIABILITIES:</u>		
Interfund Payable:		
General Fund	8,155	
Payroll Deductions and Withholdings	990,734	
Due to Student Groups	<u>882,165</u>	
Total Liabilities	<u>1,881,054</u>	
<u>NET POSITION:</u>		
Held in Trust for:		
Unemployment Claims		<u>3,068,716</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 3,068,716</u>

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	<u>\$ 190,337</u>
Total Contributions	<u>190,337</u>
Investment Earnings:	
Interest	<u>35,724</u>
Net Investment Earnings	<u>35,724</u>
Total Additions	<u>226,061</u>
DEDUCTIONS:	
Unemployment Benefit Claims	42,871
Quarterly Unemployment Contributions	<u>51,045</u>
Total Deductions	<u>93,916</u>
Change in Net Position	132,145
Net Position - Beginning of the Year	<u>2,936,571</u>
Net Position - End of the Year	<u><u>\$ 3,068,716</u></u>

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

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

BRIDGEWATER-RARITAN REGIONAL 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 comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund. These resources can be transferred from and to current expenses by board resolution. As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

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

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

The District reports the following proprietary fund:

BRIDGEWATER-RARITAN REGIONAL 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)

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Unemployment Compensation Trust.

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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

BRIDGEWATER-RARITAN REGIONAL 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)

Transfers of appropriations may be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The general fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments 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	\$ 168,868,021	\$ 2,451,073
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.		
Current Year Encumbrances		(515)
Prior Year Encumbrances		23,276
Prior Year State Aid Payments Recognized for GAAP Statements	892,777	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(924,883)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 168,835,915</u>	<u>\$ 2,473,834</u>

BRIDGEWATER-RARITAN REGIONAL 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)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 167,175,783	\$ 2,451,073
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(515)
Prior Year Encumbrances		23,276
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 167,175,783</u>	<u>\$ 2,473,834</u>

E. Cash and Cash Equivalents and Investments

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

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

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

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured.

BRIDGEWATER-RARITAN REGIONAL 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 (Cont'd)

All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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 fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed 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 an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

BRIDGEWATER-RARITAN REGIONAL 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:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

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.

BRIDGEWATER-RARITAN REGIONAL 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)

N. Compensated Absences (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

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

O. Unearned Revenue

Unearned revenue in the special revenue and the enterprise funds represent cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$26,574,534 General Fund fund balance at June 30, 2018, \$1,158,157 is assigned for encumbrances; \$11,172,987 is restricted in the capital reserve account; \$5,750,000 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019; \$5,500,000 is restricted as current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; and there is \$2,993,390 in unassigned fund balance, which is \$924,883 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The \$11,450 fund balance in the Capital Projects Fund at June 30, 2018 is committed.

Debt Service Fund: There is no fund balance in the Debt Service Fund at June 30, 2018.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, 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 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 has excess surplus as outlined above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments 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 these 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 noted above.

BRIDGEWATER-RARITAN REGIONAL 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 \$41,146,449 in governmental activities, which is primarily due to the accrual of the District's net pension liability of \$40,028,239, and related deferred inflows and outflows and compensated absences of \$9,103,029. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for the deferred amount on a bond refunding, changes in assumptions in pensions, changes in proportion in pensions, difference between expected and actual pension experience, the difference between projected and actual investment earnings on pension plan investments and District contribution subsequent to the measurement date related to pensions at June 30, 2018. The District had a deferred inflow of resources at June 30, 2018 for changes in assumptions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments

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

BRIDGEWATER-RARITAN REGIONAL 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 (Cont'd)

Fund balance restrictions have been established for excess surplus and a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$11,450 of committed fund balance at June 30, 2018 in its Capital Projects Fund.

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 \$1,158,157 assigned for encumbrances in the General Fund 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.

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 activities of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary 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.

BRIDGEWATER-RARITAN REGIONAL 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)

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.

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

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

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

Custodial Credit Risk - The District does not have a formal policy with respect to custodial credit risk. However, 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 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.

BRIDGEWATER-RARITAN REGIONAL 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)

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (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 the 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.)

BRIDGEWATER-RARITAN REGIONAL 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)

- (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;
 - (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 and investments of the District consisted of the following:

	Restricted Cash and Cash Equivalents Capital Reserve Account	Cash and Cash Equivalents				Investments	Total
		Checking Accounts	New Jersey Cash Manage- ment Fund	New Jersey Asset & Rebate Management			
Checking Accounts	\$ 11,181,657	\$ 14,680,654	\$ 2,934,541	\$ 8,454		\$ 28,805,306	
Certificates of Deposit					\$ 3,118,813	3,118,813	
	<u>\$ 11,181,657</u>	<u>\$ 14,680,654</u>	<u>\$ 2,934,541</u>	<u>\$ 8,454</u>	<u>\$ 3,118,813</u>	<u>\$ 31,924,119</u>	

During the period ended June 30, 2018, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2018, was \$31,924,119 and the bank balance was \$35,183,568. The \$2,934,541 and \$8,454 in the New Jersey Cash Management Fund and the New Jersey Asset & Rebate Management Program, respectively, are uninsured and unregistered.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1,000 in fiscal year 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-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.

Beginning Balance, July 1, 2017	\$ 8,148,546
Add:	
Interest Earnings	1,000
Return of Unexpended Balance from Capital Projects Fund	190,577
Transfer from Unassigned Fund Balance as per Board Resolution - June 26, 2018	2,910,492
Less:	
Transfer to Capital Projects Fund as per Board Resolutions	<u>(68,958)</u>
Ending Balance, June 30, 2018	<u><u>\$ 11,181,657</u></u>

The balance in the capital reserve account at June 30, 2018 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawal from capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District made transfers to Capital Outlay of \$116,328 for equipment and \$20,000 to facilities for debt service on SDA funding which do not require County Superintendent approval .

NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustment/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 21,687,700			\$ 21,687,700
Construction in Progress	215,238	\$ 2,436,583	\$ (2,594,471)	57,350
Total Capital Assets Not Being Depreciated	<u>21,902,938</u>	<u>2,436,583</u>	<u>(2,594,471)</u>	<u>21,745,050</u>
Capital Assets Being Depreciated:				
Site Improvements	4,306,152			4,306,152
Buildings and Building Improvements	286,237,681	2,594,471		288,832,152
Machinery and Equipment	9,905,982	725,991		10,631,973
Total Capital Assets Being Depreciated	<u>300,449,815</u>	<u>3,320,462</u>		<u>303,770,277</u>
Governmental Activities Capital Assets	<u>322,352,753</u>	<u>5,757,045</u>	<u>(2,594,471)</u>	<u>325,515,327</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,571,411)	(397,092)		(2,968,503)
Buildings and Building Improvements	(263,168,750)	(5,574,622)		(268,743,372)
Machinery and Equipment	(6,676,814)	(641,414)		(7,318,228)
	<u>(272,416,975)</u>	<u>(6,613,128)</u>		<u>(279,030,103)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 49,935,778</u>	<u>\$ (856,083)</u>	<u>\$ (2,594,471)</u>	<u>\$ 46,485,224</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 722,050	\$ 4,646		\$ 726,696
Less: Accumulated Depreciation	<u>(353,736)</u>	<u>(40,573)</u>		<u>(394,309)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 368,314</u>	<u>\$ (35,927)</u>	<u>\$ -0-</u>	<u>\$ 332,387</u>

The District expended \$2,436,583 towards construction projects in progress and transferred \$2,594,471 of completed capital projects to depreciable capital assets during the fiscal year. Additionally, the District expended \$725,991 from its current year capital budget and depreciated \$6,613,128 of its governmental activities capital assets. The District purchased \$4,646 of capital assets and depreciated \$40,573 of its business-type activities capital assets during the fiscal year. As of June 30, 2018, the District had \$68,800 in active construction projects including \$11,450 of encumbrances.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 175,732
Special Instruction	11,134
School Sponsored/Other Instruction	29,092
Student and Instruction Related Services	14,098
General Administration	157,486
School Administration	14,000
Operations and Maintenance of Plant	6,047,300
Student Transportation	164,286
	<u>\$ 6,613,128</u>

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2017	Accrued	Retired	Balance 6/30/2018
Serial Bonds Payable	\$ 30,910,000		\$ 4,405,000	\$ 26,505,000
Unamortized Bond Issuance Premium	1,877,686		303,314	1,574,372
Compensated Absences Payable	8,965,551	\$ 578,871	441,393	9,103,029
Capital Leases Payable	811,067	811,792	814,614	808,245
Net Pension Liability	44,583,568		4,555,329	40,028,239
	<u>\$ 87,147,872</u>	<u>\$ 1,390,663</u>	<u>\$ 10,519,650</u>	<u>\$ 78,018,885</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 liquidated by the Debt Service Fund.

On July 16, 2014, the District issued refunding school bonds of \$16,795,000 with interest rates ranging from 0.349% to 3.079% to advance refund \$16,120,000 of school bonds with interest rates ranging from 4.2% to 5.0%. The bonds mature on July 15, 2015 through 2022 and July 15, 2015 was the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation 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 school bonds were called on July 15, 2015. The advance 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 advance refunding, the School will realize a total of \$740,082 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$668,202, or 4.591% of the bonds refunded.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Serial Bonds</u>		<u>Amount</u>
	<u>Final Maturity Date</u>	<u>Interest Rate</u>	
2012 Refunding Project School Bonds	05/01/23	2.25%-5.00%	\$ 9,505,000.00
2012 Refunding School Bonds	07/15/24	2.375%-5.00%	4,805,000
2014 Refunding School Bonds	07/15/22	1.988%-3.079%	12,195,000
			<u>\$ 26,505,000</u>

Principal and interest due on serial bonds outstanding will be paid from the Debt Service Fund and are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,640,000	\$ 856,997	\$ 5,496,997
2020	4,795,000	710,373	5,505,373
2021	4,980,000	529,407	5,509,407
2022	5,185,000	342,503	5,527,503
2023	5,405,000	141,686	5,546,686
2024-2025	1,500,000	36,903	1,536,903
	<u>\$ 26,505,000</u>	<u>\$ 2,617,869</u>	<u>\$ 29,122,869</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had no bonds authorized but not issued.

C. Unamortized Bond 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 \$303,316 and is separated from the long-term liability balance of \$1,271,056.

D. Capital Leases Payable:

The District is leasing computer technology and other equipment under capital leases valued at \$2,441,222, of which \$1,632,977 has matured and been repaid. The capital leases are for terms of three years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2018.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Capital Leases Payable: (Cont'd)

<u>Year Ending</u>	<u>Amount</u>
June 30, 2018	\$ 550,000
June 30, 2019	<u>275,000</u>
	825,000
Less: Amount Representing Interest	<u>(16,755)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 808,245</u>

The current portion of capital leases payable at June 30, 2018 is \$537,672 and the long-term portion is \$270,573. The General Fund will be used to liquidate the capital leases payable.

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The compensated absences balance of the governmental funds as of June 30, 2018 is \$9,103,029, none of which represents a current liability; therefore, the entire balance is reported as long-term liabilities. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable. There is no liability for compensated absences in the proprietary funds.

F. 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 \$40,028,239. See Note 8 for further information on the PERS.

NOTE 8. 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.

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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,630,011 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 \$40,028,239 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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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)

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 0.172%, which was an increase of 0.022% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$3,978,069. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 454,078	
	2015	5.72	1,912,698	
	2016	5.57	5,697,535	
	2017	5.48	<u>8,064,311</u>	\$ 8,034,745
				<u>8,034,745</u>
Difference Between Expected and Actual Experience	2015	5.72	530,670	
	2016	5.57	172,904	
	2017	5.48	<u>238,953</u>	
			<u>942,527</u>	
Changes in Proportion	2014	6.44	200,029	
	2015	5.72	98,086	
	2016	5.57	333,238	
	2017	5.00	<u>3,818,033</u>	
			<u>4,449,386</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(479,655)	
	2015	5.00	409,174	
	2016	5.57	1,715,610	
	2017	5.48	<u>(1,372,564)</u>	
			<u>272,565</u>	
Contribution Made Subsequent to the Measurement Date	2017	1.00	<u>1,776,836</u>	
			<u>\$ 15,505,625</u>	<u>\$ 8,034,745</u>

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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)

Fiscal Year Ending June 30,	Total
2018	\$ 942,303
2019	1,421,960
2020	861,634
2021	(1,145,975)
2022	(835,264)
	\$ 1,244,658

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:	
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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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 Equit	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 contribute 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>District's proportionate share of the Net Pension Liability</u>	\$ 49,657,747	\$ 40,028,239	\$ 32,005,665
<u>Pension Plan Fiduciary Net Position</u>			

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.

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 2017, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$10,026,076 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$30,857,494.

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 \$445,435,179. 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 0.6606%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2016.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>445,435,179</u>
Total	\$	<u><u>445,435,179</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$30,857,494 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

The State reported collective 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	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3	<u>13,378,255,364</u>	\$ 11,684,858,458
			<u>13,378,255,364</u>	<u>11,684,858,458</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	<u>207,898,332</u>	
			<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.0	(435,309,142)	
	2015	5.0	385,284,122	
	2016	5.0	1,295,565,574	
	2017	5.0	<u>(904,033,050)</u>	
			<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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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)

Fiscal Year Ending June 30,	Total
2017	\$ 740,341,056
2018	1,175,650,200
2019	983,008,137
2020	551,152,948
2021	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

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:

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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>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 Markets Equ	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.

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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. 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 (Cont'd)

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 529,183,886	\$ 445,435,179	\$ 376,431,763

Pension Plan Fiduciary Net Position

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 \$25,082 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$40,397 for the fiscal year ended June 30, 2018.

NOTE 9. 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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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	<u>223,747</u>
Total	<u><u>366,078</u></u>

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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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 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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
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	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

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	\$ 370,181,212	\$ 311,843,904	\$ 265,570,197
	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	\$ 403,226,791	\$ 336,577,334	\$ 284,115,669

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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

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	\$ 256,461,465	\$ 311,843,904	\$ 385,391,131
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 276,171,074	\$ 336,577,334	\$ 417,334,748

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 \$6,475,630 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)

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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)

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

Fiscal Year Ending June 30,	Total
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)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained health benefit coverage through Aetna. The District obtained dental benefit coverage through Delta Dental Plan of NJ.

Property and Liability Insurance

The Bridgewater-Raritan Regional School District is a member of the New Jersey Schools Insurance Group (the “Group”). This public entity risk management pool provides general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this 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 among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with GASB Statement No. 10, 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 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2017 is as follows.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -0-	\$ 35,724	\$ 190,337	\$ 93,916	\$ 3,068,716
2016-2017	-0-	14,937	188,340	129,336	2,936,571
2015-2016	-0-	6,557	182,276	115,286	2,862,630

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 330,308	
Special Revenue Fund		\$ 320,533
Before and After Care Program		1,620
Fiduciary Fund:		
Student Activities Agency Fund		8,155
	<u>\$ 330,308</u>	<u>\$ 330,308</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Cont'd)

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund due to the timing between expenditure and reimbursement of federal and state grants. The interfund payable in the Student Activities Fiduciary Fund is a deposit error due to the General Fund. The interfund between the Before and After Care Program Fund and the General Fund is for amounts that have been transferred to the Before and After Care Program Fund from the General Fund for startup costs which were not returned prior to year end.

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. DEFERRED COMPENSATION

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

The plan administrators are as follows:

AXA Equitable	Prudential
Met Life	Variable Annuity Life (VALIC)
Lincoln Investment	

The plan administrators are as follows for the District's Internal Revenue Code Section 457 plans:

AXA Equitable	Met Life
Fidelity Investments	Variable Annuity Life (VALIC)

NOTE 14. TAX CALENDAR

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES

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 is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,158,157	\$ 515	\$ 11,450	\$ 1,170,122

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, which is \$515 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$11,450 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the committed fund balance on a GAAP basis at June 30, 2018.

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities and Business-Type Activities as of June 30, 2018 consisted of the following:

	Governmental Funds			District Contribution	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Subsequent to the Measure- ment Date		Proprietary Funds
Salaries	\$ 115,052				\$ 115,052	
Vendors	1,082,351	\$ 198,651	\$ 700		1,281,702	\$ 185,040
State of New Jersey		59,338		\$ 1,776,836	1,836,174	
	\$ 1,197,403	\$ 257,989	\$ 700	\$ 1,776,836	\$ 3,232,928	\$ 185,040

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BRIDGEWATER-RARITAN REGIONAL 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 of the Net Pension Liability	0.1468439082%	0.1479154306%	0.1505330370%	0.1719544161%
District's Proportionate Share of the Net Pension Liability	\$ 27,493,196	\$ 33,204,050	\$ 44,583,568	\$ 40,028,239
District's Covered Employee Payroll	\$ 9,924,801	\$ 10,187,396	\$ 11,050,066	\$ 11,219,183
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	277.02%	325.93%	403.47%	356.78%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	40.14%

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

BRIDGEWATER-RARITAN REGIONAL 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	\$ 1,210,560	\$ 1,271,676	\$ 1,371,149	\$ 1,630,011
Contributions in relation to the Contractually Required Contribution	<u>(1,210,560)</u>	<u>(1,271,676)</u>	<u>(1,371,149)</u>	<u>(1,630,011)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 9,809,000	\$ 9,924,801	\$ 10,187,396	\$ 11,050,066
Contributions as a % of Covered Employee Payroll	12.34%	12.81%	13.46%	14.75%

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's Proportion of the Net Pension Liability attributable to the District	0.6420338543%	0.6513336303%	0.6611126681%	0.6606516718%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 343,146,199	\$ 411,670,668	\$ 520,073,318	\$ 445,435,179
District's Covered Employee Payroll	\$ 66,342,194	\$ 67,880,654	\$ 67,021,476	\$ 70,837,298
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of its Covered Employee Payroll	517.24%	606.46%	775.98%	628.81%
Plan Fiduciary Net Position as a % 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.

BRIDGEWATER-RARITAN REGIONAL 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	\$ 18,464,487	\$ 25,136,201	\$ 39,076,273	\$ 30,857,494
Contributions in relation to the Contractually Required Contribution	<u>(3,521,348)</u>	<u>(5,293,125)</u>	<u>(7,171,201)</u>	<u>(10,026,076)</u>
Contribution Deficiency/(Excess)	<u>\$ 14,943,139</u>	<u>\$ 19,843,076</u>	<u>\$ 31,905,072</u>	<u>\$ 20,831,418</u>
District's Covered Employee Payroll	\$ 67,880,654	\$ 67,021,476	\$ 70,837,298	\$ 72,617,181
Contributions as a % of Covered Employee Payroll	5.19%	7.90%	10.12%	13.81%

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

BRIDGEWATER-RARITAN REGIONAL 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.

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

BRIDGEWATER-RARITAN REGIONAL 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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 134,459,028		\$ 134,459,028	\$ 134,459,028	\$ 44,813
Other Local Government Units - Restricted	275,000		275,000	319,813	1,460
Tuition from Individuals				153,258	153,258
Tuition from Other LEAs				27,354	27,354
Tuition from Other Sources				32,570	32,570
Transportation Fees from Individuals				33,665	33,665
Transportation Fees from LEA's				1,000	
Interest Earned on Capital Reserve Funds	1,000		1,000		
Unrestricted Miscellaneous Revenue	670,702		670,702	1,210,814	540,112
Total - Local Sources	135,405,730		135,405,730	136,238,962	833,232
State Sources:					
Transportation Aid	931,096		931,096	931,096	947,758
Extraordinary Aid				947,758	184,771
Special Education Aid	5,491,892		5,491,892	5,676,663	
Equalization Aid	2,018,666		2,018,666	2,018,666	
Security Aid	683,937		683,937	683,937	
Adjustment Aid	1		1	1	
PARCC Readiness Aid	83,490		83,490	83,490	
Per Pupil Growth Aid	83,490		83,490	83,490	
Professional Learning Community Aid	82,965		82,965	82,965	
Other State Aid	24		24	34,719	34,695
Excess Nonpublic School Transportation Costs				79,905	79,905
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				6,475,630	6,475,630
On-Behalf TPAF Pension Contributions (Non-Budgeted)				10,026,076	10,026,076
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				237,543	237,543
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				11,724	11,724
TPAF Social Security (Reimbursed - Non-Budgeted)				5,159,971	5,159,971
Total State Sources	9,375,561		9,375,561	32,533,634	23,158,073
Federal Sources:					
Medicaid Assistance Program	88,566		88,566	95,425	6,859
Total - Federal Sources	88,566		88,566	95,425	6,859
TOTAL REVENUES	144,869,857		144,869,857	168,868,021	23,998,164

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 795,009	\$ 64,965	\$ 859,974	\$ 825,859	\$ 34,115
Grades 1-5 - Salaries of Teachers	15,695,850	(38,000)	15,657,850	15,282,381	375,469
Grades 6-8 - Salaries of Teachers	11,213,264		11,213,264	11,122,135	91,129
Grades 9-12 - Salaries of Teachers	15,401,274		15,401,274	15,203,351	197,923
Regular Programs - Home Instruction:					
Salaries of Teachers	220,000		220,000	207,808	12,192
Purchased Professional-Educational Services	67,200	38,000	105,200	53,048	52,152
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	92,256		92,256	92,131	125
Purchased Technical Services	59,500	5,950	65,450	39,498	25,952
Other Purchased Services (400-500 series)	830,013		830,013	827,547	2,466
General Supplies	2,463,029	(27,650)	2,435,379	1,779,624	655,755
Textbooks	294,494	(9,693)	284,801	116,439	168,362
Other Objects	11,750		11,750	4,914	6,836
Total Regular Programs - Instruction	47,143,639	33,572	47,177,211	45,554,735	1,622,476
Special Programs - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	856,804	(60,975)	795,829	729,693	66,136
Other Salaries for Instruction	390,932	(26,708)	364,224	303,851	60,373
General Supplies	13,200	(1,500)	11,700	10,007	1,693
Total Learning and/or Language Disabilities	1,260,936	(89,183)	1,171,753	1,043,551	128,202
Behavioral Disabilities:					
Salaries of Teachers	113,341	8,226	121,567	121,567	
Other Salaries for Instruction	81,394	36,000	117,394	105,653	11,741
General Supplies		5,000	5,000	4,266	734
Total Behavioral Disabilities	194,735	49,226	243,961	231,486	12,475

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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 Programs - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 304,658	\$ 17,914	\$ 322,572	\$ 322,572	\$ 9,090
Other Salaries for Instruction	183,315	117,500	300,815	291,725	11,087
General Supplies	1,969	15,000	16,969	5,882	20,177
Total Multiple Disabilities	489,942	150,414	640,356	620,179	20,177
Resource Room/Resource Center:					
Salaries of Teachers	9,710,574	(221,497)	9,489,077	9,485,919	3,158
Other Salaries for Instruction	1,000,935	(13,350)	987,585	857,567	130,018
General Supplies	19,990		19,990	2,957	17,033
Textbooks	1,000		1,000		1,000
Total Resource Room/Resource Center	10,732,499	(234,847)	10,497,652	10,346,443	151,209
Autism:					
Salaries of Teachers	677,743	167,266	845,009	828,687	16,322
Other Salaries for Instruction	793,099	(100,257)	692,842	687,799	5,043
General Supplies	25,514		25,514	16,756	8,758
Total Autism	1,496,356	67,009	1,563,365	1,533,242	30,123
Preschool Disabilities - Part-Time:					
Salaries of Teachers	550,497	12,528	563,025	561,650	1,375
Other Salaries for Instruction	318,768	113,753	432,521	361,016	71,505
General Supplies	20,000	15,000	35,000	24,361	10,639
Total Preschool Disabilities - Part-Time	889,265	141,281	1,030,546	947,027	83,519
Preschool Disabilities - Full-Time:					
Salaries of Teachers	452,501	(3,834)	448,667	415,597	33,070
Other Salaries for Instruction	716,788	(229,000)	487,788	387,559	100,229
General Supplies	25,000		25,000	20,866	4,134
Total Preschool Disabilities - Full-Time	1,194,289	(232,834)	961,455	824,022	137,433

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Total Special Programs - Instruction	\$ 16,258,022	\$ (148,934)	\$ 16,109,088	\$ 15,545,950	\$ 563,138
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	3,231,159	(173,373)	3,057,786	3,031,216	26,570
Other Salaries for Instruction	30,000		30,000	11,836	18,164
General Supplies	5,500		5,500	5,500	
Total Basic Skills/Remedial - Instruction	3,266,659	(173,373)	3,093,286	3,048,552	44,734
Bilingual Education - Instruction:					
Salaries of Teachers	1,594,273	77,624	1,671,897	1,671,897	
Other Salaries for Instruction	25,000	10,503	35,503	35,503	
Other Purchased Services (400-500 series)	750	179	929	929	
General Supplies	10,525	1	10,526	480	10,046
Total Bilingual Education - Instruction	1,630,548	88,307	1,718,855	1,708,809	10,046
School Sponsored Cocurricular Activities:					
Salaries	298,989	4,000	302,989	280,890	22,099
Purchased Services (300-500 Series)	79,688		79,688	62,738	16,950
Supplies and Materials	90,850	(30,363)	60,487	45,278	15,209
Other Objects	26,500		26,500	16,193	10,307
Total School-Sponsored Cocurricular Activities	496,027	(26,363)	469,664	405,099	64,565
School-Sponsored Athletics:					
Salaries	1,034,377	40,914	1,075,291	1,071,836	3,455
Purchased Services (300-500 Series)	299,800	(5,254)	294,546	257,949	36,597
Supplies and Materials	238,717	(16,675)	222,042	206,899	15,143
Other Objects	60,530	(9,152)	51,378	44,309	7,069
Total School-Sponsored Athletics	1,633,424	9,833	1,643,257	1,580,993	62,264
Total Instruction	70,428,319	(216,958)	70,211,361	67,844,138	2,367,223

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 28,350	\$ (200)	\$ 28,150	\$ 78	\$ 28,072
Tuition to Other LEA's Within the State - Special	1,119,779	(487,323)	632,456	598,533	33,923
Tuition to County Vo. School District - Regular	241,847	10,000	251,847	232,997	18,850
Tuition to County Vo. School District - Special	32,500	5,000	37,500	34,650	2,850
Tuition to Private Schools for the Handicapped Within State	2,749,498	303,335	3,052,833	2,985,078	67,755
Tuition - State Facilities	4,500		4,500		4,500
Tuition - Other	566,370	(77,087)	489,283	473,432	15,851
Total Undistributed Expenditures - Instruction	4,742,844	(246,275)	4,496,569	4,324,768	171,801
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	86,825		86,825	86,783	42
Other Purchased Services	1,800		1,800	888	912
Total Undistributed Expenditures - Attendance and Social Work Services	88,625		88,625	87,671	954
Undistributed Expenditures - Health Services:					
Salaries	1,569,683		1,569,683	1,455,900	113,783
Purchased Professional and Technical Services	5,300	12,731	18,031	16,106	1,925
Supplies and Materials	65,924	(12,531)	53,393	36,042	17,351
Total Undistributed Expenditures - Health Services	1,640,907	200	1,641,107	1,508,048	133,059
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	2,886,480		2,886,480	2,838,735	47,745
Purchased Professional - Educational Services	187,235		187,235	131,410	55,825
Supplies and Materials	16,500	21,962	38,462	37,078	1,384
Total Undist. Expend. - Speech, OT, PT and Related Services	3,090,215	21,962	3,112,177	3,007,223	104,954

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Salaries	\$ 641,610	\$ 223,435	\$ 865,045	\$ 865,044	\$ 1
Purchased Professional - Educational Services	324,000	243,796	567,796	446,112	121,684
Other Objects	950		950		950
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services	966,560	467,231	1,433,791	1,311,156	122,635
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	2,844,403	31,000	2,875,403	2,812,850	62,553
Salaries of Secretarial and Clerical Assistants	363,842		363,842	308,720	55,122
Other Salaries	50,000		50,000	48,463	1,537
Purchased Professional - Educational Services	60,350		60,350	44,828	15,522
Other Purchased Professional and Technical Services	4,000		4,000	2,895	1,105
Other Purchased Services	4,450	9	4,459	4,276	183
Supplies and Materials	29,475		29,475	20,620	8,855
Other Objects	2,625		2,625	1,644	981
Total Undist. Expend. - Guidance	3,359,145	31,009	3,390,154	3,244,296	145,858
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	2,791,751	(78,000)	2,713,751	2,655,183	58,568
Salaries of Secretarial and Clerical Assistants	425,571	75,000	500,571	441,974	58,597
Other Salaries	35,000		35,000	14,669	20,331
Purchased Professional - Educational Services	70,000	96,771	166,771	126,487	40,284
Residential Costs	100,000	(83,500)	16,500		16,500
Miscellaneous Purchased Services	32,600		32,600	31,699	901
Supplies and Materials	50,000	(15,500)	34,500	23,818	10,682
Other Objects	7,120		7,120	5,460	1,660
Total Undist. Expend. - Child Study Teams	3,512,042	(5,229)	3,506,813	3,299,290	207,523

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Undist. Expend. - Improvement of Instructional Services:					
Other Salaries	\$ 209,000	\$ 34,500	\$ 243,500	\$ 223,226	\$ 20,274
Salaries of Facilitators, Math & Literacy Coaches	53,341	13,155	66,496	66,496	
Other Purchased Services (400-500 series)	14,500	1,600	16,100	12,799	3,301
Supplies and Materials	11,700	(955)	10,745	7,129	3,616
Other Objects	5,600		5,600		5,600
Total Undist. Expend. - Improvement of Instructional Services	294,141	48,300	342,441	309,650	32,791
Undist. Expend. - Educational Media Services/School Library:					
Salaries	1,666,643		1,666,643	1,651,516	15,127
Purchased Professional and Technical Services	34,200		34,200	20,766	13,434
Other Purchased Services	5,000		5,000	3,520	1,480
Supplies and Materials	195,830	(6,450)	189,380	167,154	22,226
Total Undist. Expend. - Educational Media Services/School Library	1,901,673	(6,450)	1,895,223	1,842,956	52,267
Undist. Expend. - Instructional Staff Training Services:					
Other Salaries	40,800		40,800	39,285	1,515
Purchased Professional - Educational Services	41,800	(22,507)	19,293	18,754	539
Other Purchased Services (400-500 series)	25,610	10,821	36,431	29,712	6,719
Supplies and Materials	7,800	(2,264)	5,536	4,986	550
Other Objects	4,125		4,125	164	3,961
Total Undist. Expend. - Instructional Staff Training Services	120,135	(13,950)	106,185	92,901	13,284
Undist. Expend. - Support Services - General Administration:					
Salaries	762,032	1	762,033	749,305	12,728
Legal Services	388,395	(300)	388,095	255,428	132,667
Audit Fees	42,000	300	42,300	42,300	
Architectural / Engineering Services	50,000	4,290	54,290	24,790	29,500
Other Purchased Professional Services	97,500	(73,600)	23,900	23,834	66
Communications/Telephone	461,720	(11,400)	450,320	338,026	112,294

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
BOE Other Purchased Services	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 133,690
Miscellaneous Purchased Services (400-500)	504,950	83,550	588,500	454,810	789
General Supplies	7,500		7,500	6,711	26
BOE In-House Training/Meeting Supplies	550	50	600	574	96,075
Judgments Against the School District		121,075	121,075	25,000	3,227
Miscellaneous Expenditures	7,250		7,250	4,023	337
BOE Membership Dues and Fees	27,000		27,000	26,663	
Total Undist. Expend. - Support Services - General Administration	2,348,897	125,366	2,474,263	1,952,864	521,399
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	2,983,147	2,949	2,986,096	2,986,088	8
Salaries of Other Professional Staff	2,349,746	(2,948)	2,346,798	2,235,385	111,413
Salaries of Secretarial and Clerical Assistants	2,031,094	24,199	2,055,293	1,992,195	63,098
Other Salaries	26,372	800	27,172	27,172	
Purchased Professional and Technical Services	3,982	4,600	8,582	7,103	1,479
Other Purchased Services	87,150	(7,567)	79,583	57,496	22,087
Supplies and Materials	128,920	(9,985)	118,935	83,149	35,786
Other Objects	49,700	250	49,950	38,514	11,436
Total Undist. Expend. - Support Serv. - School Administration	7,660,111	12,298	7,672,409	7,427,102	245,307
Undist. Expend. - Central Services:					
Salaries	1,194,150	3,000	1,197,150	1,120,217	76,933
Purchased Professional Services	8,550	(1,400)	7,150	6,235	915
Purchased Technical Services	47,000	3,936	50,936	50,878	58
Miscellaneous Purchased Services (400-500)	23,100	824	23,924	20,999	2,925
Supplies and Materials	19,000	(5,260)	13,740	10,614	3,126
Miscellaneous Expenditures	4,500	2,258	6,758	6,370	388
Total Undist. Expend. - Central Services	1,296,300	3,358	1,299,658	1,215,313	84,345

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

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:					
Undist. Expend. - Administrative Information Technology:					
Purchased Technical Services	\$ 391,366	\$	\$ 391,366	\$ 289,145	\$ 102,221
Supplies and Materials	49,134		49,134	49,134	
Other Objects	2,000		2,000	1,270	730
Total Undist. Expend. - Administrative Information Technology	442,500		442,500	339,549	102,951
Required Maintenance for School Facilities:					
Salaries	1,050,566	\$ 57,500	1,108,066	1,012,486	95,580
Cleaning, Repair and Maintenance Services	532,643	(100,534)	432,109	388,622	43,487
General Supplies	372,846	22,284	395,130	252,973	142,157
Other Objects	3,150		3,150	2,887	263
Total Required Maintenance for School Facilities	1,959,205	(20,750)	1,938,455	1,656,968	281,487
Undist. Expend. - Custodial Services:					
Salaries	115,293	16,000	131,293	129,850	1,443
Salaries of Non-Instructional Aides	564,234	8,000	572,234	545,097	27,137
Purchased Professional and Technical Services	4,355,942	313,909	4,669,851	4,618,839	51,012
Cleaning, Repair and Maintenance Services	744,408	(23,996)	720,412	548,377	172,035
Rental of Land & Building Other than Lease Purchase Agreement	706,574		706,574	704,628	1,946
Other Purchased Property Services	668,811	(920)	667,891	580,950	86,941
Insurance	226,000		226,000	209,497	16,503
Miscellaneous Purchased Services	1,000		1,000		1,000
General Supplies	390,515	(13,175)	377,340	311,186	66,154
Energy (Natural Gas)	695,370	(4,251)	691,119	446,373	244,746
Energy (Electricity)	1,148,065	4,170	1,152,235	801,077	351,158
Energy (Gasoline)	55,000		55,000	36,781	18,219
Other Objects	3,583		3,583	3,216	367
Total Undist. Expend. - Custodial Services	9,674,795	299,737	9,974,532	8,935,871	1,038,661

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

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:					
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	\$ 468,924	\$	468,924	\$ 445,540	23,384
Cleaning, Repair, and Maintenance Services	10,000		10,000	7,126	2,874
General Supplies	57,941	\$ 15,000	72,941	64,659	8,282
Total Undist. Expend. - Care and Upkeep of Grounds	536,865	15,000	551,865	517,325	34,540
Undist. Expend. - Security					
Salaries	12,000	2,425	14,425	14,424	1
Cleaning, Repair, and Maintenance Services	338,948	(2,425)	336,523	271,707	64,816
General Supplies	5,260		5,260	2,224	3,036
Total Undist. Expend. - Security	356,208		356,208	288,355	67,853
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	998,926	8,454	1,007,380	1,007,379	1
Between Home and School - Special Education	174,000	(17,359)	156,641	156,302	339
Other than Between Home and School	112,000	8,905	120,905	120,904	1
Management Fees - ESC Transportation Programs	45,000	(8,000)	37,000	16,722	20,278
Other Purchased Professional and Technical Services	10,850	5,000	15,850	14,028	1,822
Cleaning, Repair and Maintenance Services	60,000	(1,500)	58,500	49,808	8,692
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	213,536	18,000	231,536	215,689	15,847
Between Home and School - Vendors	4,150,000	(50,000)	4,100,000	4,077,616	22,384
Other than Between Home and School -Vendors	107,000	(31,900)	75,100	61,483	13,617
Special Education Students - Vendors	1,762,000	365,400	2,127,400	2,120,376	7,024
Special Education Students - Joint Agreements	50,000	5,000	55,000	54,244	756
Regular Students - ESCs & CTSAs	38,000	(35,000)	3,000		3,000
Special Education Students - ESCs & CTSAs	750,000	(267,890)	482,110	418,118	63,992

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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:					
Undist. Expend. - Student Transportation Services: (Cont'd)					
Miscellaneous Purchased Services - Transportation	\$ 69,750	\$ 4,180	\$ 73,930	\$ 67,734	\$ 6,196
General Supplies	182,500	(1,290)	181,210	136,261	44,949
Transportation Supplies	82,500	(7,905)	74,595	70,231	4,364
Other Objects	3,100	1,500	4,600	3,872	728
Total Undist. Expend. - Student Transportation Services	8,809,162	(4,405)	8,804,757	8,590,767	213,990
Allocated Benefits - Student Transportation Services:					
Social Security Contributions	99,276		99,276	95,113	4,163
Health Benefits	340,000		340,000	340,000	
Total Allocated Benefits - Student Transportation Services	439,276		439,276	435,113	4,163
Unallocated Benefits:					
Social Security Contributions	1,327,000	37,883	1,364,883	1,364,883	
Other Retirement Contribution - PERS	1,469,299	171,941	1,641,240	1,630,011	11,229
Other Retirement Contribution - Regular		25,083	25,083	25,082	1
Workmen's Compensation	450,000		450,000	434,122	15,878
Health Benefits	21,478,328	(378,437)	21,099,891	19,992,166	1,107,725
Tuition Reimbursement	565,969		565,969	301,739	264,230
Other Employee Benefits	811,511	19,356	830,867	830,557	310
Unused Sick Payment to Terminated / Retired Staff	463,091	18,350	481,441	435,464	45,977
Total Unallocated Benefits	26,565,198	(105,824)	26,459,374	25,014,024	1,445,350
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				6,475,630	(6,475,630)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				10,026,076	(10,026,076)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				237,543	(237,543)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				11,724	(11,724)
Reimbursed TPAF Social Security Contributions (non-budgeted)				5,159,971	(5,159,971)
Total On-Behalf Contributions				21,910,944	(21,910,944)
Total Personal Services - Employee Benefits	27,004,474	(105,824)	26,898,650	47,360,081	(20,461,431)

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Undistributed Expenditures	\$ 79,804,804	\$ 621,578	\$ 80,426,382	\$ 97,312,154	\$ (16,885,772)
Total General Current Expense	150,233,123	404,620	150,637,743	165,156,292	(14,518,549)
Capital Outlay:					
Equipment:					
Regular Programs - Instruction:					
Grades 6-8		22,187	22,187	16,277	5,910
Grades 9-12	6,500	8,343	14,843	6,491	8,352
School-Sponsored and Other Instructional Programs	19,500	16,530	36,030	32,400	3,630
Undistributed:					
Related and Extraordinary Services	383,700	92,026	475,726	404,687	71,039
Administration Information Technology	57,838	(57,838)			
Care & Upkeep of Grounds		35,080	35,080	33,700	1,380
School Buses - Regular	190,000		190,000	186,175	3,825
Total Equipment	657,538	116,328	773,866	679,730	94,136
Facilities Acquisition and Construction Services:					
Construction Services	356,013	(4,291)	351,722	348,180	3,542
Assessment for Debt Service on SDA Funding	148,888	20,000	168,888	167,858	1,030
Total Facilities Acquisition and Construction Services	504,901	15,709	520,610	516,038	4,572
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				811,792	(811,792)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				811,792	(811,792)
Total Capital Outlay	1,162,439	132,037	1,294,476	2,007,560	(713,084)
Transfer of Funds to Charter Schools	35,000		35,000	11,931	23,069

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL EXPENDITURES	\$ 151,430,562	\$ 536,657	\$ 151,967,219	\$ 167,175,783	\$ (15,208,564)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(6,560,705)	(536,657)	(7,097,362)	1,692,238	8,789,600
Other Financing Sources/(Uses):					
Transfer in - Food Service Fund				537,328	(537,328)
Transfer Out - Before and After Care Program				(1,620)	1,620
Capital Reserve - Transfer to Capital Projects Fund				(68,958)	68,958
Capital Reserve - Transfer from Capital Projects Fund				190,577	(190,577)
Capital Leases (Non-budgeted)				811,792	(811,792)
Total Other Financing Sources/(Uses)				1,469,119	(1,469,119)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(6,560,705)	(536,657)	(7,097,362)	3,161,357	10,258,719
Fund Balance, July 1	24,346,560		24,346,560	24,346,560	
Fund Balance, June 30	\$ 17,785,855	\$ (536,657)	\$ 17,249,198	\$ 27,507,917	\$ 10,258,719
Recapitulation:					
Restricted Fund Balance:				\$ 11,181,657	
Capital Reserve				5,500,000	
Excess Surplus				5,750,000	
Assigned Fund Balance:					
Year End Encumbrances				1,158,157	
Unassigned Fund Balance				3,918,103	
				27,507,917	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(924,883)	
Fund Balance per Governmental Funds (GAAP)				\$ 26,583,034	

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 80,078	\$ 81,719	\$ 161,797	\$ 64,673	\$ (97,124)
State Sources	140,794	(33,029)	107,765	107,765	
Federal Sources	1,531,428	1,015,030	2,546,458	2,287,135	(259,323)
Total Revenues	1,752,300	1,063,720	2,816,020	2,459,573	(356,447)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	175,230	316,797	492,027	455,138	36,889
Purchased Professional - Educational Services	87,615	(35,089)	52,526	52,526	
Tuition	1,226,610	78,349	1,304,959	1,304,959	
General Supplies	87,615	75,332	162,947	36,713	126,234
Textbooks		14,578	14,578	14,578	
Total Instruction	1,577,070	449,967	2,027,037	1,863,914	163,123
Support Services:					
Salaries of Supervisors of Instruction	87,615	115,474	203,089	203,089	
Salaries of Other Professional Staff		13,600	13,600	9,245	4,355
Other Salaries		10,385	10,385	10,385	
Personal Services - Employee Benefits	87,615	352,834	440,449	270,250	170,199
Purchased Professional-Educational Services		92,556	92,556	85,457	7,099
Supplies and Materials		20,560	20,560	8,985	11,575
Total Support Services	175,230	605,409	780,639	587,411	193,228
Facilities Acquisition:					
Instructional Equipment		8,344	8,344	8,248	96
Total Facilities Acquisition		8,344	8,344	8,248	96
Total Expenditures	\$ 1,752,300	\$ 1,063,720	2,816,020	\$ 2,459,573	\$ 356,447

BRIDGEWATER-RARITAN REGIONAL 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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 168,868,021	\$ 2,459,573
Difference - 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:		
Current Year Encumbrances		(515)
Prior Year Encumbrances		23,276
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	892,777	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(924,883)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 168,835,915</u>	<u>\$ 2,482,334</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 167,175,783	\$ 2,459,573
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:		
Current Year Encumbrances		(515)
Prior Year Encumbrances		<u>23,276</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 167,175,783</u>	<u>\$ 2,482,334</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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 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. Transfers of appropriations may 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 budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Temporarily Displaced Student Aid	Nonpublic Auxiliary Services English As a Second Language	Compensatory Education	Supplementary Instruction	Nonpublic Handicapped Services Examination and Classification	Corrective Speech
REVENUES:						
Local Sources						
State Sources	\$ 8,500	\$ 723	\$ 27,548	\$ 7,136	\$ 11,830	\$ 3,839
Federal Sources						
Total Revenues		723	27,548	7,136	11,830	3,839
EXPENDITURES:						
Instruction:						
Salaries of Teachers	8,500	723	27,548	7,136	11,830	3,839
Purchased Professional Educational Services						
Tuition						
General Supplies						
Textbooks						
Total Instruction	8,500	723	27,548	7,136	11,830	3,839
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Other Professional Staff						
Other Salaries						
Personal Services - Employee Benefits						
Purchased Professional Educational Services						
Supplies and Materials						
Total Support Services						
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 8,500	\$ 723	\$ 27,548	\$ 7,136	\$ 11,830	\$ 3,839

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic				I.D.E.A.	
	Nursing	Technology Initiative	Textbooks	Security Aid	Basic	Preschool
REVENUES:						
Local Sources						
State Sources	\$ 26,868	\$ 8,903	\$ 14,578	\$ 6,340	\$ 1,816,160	\$ 59,405
Federal Sources						
Total Revenues	26,868	8,903	14,578	6,340	1,816,160	59,405
EXPENDITURES:						
Instruction:						
Salaries of Teachers					165,863	
Purchased Professional Educational Services					1,304,959	
Tuition			14,578			
General Supplies						
Textbooks			14,578		1,470,822	
Total Instruction						
Support Services:						
Salaries of Supervisors of Instruction					161,637	41,452
Salaries of Other Professional Staff						
Other Salaries						
Personal Services - Employee Benefits					180,701	17,953
Purchased Professional Educational Services	26,868			6,340	3,000	
Supplies and Materials		8,903				
Total Support Services	26,868	8,903		6,340	345,338	59,405
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 26,868	\$ 8,903	\$ 14,578	\$ 6,340	\$ 1,816,160	\$ 59,405

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act				Totals
	Private Donations	Title I	Title IIA	Title III Immigrant	
REVENUES:					
Local Sources	\$ 64,673				\$ 64,673
State Sources		\$ 241,876	\$ 119,742	\$ 41,432	107,765
Federal Sources					2,287,135
Total Revenues	64,673	241,876	119,742	41,432	2,459,573
EXPENDITURES:					
Instruction:					
Salaries of Teachers		188,517	82,258	10,000	455,138
Purchased Professional Educational Services	1,450				52,526
Tuition					1,304,959
General Supplies	19,576	2,550		14,567	36,713
Textbooks					14,578
Total Instruction	21,026	191,067	82,258	24,567	1,863,914
Support Services:					
Salaries of Supervisors of Instruction		9,245			203,089
Salaries of Other Professional Staff					9,245
Other Salaries	10,385				10,385
Personal Services - Employee Benefits	30,318	41,564	23,032	7,000	270,250
Purchased Professional Educational Services			14,370	4,561	85,457
Supplies and Materials			82		8,985
Total Support Services	40,703	50,809	37,484	11,561	587,411
Facilities Acquisition:					
Instructional Equipment	2,944			5,304	8,248
Total Facilities Acquisition	2,944			5,304	8,248
Total Expenditures	\$ 64,673	\$ 241,876	\$ 119,742	\$ 41,432	\$ 2,459,573

CAPITAL PROJECTS FUND

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
Transfer from Capital Outlay	\$ 68,800
Transfer from Capital Reserve	158
	<hr/>
Total Revenue and Other Financing Sources	68,958
	<hr/>
Expenditures and Other Financing Uses:	
Legal Services	
Purchased Professional and Technical Services	100,411
Construction Services	2,336,172
Transfer to General Fund:	
Unexpended Balances to Capital Reserve	190,577
	<hr/>
Total Expenditures and Other Financing Uses	2,627,160
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(2,558,202)
	<hr/>
Fund Balance - Beginning of Year	2,569,652
	<hr/>
Fund Balance - End of Year	\$ 11,450
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed - Year End Encumbrances	\$ 11,450
	<hr/>
Total Fund Balance	\$ 11,450
	<hr/> <hr/>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
BUILDING 300 ELECTRIC AND DATA WIRING REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 10,550	\$ 158	\$ 10,708	\$ 10,708
Total Revenue and Other Financing Sources	10,550	158	10,708	10,708
Expenditures:				
Purchased Professional and Technical Services	9,059.00	1,649	10,708	10,708
Total Expenditures	9,059.00	1,649	10,708	10,708
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,491	\$ (1,491)	\$ -0-	\$ -0-
 <u>Additional Project Information:</u>				
Project Numbers	0555-005-17-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 10,550			
Additional Authorized Cost	158			
Revised Authorized Cost	\$ 10,708			
Percentage Increase over Original Authorized Cost	1%			
Percentage Completion	100%			
Original Target Completion Date	09/01/17			
Revised Target Completion Date	N/A			

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
BUILDING 100 ROOF REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,163,340	\$ (164,158)	\$ 1,999,182	\$ 1,999,182
Total Revenue and Other Financing Sources	<u>2,163,340</u>	<u>(164,158)</u>	<u>1,999,182</u>	<u>1,999,182</u>
Expenditures:				
Purchased Professional and Technical Services	136,970.00	31,110	168,080	168,080
Construction Services		<u>1,831,102</u>	<u>1,831,102</u>	<u>1,831,102</u>
Total Expenditures	<u>136,970.00</u>	<u>1,862,212</u>	<u>1,999,182</u>	<u>1,999,182</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,026,370</u>	<u>\$ (2,026,370)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	0555-005-17-2000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,163,340
Unexpended Balance Cancelled	<u>(164,158)</u>
Revised Authorized Cost	<u>\$ 1,999,182</u>
Percentage Increase over Original Authorized Cost	-8%
Percentage Completion	100%
Original Target Completion Date	09/01/17
Revised Target Completion Date	N/A

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
BUILDING 900 ROOFTOP UNIT REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 611,000.00	\$ (26,419)	\$ 584,581	\$ 584,581
Total Revenue and Other Financing Sources	<u>611,000.00</u>	<u>(26,419)</u>	<u>584,581</u>	<u>584,581</u>
Expenditures:				
Purchased Professional and Technical Services	44,317.00	10,302	54,619	54,619
Construction Services	<u>24,892.00</u>	<u>505,070</u>	<u>529,962</u>	<u>529,962</u>
Total Expenditures	<u>69,209.00</u>	<u>515,372</u>	<u>584,581</u>	<u>584,581</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 541,791.00</u>	<u>\$ (541,791)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	0555-005-17-3000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 611,000
Unexpended Balance Cancelled	<u>(26,419)</u>
Revised Authorized Cost	<u>\$ 584,581</u>

Percentage Increase over Original Authorized Cost	-4%
Percentage Completion	100%
Original Target Completion Date	09/01/17
Revised Target Completion Date	N/A

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
FIRE ALARM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 68,800	\$ 68,800	\$ 68,800
Total Revenue and Other Financing Sources	<u>68,800</u>	<u>68,800</u>	<u>68,800</u>
Expenditures:			
Purchased Professional and Technical Services	<u>57,350</u>	<u>57,350</u>	<u>68,800</u>
Total Expenditures	<u>57,350</u>	<u>57,350</u>	<u>68,800</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 11,450</u>	<u>\$ 11,450</u>	<u>\$ -0-</u>

Additional Project Information:

Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 68,800
Percentage Completion	83%
Original Target Completion Date	12/01/18

PROPRIETARY FUNDS

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Before and</u>	<u>Food</u>	
	<u>After Care</u>	<u>Service</u>	<u>Totals</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents		\$ 876,650	\$ 876,650
Intergovernmental Accounts Receivable:			
State		2,111	2,111
Federal		37,582	37,582
Other Accounts Receivable	\$ 3,000	23,176	26,176
Inventories		53,402	53,402
Total Current Assets	<u>3,000</u>	<u>992,921</u>	<u>995,921</u>
Non-Current Assets:			
Capital Assets		726,696	726,696
Less: Accumulated Depreciation		(394,309)	(394,309)
Total Non-Current Assets		<u>332,387</u>	<u>332,387</u>
Total Assets	<u>3,000</u>	<u>1,325,308</u>	<u>1,328,308</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund Payable	1,620		\$ 1,620
Accounts Payable		185,040	185,040
Prepaid Sales		21,298	21,298
USDA Commodity	1,380	69,367	70,747
Total Current Liabilities	<u>3,000</u>	<u>275,705</u>	<u>186,660</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		332,387	332,387
Unrestricted		717,216	717,216
Total Net Position	<u>\$ -0-</u>	<u>\$ 1,049,603</u>	<u>\$ 1,049,603</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Before and</u>	<u>Food</u>	
	<u>After Care</u>	<u>Service</u>	<u>Totals</u>
Operating Revenue:			
Daily Sales:			
Reimbursable Programs		\$ 1,334,838	\$ 1,334,838
Non-Reimbursable Programs		1,063,260	1,063,260
Charges for Services:			
Program Fees	\$ 1,380		1,380
Special Events and Satellite Sales		112,518	112,518
Miscellaneous Revenue		5,386	5,386
Total Operating Revenue	<u>1,380</u>	<u>2,516,002</u>	<u>2,517,382</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs		992,886	992,886
Non-Reimbursable Programs		558,498	558,498
Salaries, Benefits & Payroll Taxes	3,000	1,091,116	1,094,116
Insurance & Other Costs		140,814	140,814
Other Purchased Services		43,556	43,556
Supplies and Materials		68,851	68,851
Management Fee		37,419	37,419
Miscellaneous Expenditures		3,174	3,174
Depreciation Expense		40,573	40,573
Total Operating Expenses	<u>3,000</u>	<u>2,976,887</u>	<u>2,979,887</u>
Operating Loss	(1,620)	(460,885)	(462,505)
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		3,939	3,939
State Sources:			
State School Lunch Program		30,632	30,632
Federal Sources:			
National School Lunch Program		472,441	472,441
School Breakfast Program		12,731	12,731
Food Distribution Program		110,502	110,502
Total Non-Operating Revenue		<u>630,245</u>	<u>630,245</u>
Change in Net Position Before Transfers	<u>(1,620)</u>	<u>169,360</u>	<u>167,740</u>
Transfers:			
Transfer In - General Fund	1,620		1,620
Transfer Out- General Fund		(537,328)	(537,328)
Total Transfers	<u>1,620</u>	<u>(537,328)</u>	<u>(535,708)</u>
Change in Net Position after Transfers		(367,968)	(367,968)
Net Position - Beginning of Year		1,417,571	1,417,571
Net Position - End of Year	<u>\$ -0-</u>	<u>1,049,603</u>	<u>\$ 1,049,603</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Before and</u>	<u>Food</u>	
	<u>After Care</u>	<u>Service</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,380	\$ 2,507,630	\$ 2,509,010
Payments to Food Service Contractors		(2,637,426)	(2,637,426)
Payments for Salaries, Payroll Taxes and Benefits	(3,000)		(3,000)
Net Cash Used for Operating Activities	<u>(1,620)</u>	<u>(129,796)</u>	<u>(131,416)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(4,646)	(4,646)
Net Cash Used for Capital and Related Financing Activities		<u>(4,646)</u>	<u>(4,646)</u>
Cash Flows from Investment Activities:			
Interest Income		3,939	3,939
Net Cash Provided by Investment Activities		<u>3,939</u>	<u>3,939</u>
Cash Flows from Noncapital & Financing Activities:			
State Sources		30,448	30,448
Federal Sources		487,801	487,801
Transfer In - General Fund	1,620		1,620
Transfer Out - General Fund		(537,328)	(537,328)
Net Used For Noncapital & Financing Activities	<u>1,620</u>	<u>(19,079)</u>	<u>(17,459)</u>
Net Decrease in Cash and Cash Equivalents		(149,582)	(149,582)
Cash and Cash Equivalents, July 1		1,026,232	1,026,232
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>	<u>\$ 876,650</u>	<u>\$ 876,650</u>
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating Loss	\$ (1,620)	\$ (460,885)	\$ (462,505)
Adjustment to Reconcile Operating Loss to Net Cash			
Used for Operating Activities:			
Depreciation		40,573	40,573
Food Distribution Program		110,502	110,502
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(15,125)	(15,125)
Decrease in Inventory		3,010	3,010
Increase in Accounts Payable		185,040	185,040
Increase in Unearned Revenue		7,089	7,089
Net Cash Used for Operating Activities	<u>\$ (1,620)</u>	<u>\$ (129,796)</u>	<u>\$ (131,416)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$110,837 and utilized U.S.D.A. Commodities valued at \$110,502.

FIDUCIARY FUNDS

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	
	<u>Student Activity</u>	<u>Payroll</u>		<u>Totals</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 890,320	\$ 990,734	\$ 1,881,054	\$ 3,068,716
Total Assets	890,320	990,734	1,881,054	3,068,716
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	8,155		8,155	
Payroll Deductions and Withholdings		990,734	990,734	
Due to Student Groups	882,165		882,165	
Total Liabilities	890,320	990,734	1,881,054	
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims				3,068,716
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 3,068,716

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 190,337
Total Contributions	<u>190,337</u>
Investment Earnings:	
Interest	<u>35,724</u>
Net Investment Earnings	<u>35,724</u>
Total Additions	<u>226,061</u>
DEDUCTIONS:	
Unemployment Benefit Claims	42,871
Quarterly Unemployment Contributions	<u>51,045</u>
Total Deductions	<u>93,916</u>
Change in Net Position	132,145
Net Position - Beginning of the Year	<u>2,936,571</u>
Net Position - End of the Year	<u><u>\$ 3,068,716</u></u>

BRIDGEWATER-RARITAN REGIONAL 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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,318,321	\$ 93,889,699	\$ 94,217,286	\$ 990,734
Total Assets	<u>\$ 1,318,321</u>	<u>\$ 93,889,699</u>	<u>\$ 94,217,286</u>	<u>\$ 990,734</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 1,094,869	\$ 93,889,699	\$ 93,993,834	\$ 990,734
Interfund Payable:				
Unemployment Compensation Trust	<u>223,452</u>		<u>223,452</u>	
Total Liabilities	<u>\$ 1,318,321</u>	<u>\$ 93,889,699</u>	<u>\$ 94,217,286</u>	<u>\$ 990,734</u>

BRIDGEWATER-RARITAN REGIONAL 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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 841,491	\$ 1,370,898	\$ 1,322,069	\$ 890,320
Total Assets	<u>\$ 841,491</u>	<u>\$ 1,370,898</u>	<u>\$ 1,322,069</u>	<u>\$ 890,320</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 841,406	\$ 1,362,743	\$ 1,321,984	\$ 882,165
Interfund Payable - General Fund	85	8,155	85	8,155
Total Liabilities	<u>\$ 841,406</u>	<u>\$ 1,370,898</u>	<u>\$ 1,322,069</u>	<u>\$ 890,320</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
High School	\$ 563,546	\$ 678,580	\$ 667,128	\$ 574,998
Middle School	135,687	462,457	446,427	151,717
Elementary Schools:				
Adamsville	7,580	2,601	455	9,726
Bradley Gardens	10,125	1,113		11,238
Crim	14,795	2,423	2,913	14,305
Eisenhower	8,784	7,593	6,296	10,081
Hamilton	17,167	12,469	11,853	17,783
Hillside	45,954	42,356	43,497	44,813
John F. Kennedy	3,102	7,289	6,588	3,803
Milltown	5,994	2,083	3,719	4,358
Van Holten	28,264	31,388	30,221	29,431
Athletic Account	408	112,391	102,887	9,912
Total Assets	<u>\$ 841,406</u>	<u>\$ 1,362,743</u>	<u>\$ 1,321,984</u>	<u>\$ 882,165</u>

LONG-TERM DEBT

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2017	Retired or Matured	Balance June 30, 2018
			Date	Amount				
2012 Refunding Project School Bonds	05/01/12	\$ 17,165,000	5/1/19	\$ 1,715,000	4.000%	\$ 11,140,000	\$ 1,635,000	\$ 9,505,000
			5/1/20	1,795,000	5.000%			
			5/1/21	1,895,000	4.500%			
			5/1/22	1,995,000	4.500%			
			5/1/23	2,105,000	2.250%			
2012 Refunding School Bonds	01/15/13	5,940,000	7/15/18	605,000	4.000%	5,385,000	580,000	4,805,000
			7/15/19	630,000	5.000%			
			7/15/20	655,000	5.000%			
			7/15/21	690,000	5.000%			
			7/15/22	725,000	5.000%			
			7/15/23	755,000	2.375%			
			7/15/24	745,000	2.500%			
2014 Refunding School Bonds	07/16/14	16,795,000	7/15/18	2,320,000	1.988%	14,385,000	2,190,000	12,195,000
			7/15/19	2,370,000	2.288%			
			7/15/20	2,430,000	2.632%			
			7/15/21	2,500,000	2.882%			
			7/15/22	2,575,000	3.079%			
						\$ 30,910,000	\$ 4,405,000	\$ 26,505,000

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2018</u>
Various Technology Equipment	1.229%	\$ 815,024	\$ 271,661		\$ 271,661	
Information Technology Equipment	1.307%	814,406	539,406		267,953	\$ 271,453
Various Technology Equipment	1.636%	811,792		<u>\$ 811,792</u>	<u>275,000</u>	<u>536,792</u>
			<u>\$ 811,067</u>	<u>\$ 811,792</u>	<u>\$ 814,614</u>	<u>\$ 808,245</u>

BRIDGEWATER-RARITAN REGIONAL 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
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,400,044		\$ 5,400,044	\$ 5,400,044	
Total Revenues	5,400,044		5,400,044	5,400,044	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	4,405,000		4,405,000	4,405,000	
Interest	995,044		995,044	995,044	
Total Expenditures	5,400,044		5,400,044	5,400,044	
Deficit of Revenues Under Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION

(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

BRIDGEWATER-RARITAN REGIONAL 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
Governmental Activities:										
Net Investment in Capital Assets	\$ 29,418,191	\$ 31,175,722	\$ 20,563,460	\$ 20,233,516	\$ 20,374,625	\$ 19,566,968	\$ 20,824,238	\$ 19,930,664	\$ 19,642,638	\$ 20,369,850
Restricted	14,123,419	7,524,006	8,704,511	12,977,178	18,267,771	18,409,248	19,094,971	20,882,240	19,648,546	22,431,657
Unrestricted/(Deficit)	(4,759,052)	(4,413,804)	(1,846,573)	(1,348,650)	(5,629,952)	(31,772,137)	(33,437,609)	(34,476,020)	(36,787,827)	(41,146,619)
Total Governmental Activities Net Position	\$ 38,782,558	\$ 34,285,924	\$ 27,421,398	\$ 31,862,044	\$ 33,012,444	\$ 6,204,079	\$ 6,481,600	\$ 6,336,884	\$ 2,503,357	\$ 1,654,888
Business-type Activities:										
Investment in Capital Assets	\$ 174,331	\$ 194,940	\$ 260,112	\$ 286,544	\$ 273,705	\$ 246,789	\$ 223,621	\$ 303,360	\$ 368,314	\$ 332,387
Unrestricted	172,274	299,607	319,428	346,534	319,409	493,337	759,304	894,704	1,049,257	717,216
Total Business-type Activities Net Position	\$ 346,605	\$ 494,547	\$ 579,540	\$ 633,078	\$ 593,114	\$ 740,126	\$ 982,925	\$ 1,198,064	\$ 1,417,571	\$ 1,049,603
District-wide:										
Net Investment in Capital Assets	\$ 29,592,522	\$ 31,370,662	\$ 20,823,572	\$ 20,520,060	\$ 20,648,330	\$ 19,813,757	\$ 21,047,859	\$ 20,234,024	\$ 20,010,952	\$ 20,702,237
Restricted	14,123,419	7,524,006	8,704,511	12,977,178	18,267,771	18,409,248	19,094,971	20,882,240	19,648,546	22,431,657
Unrestricted/(Deficit)	(4,586,778)	(4,114,197)	(1,527,145)	(1,002,116)	(5,310,543)	(31,278,800)	(32,678,305)	(33,581,316)	(35,738,570)	(40,429,403)
Total District Net Position	\$ 39,129,163	\$ 34,780,471	\$ 28,000,938	\$ 32,495,122	\$ 33,605,558	\$ 6,944,205	\$ 7,464,525	\$ 7,534,948	\$ 3,920,928	\$ 2,704,491

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue:										
Governmental Activities	\$(125,309,633)	\$(129,786,288)	\$(129,031,814)	\$(130,001,915)	\$(139,003,051)	\$(138,262,501)	\$(134,159,126)	\$(136,647,336)	\$(142,682,146)	\$(145,354,487)
Business-type Activities	40,001	147,207	84,712	53,304	(24,207)	120,081	241,855	213,772	224,152	163,801
Total District-wide Net Expense	\$(125,269,632)	\$(129,639,081)	\$(128,947,102)	\$(129,948,611)	\$(139,027,258)	\$(138,142,420)	\$(133,917,271)	\$(136,433,564)	\$(142,457,994)	\$(145,190,686)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 110,648,297	\$ 113,403,369	\$ 117,979,825	\$ 119,155,099	\$ 120,346,649	\$ 122,590,785	\$ 124,875,621	\$ 127,373,133	\$ 129,859,985	\$ 134,459,028
Taxes Levied for Debt Service	5,449,937	5,561,671	5,558,329	5,148,576	5,486,480	5,366,434	5,436,412	5,390,856	5,299,201	5,400,044
Unrestricted Grants and Contributions	8,523,642	6,524,733	6,888,481	9,390,146	9,249,215	9,458,124	2,850,589	2,856,603	2,871,325	2,899,424
Investment Earnings	407,675	126,888	28,675	18,209	16,883	33,070	29,816	35,175	47,442	92,253
Miscellaneous Income	452,231	416,668	1,500,677	707,563	650,907	920,113	1,244,209	846,853	770,666	1,119,561
Special Item	(768,392)	(743,665)	(1,433,689)							
Transfers					15,914					535,708
Total Governmental Activities	124,713,390	125,289,664	130,522,298	134,419,593	135,766,048	138,368,526	134,436,647	136,502,620	138,848,619	144,506,018
Business-type Activities:										
Investment Earnings	4,265	735	281	233	158	529	944	1,367	1,376	3,939
Transfers					(15,914)					(535,708)
Other Item									(6,021)	
Total Business-type Activities	4,265	735	281	233	(15,756)	529	944	1,367	(4,645)	(531,769)
Total District-wide General Revenues and Other Changes in Net Position	\$ 124,717,655	\$ 125,290,399	\$ 130,522,579	\$ 134,419,826	\$ 135,750,292	\$ 138,369,055	\$ 134,437,591	\$ 136,503,987	\$ 138,843,974	\$ 143,974,249
Change in Net Position:										
Governmental Activities	\$ (596,243)	\$ (4,496,624)	\$ 1,490,484	\$ 4,417,678	\$ (3,237,003)	\$ 106,025	\$ 277,521	\$ (144,716)	\$ (3,833,527)	\$ (848,469)
Business-type Activities	44,266	147,942	84,993	53,537	(39,963)	120,610	242,799	215,139	219,507	(367,968)
Total District-wide Change in Net Position	\$ (551,977)	\$ (4,348,682)	\$ 1,575,477	\$ 4,471,215	\$ (3,276,966)	\$ 226,635	\$ 520,320	\$ 70,423	\$ (3,614,020)	\$ (1,216,437)

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL 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	\$ 14,420,458	\$ 7,008,082								
Restricted			\$ 8,587,080	\$ 12,439,313	\$ 18,861,394	\$ 18,390,522	\$ 19,004,015	\$ 20,791,940	\$ 19,648,546	\$ 22,422,987
Committed			415,022	731,545						
Assigned			630,641	2,881,197	1,195,715	1,102,983	936,568	702,684	810,705	1,158,157
Unassigned	1,772,797	2,025,883	2,733,214	2,839,567	2,699,450	2,963,711	3,090,871	2,902,433	2,994,532	2,993,390
Total General Fund	\$ 16,193,255	\$ 9,033,965	\$ 12,365,957	\$ 18,891,622	\$ 22,756,559	\$ 22,457,216	\$ 23,031,454	\$ 24,397,057	\$ 23,453,783	\$ 26,574,534
All Other Governmental Funds:										
Reserved	\$ 658,720	\$ 874,662								
Restricted			\$ 434,481	\$ 154,424	\$ 18,071	\$ 656	\$ 90,956	\$ 90,300		
Committed			60,930	399,425	81,177	1,155,093	723,420	1,379,158	2,569,652	11,450
Unreserved, Reported in:										
Capital Projects Fund	349,081	597,291								
Debt Service Fund	1	40,379								
Total All Other Governmental Funds	\$ 1,007,802	\$ 1,512,332	\$ 495,411	\$ 553,849	\$ 99,248	\$ 1,155,749	\$ 814,376	\$ 1,469,458	\$ 2,569,652	\$ 11,450
Total Governmental Funds	\$ 17,201,057	\$ 10,546,297	\$ 12,861,368	\$ 19,445,471	\$ 22,855,807	\$ 23,612,965	\$ 23,845,830	\$ 25,866,515	\$ 26,023,435	\$ 26,585,984

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL 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
Revenues:										
Tax Levy	\$ 116,098,234	\$ 118,965,030	\$ 123,538,154	\$ 124,303,675	\$ 125,833,129	\$ 122,590,785	\$ 130,312,033	\$ 132,763,989	\$ 135,159,186	\$ 139,859,072
Other Local Governmental Units	354,254	319,551	332,136	324,437	325,638	330,585	317,134	291,042	289,755	319,813
Tuition	105,474	193,745	119,659	152,670	250,508	32,012	116,408	111,689	115,599	182,072
Transportation Fees	106,407	61,652	78,478	30,365	70,732	75,114	59,157	55,877	43,186	66,235
Interest Earned on Capital Reserve Funds	407,675	126,888	28,675	18,209	16,883	15,437	12,081	7,972	4,546	1,000
Miscellaneous	452,231	507,622	1,659,861	793,574	753,465	1,018,823	1,350,343	916,991	863,860	1,298,568
State Sources	20,404,250	18,272,618	16,559,947	20,291,348	24,013,627	22,246,750	24,744,565	26,956,124	29,235,685	32,609,293
Federal Sources	2,840,240	3,624,900	2,977,726	2,977,560	2,901,910	16,433	2,617,607	2,530,715	2,406,773	2,373,740
Total Revenue	140,768,765	142,072,006	145,294,636	148,891,838	154,165,892	146,325,939	159,529,328	163,634,399	168,118,590	176,709,793
Expenditures:										
Instruction:										
Regular Instruction	43,180,718	45,766,553	41,294,431	39,449,291	41,760,639	41,563,425	42,794,436	43,395,923	44,655,188	45,947,843
Special Education Instruction	13,921,851	14,229,607	13,874,514	13,827,515	14,850,923	13,694,599	15,487,774	16,168,382	16,615,348	17,016,772
Other Special Instruction							4,547,574	4,752,425	4,998,945	4,757,361
School-Sponsored/Other Instruction	3,526,580	4,055,127	4,862,356	5,187,426	5,689,886	5,991,579	1,697,974	1,891,204	1,903,192	1,986,092
Support Services:										
Tuition	3,262,695	3,939,326	4,134,170	4,404,226	4,741,149	5,256,999	4,626,585	4,576,844	4,506,301	4,324,768
Student & Other Instruction Related Services	14,111,897	12,856,408	12,433,406	12,300,002	13,689,975	13,386,317	14,693,060	14,914,566	15,359,079	15,313,347
General Administrative Services	1,706,263	1,674,956	1,624,811	1,620,467	1,793,016	1,472,656	1,586,392	1,842,235	1,826,679	1,952,864
School Administrative Services	5,062,304	6,976,381	6,634,919	6,307,237	6,339,928	7,148,185	7,148,799	7,109,778	7,302,843	7,427,102
Central Services	1,271,570	1,322,051	1,217,902	1,246,526	1,282,262	1,302,449	1,264,935	1,227,369	1,253,390	1,215,313
Administrative Information Technology	163,301	159,611	288,178	204,487	434,327	268,100	331,869	375,895	341,226	339,549
Plant Operations and Maintenance	11,192,969	10,917,612	10,423,117	9,335,127	9,723,446	10,899,503	11,237,092	10,866,895	11,416,187	11,398,519
Student Transportation	7,475,322	7,765,596	7,472,374	7,444,376	7,501,432	7,916,397	8,293,917	8,192,971	8,390,691	8,590,767
Allocated Benefits	315,121	347,661	338,497	428,945	467,234	478,235	520,670	373,206	465,941	435,113
Unallocated Benefits	29,349,663	31,982,157	31,103,657	33,996,934	36,117,969	34,222,333	36,936,615	38,705,808	41,154,759	46,924,968
Transfer of Funds to Charter School	9,197	9,507	11,387			37,996	26,835	27,292	38,445	11,931
Capital Outlay	2,593,696	1,973,130	2,525,259	1,962,635	1,715,820	2,597,735	3,554,088	2,616,433	3,158,361	4,452,391
Debt Service:										
Principal	2,890,921	3,120,921	3,250,921	3,380,921	3,580,921	3,580,921	3,735,000	4,155,000	4,275,000	4,405,000
Interest and Other Charges	2,559,016	2,406,091	2,307,408	3,181,880	2,723,174	1,866,689	1,554,205	1,236,512	1,114,501	995,044
Total Expenditures	142,593,084	149,502,695	143,797,307	144,277,995	152,362,101	151,684,118	160,037,820	162,428,738	168,776,076	177,494,744

BRIDGEWATER-RARITAN REGIONAL 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
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (1,824,319)	\$ (7,430,689)	\$ 1,497,329	\$ 4,613,843	\$ 1,803,791	\$ (5,358,179)	\$ (508,492)	\$ 1,205,661	\$ (657,486)	\$ (784,951)
Other Financing Sources/(Uses):										
Serial Bonds Issued				17,165,000	5,940,000		16,795,000			
Bond Premium				2,282,257	537,577		72,394			
Serial Bonds Defeased				(18,284,000)	(6,001,000)		(16,120,000)			
Bond Issuance Costs							(123,216)			
Deferred Amount on Refunding							(699,155)			
Capital Leases	799,531	775,928	817,741	807,002	814,055	815,816	816,334	815,024	814,406	811,792
Transfers						(1,204,590)				535,708
Total Other Financing Sources/(Uses)	799,531	775,928	817,741	1,970,259	1,290,632	(388,774)	741,357	815,024	814,406	1,347,500
Net Change in Fund Balances	\$ (1,024,788)	\$ (6,654,761)	\$ 2,315,070	\$ 6,584,102	\$ 3,094,423	\$ (5,746,953)	\$ 232,865	\$ 2,020,685	\$ 156,920	\$ 562,549
Debt Service as a % of Noncapital Expenditures	3.89%	3.75%	3.93%	4.61%	4.15%	3.65%	3.38%	3.37%	3.25%	3.12%

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Athletic & Activity Fees	Tuition	Parking Permits	Transportation		Hazardous		Rentals	Miscellaneous	Total
					Fees	Fees	Transportation Fees	Transportation Fees			
2009	\$ 407,676		\$ 105,474	\$ 47,600	\$ 106,407	\$ 354,254	\$ 125,214	\$ 248,110	\$ 1,394,735		
2010	126,888		193,745	48,005	61,652	319,551	112,879	250,065	1,112,785		
2011	28,675	\$ 192,473	119,659	49,980	78,478	332,136	120,411	1,137,813	2,059,625		
2012	18,209	287,514	152,670	46,400	30,365	324,437	117,021	242,070	1,218,686		
2013	16,884	193,745	250,508	47,900	70,732	325,638	130,712	269,441	1,305,560		
2014	33,070	211,847	191,060	48,000	49,451	330,585	72,503	535,455	1,471,971		
2015	29,816	206,402	116,408	39,510	59,157	317,134	167,346	830,951	1,766,724		
2016	35,175	190,555	111,689	50,509	55,877	291,042	312,981	292,808	1,340,636		
2017	47,442	198,151	115,599	50,157	43,186	289,755	190,772	331,586	1,266,648		
2018	92,253	194,158	182,072	56,526	66,235	239,251	137,709	811,730	1,779,934		

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Township of Bridgewater</u>													
2008	\$ 119,347,100	\$ 6,733,962,500	\$ 5,689,900	\$ 121,700	\$ 1,804,513,500	\$ 366,284,400	\$ 48,523,200	\$ 9,078,442,300	\$ 10,321,568	\$ 9,088,763,868	\$ 538,193,500	\$ 1.11	\$ 9,880,225,511
2009	112,038,700	6,488,662,400	6,761,700	122,200	1,837,224,700	375,112,800	52,439,500	8,872,362,000	11,307,448	8,883,669,448	546,825,900	1.16	9,652,629,157
2010	104,974,600	6,278,722,100	6,547,300	122,200	1,824,068,900	417,412,900	52,336,300	8,684,184,300	12,662,084	8,696,846,384	583,951,900	1.22	10,448,531,025
2011	94,751,000	6,095,715,300	6,385,600	122,200	1,713,746,500	454,103,800	51,256,400	8,416,080,800	10,752,577	8,426,833,377	618,611,400	1.30	9,167,227,143
2012	93,049,400	6,103,102,700	6,385,600	121,200	1,741,513,700	467,203,800	51,256,400	8,462,632,800	10,720,405	8,473,353,205	624,502,700	1.32	9,073,523,515
2013	91,159,500	5,884,075,400	5,725,100	116,100	1,662,956,200	381,478,600	64,053,900	8,089,564,800	10,951,801	8,100,516,601	628,796,300	1.39	8,663,221,660
2014	86,915,900	5,941,045,400	5,674,400	116,100	1,664,998,000	346,979,600	65,336,400	8,111,065,800	8,288,494	8,119,354,294	629,987,000	1.41	8,655,157,455
2015	85,358,500	6,227,830,600	5,960,700	116,100	1,670,545,500	347,565,400	67,432,200	8,404,809,000	8,475,948	8,413,284,948	638,566,200	1.39	8,874,306,002
2016	89,577,900	6,295,354,200	6,006,600	116,100	1,685,984,300	351,511,000	69,455,400	8,498,005,500	8,205,698	8,506,211,198	641,720,400	1.39	8,889,348,724
2017	89,619,700	6,337,930,500	5,483,900	2,772,400	1,687,082,300	360,638,900	69,455,400	8,552,983,100	8,250,544	8,561,233,644	643,564,800	1.42	9,092,706,275
<u>Borough of Raritan</u>													
2008	\$ 10,612,600	\$ 608,953,934			\$ 251,226,741	\$ 278,406,500	\$ 1,898,600	\$ 1,151,098,375	\$ 1,177,566	\$ 1,152,275,941	\$ 41,799,580	\$ 1.13	\$ 1,281,119,204
2009	12,026,950	609,492,434			237,652,841	276,551,500	1,898,600	1,137,622,325	1,539,530	1,139,161,855	43,482,050	1.23	1,333,731,647
2010	11,579,600	611,784,284			237,416,923	276,551,500	1,898,600	1,139,230,907	1,718,485	1,140,949,392	43,067,450	1.27	1,370,898,190
2011	11,385,200	611,721,584			237,926,357	276,551,500	1,898,600	1,139,483,241	1,718,485	1,141,201,726	43,594,150	1.27	1,295,168,774
2012	11,711,500	611,088,984			237,925,357	276,551,500	1,898,600	1,139,175,941	1,601,370	1,140,777,311	43,619,950	1.29	1,242,625,011
2013	9,067,400	609,609,984			237,740,974	276,551,500	3,956,100	1,136,925,958	1,646,255	1,138,572,213	43,857,950	1.29	1,192,239,046
2014	9,323,900	608,734,384			237,683,074	276,534,100	25,670,300	1,157,945,758	1,407,412	1,159,353,170	43,601,450	1.26	1,132,375,825
2015	9,323,900	608,340,284			234,644,574	276,534,100	54,550,100	1,183,392,958	1,472,350	1,184,865,308	44,099,750	1.24	1,198,381,988
2016	9,492,900	608,399,984			193,732,711	276,534,100	96,911,100	1,185,070,795	1,480,475	1,186,551,270	44,099,750	1.32	1,250,246,956
2017	9,682,200	608,608,584			188,656,543	276,534,100	109,362,300	1,192,843,727	1,497,630	1,194,341,357	43,683,850	1.36	1,255,631,351

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

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

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

Source: Township of Bridgewater and Borough of Raritan Tax Assessor.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Township of Bridgewater School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Township of Bridgewater	Somerset County	
	Basic Rate ^a	Debt Service ^b				
2008	\$ 1.06	\$ 0.05	\$ 1.11	\$ 0.25	\$ 0.37	\$ 1.72
2009	1.11	0.05	1.16	0.25	0.36	1.78
2010	1.17	0.06	1.22	0.22	0.40	1.85
2011	1.24	0.06	1.30	0.24	0.39	1.93
2012	1.27	0.06	1.32	0.25	0.40	1.97
2013	1.33	0.06	1.39	0.26	0.41	2.05
2014	1.35	0.06	1.41	0.26	0.42	2.09
2015	1.33	0.06	1.39	0.25	0.42	2.06
2016	1.34	0.05	1.39	0.26	0.42	2.06
2017	1.36	0.05	1.42	0.25	0.42	2.09

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

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

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

Source: Township of Bridgewater Tax Collector and School Business Administrator.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Borough of Raritan School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Raritan	Somerset County	
2008	\$ 1.07	\$ 0.05	\$ 1.13	\$ 0.58	\$ 0.34	\$ 2.04
2009	1.17	0.06	1.23	0.59	0.35	2.17
2010	1.21	0.06	1.27	0.62	0.36	2.25
2011	1.21	0.06	1.27	0.64	0.36	2.27
2012	1.24	0.05	1.29	0.64	0.35	2.29
2013	1.24	0.06	1.29	0.65	0.35	2.29
2014	1.21	0.05	1.26	0.65	0.34	2.25
2015	1.19	0.05	1.24	0.65	0.35	2.24
2016	1.27	0.05	1.32	0.65	0.37	2.34
2017	1.31	0.05	1.36	0.65	0.37	2.38

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

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

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

Source: Borough of Raritan Tax Collector and School Business Administrator.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Township of Bridgewater

Taxpayer	2017		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Bridgewater Commons Mall	\$ 211,715,404	1	2.47%
Sanofi US	101,969,604	2	1.19%
Bridgewater ODC-Goldman Sachs	66,000,000	3	0.77%
724 Rt 202 Assoc	59,541,000	4	0.70%
CIP II/AR	58,000,000	5	0.68%
Met Life	56,285,200	6	0.66%
CNL Hospital Partners	50,304,600	7	0.59%
Somerset Corporate Center	46,500,000	8	0.54%
SCC III, LLC	46,500,000	9	0.54%
Piedmont-Bridgewater NJ LLC	38,200,000	10	0.45%
Total	<u>\$ 735,015,808</u>		<u>8.59%</u>

Taxpayer	2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

Source: Township of Bridgewater Tax Assessor.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Borough of Raritan

<u>Taxpayer</u>	<u>2017</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Ortho Pharmaceutical Corp.	\$ 192,938,000	1	16.15%
Bridge Walk, LLC	56,000,000	2	4.69%
Ortho Diagnostic Systems Inc.	54,798,000	3	4.59%
Johnson and Johnson	45,506,000	4	3.81%
CL River Park L.P.	39,000,000	5	3.27%
Roche Bio-Medical	16,664,300	6	1.40%
Levin Management Corp.	14,977,000	7	1.25%
Raritan Shop Center, NJ Mort Acq, LLC	13,000,000	8	1.09%
Ortho Bio-Tech Inc.	12,351,000	9	1.03%
Raritan Johnson Associates, LLC	9,569,000	10	0.80%
Total	<u>\$ 454,803,300</u>		<u>38.08%</u>

<u>Taxpayer</u>	<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
INFORMATION IS NOT AVAILABLE			

Source: Borough of Raritan Tax Assessor.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
<u>Township of Bridgewater</u>				
2009	\$ 103,448,998	\$ 103,448,998	100.00%	\$ -0-
2010	104,285,836	104,285,836	100.00%	-0-
2011	109,277,843	109,277,843	100.00%	-0-
2012	109,681,945	109,681,945	100.00%	-0-
2013	111,300,325	111,300,325	100.00%	-0-
2014	113,045,651	113,045,651	100.00%	-0-
2015	116,027,179	111,394,400	96.01%	4,632,779
2016	117,729,667	117,729,667	100.00%	-0-
2017	118,852,427	118,852,427	100.00%	-0-
2018	123,563,476	123,563,476	100.00%	-0-
<u>Borough of Raritan</u>				
2009	\$ 13,383,676	\$ 13,383,676	100.00%	\$ -0-
2010	14,679,194	14,679,194	100.00%	-0-
2011	14,415,304	14,415,304	100.00%	-0-
2012	14,621,730	14,621,730	100.00%	-0-
2013	14,532,804	14,532,804	100.00%	-0-
2014	14,911,568	14,911,568	100.00%	-0-
2015	14,284,854	13,144,111	92.01%	1,140,743
2016	15,034,322	15,034,322	100.00%	-0-
2017	16,306,759	16,306,759	100.00%	-0-
2018	16,295,596	16,295,596	100.00%	-0-

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

Source: Township of Bridgewater and Borough of Raritan School District records including the Certificate and Report of School Taxes (A4F form).

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities										Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans	Obligations Under		Business-Type Activities		Capital Leases	Capital Leases	Capital Leases	Capital Leases			
			General	Obligation	Capital	Leases							
2009	\$ 60,410,000	\$ 29,605	\$ 799,531	\$ -0-	\$ 61,239,136	\$ 1,163	1.65%					\$	1,163
2010	57,300,000	23,684	791,636	-0-	58,115,320	1,130	1.58%						1,130
2011	54,055,000	17,763	796,395	-0-	54,869,158	1,061	1.43%						1,061
2012	49,561,000	11,842	800,193	-0-	50,373,035	967	1.24%						967
2013	45,975,000	5,921	808,282	-0-	46,789,203	891	1.11%						891
2014	42,400,000	-0-	812,154	-0-	43,212,154	818	0.98%						818
2015	39,340,000	-0-	813,261	-0-	40,153,261	754	0.87%						754
2016	35,185,000	-0-	812,125	-0-	35,997,125	679	0.75%						679
2017	30,910,000	-0-	811,067	-0-	31,721,067	594	0.66%						594
2018	26,505,000	-0-	808,245	-0-	27,313,245	511	0.57%						511

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

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 60,410,000	\$ -0-	\$ 60,410,000	0.59%	\$ 1,147
2010	57,300,000	-0-	57,300,000	0.57%	1,114
2011	54,055,000	-0-	54,055,000	0.55%	1,045
2012	49,561,000	-0-	49,561,000	0.52%	951
2013	45,975,000	-0-	45,975,000	0.48%	875
2014	42,400,000	-0-	42,400,000	0.46%	803
2015	39,340,000	-0-	39,340,000	0.42%	739
2016	35,185,000	-0-	35,185,000	0.37%	664
2017	30,910,000	-0-	30,910,000	0.32%	579
2018	26,505,000	-0-	26,505,000	0.27%	496

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

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

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

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL 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 ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Bridgewater	\$ 68,575,504	100.000%	\$ 68,575,504
Borough of Raritan	6,678,985	100.000%	6,678,985
Somerset County General Obligation Debt:			
Township of Bridgewater Share	206,591,021	15.295%	31,598,614
Borough of Raritan Share	206,591,021	2.112%	4,363,521
Subtotal, Overlapping Debt			111,216,624
Bridgewater-Raritan Regional School District Direct Debt			29,848,245
Total Direct and Overlapping Debt			<u>\$ 141,064,869</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 Bridgewater and Raritan. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 444,536,484	\$ 443,986,864	\$ 441,689,106	\$ 424,568,106	\$ 363,986,184	\$ 413,236,614	\$ 405,636,154	\$ 407,084,195	\$ 414,684,126	\$ 417,101,870
Total Net Debt Applicable to Limit	60,410,000	57,300,000	54,055,000	49,561,000	45,975,000	42,400,000	39,340,000	35,185,000	30,910,000	26,505,000
Legal Debt Margin	\$ 384,126,484	\$ 386,686,864	\$ 387,634,106	\$ 375,007,961	\$ 318,011,184	\$ 370,836,614	\$ 366,296,154	\$ 371,899,195	\$ 383,774,126	\$ 390,596,870
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	13.59%	12.91%	12.24%	11.67%	12.63%	10.26%	9.70%	8.64%	7.45%	6.35%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis:	Township of		Borough of	Total
	Bridgewater	Raritan		
2017	\$9,164,237,758	\$ 1,269,928,380		\$10,434,166,138
2016	9,367,290,013	1,234,963,313		10,602,253,326
2015	9,010,301,244	1,235,919,538		10,246,220,782
				<u>\$31,282,640,246</u>
Average Equalized Valuation of Taxable Property				<u>\$10,427,546,749</u>
Debt Limit (4% of average equalization value) ^a				\$ 417,101,870
Net Bonded School Debt				<u>26,505,000</u>
Legal Debt Margin				<u>\$ 390,596,870</u>

^a Limit set by NJSA 18A:24-19 for a K through 12 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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Bridgewater

Year	Population ^a	Somerset County Per Capita Personal Income ^b	Township of Bridgewater Personal Income ^c	Unemployment Rate ^d
2009	45,076	\$ 70,311	\$ 3,169,338,636	7.40%
2010	44,527	71,473	3,182,478,271	7.40%
2011	44,772	74,238	3,323,783,736	7.10%
2012	45,142	78,163	3,528,434,146	7.40%
2013	45,233	80,167	3,626,193,911	6.30%
2014	45,298	83,731	3,792,846,838	5.10%
2015	45,198	86,468	3,908,180,664	4.10%
2016	44,999	90,268	4,061,969,732	3.80%
2017	45,414	90,268 *	4,099,430,952 ***	3.60%
2018	45,414 **	90,268 *	4,099,430,952 ***	N/A

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

** - Latest population data available (2017) 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.

N/A - Information is not available.

Sources:

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Borough of Raritan</u>				
<u>Year</u>	<u>Population ^a</u>	<u>Somerset County Per Capita Personal Income ^b</u>	<u>Borough of Raritan Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	7,571	\$ 70,311	\$ 532,324,581	7.40%
2010	6,893	71,473	492,663,389	7.40%
2011	6,932	74,238	514,617,816	7.10%
2012	6,946	78,163	542,920,198	7.40%
2013	7,280	80,167	583,615,760	6.30%
2014	7,522	83,731	629,824,582	5.10%
2015	8,031	86,468	694,424,508	4.20%
2016	8,016	90,268	723,588,288	4.40%
2017	8,011	90,268 *	723,136,948 ***	3.80%
2018	8,011 **	90,268 *	723,136,948 ***	N/A

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

** - Latest population data available (2017) 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.

N/A - Information is not available.

Sources:

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF SOMERSET
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	Employees	2017	
		Rank	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Employer	Employees	2008	
		Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Somerset County Economic Development Corporation

BRIDGEWATER-RARITAN REGIONAL 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	651	654	597	593	624	662	613	615	625	622
Special Education	267	272	266	241	249	205	262	261	257	285
Support Services:										
Student & Instruction Related Services	189	189	156	170	163	166	166	141	177	177
School Administration	70	70	78	78	76	78	82	82	82	81
General Administration	5	5	5	5	5	5	5	5	5	6
Central Services	19	19	17	17	17	21	17	17	17	16
Plant Operations and Maintenance	139	138	30	30	45	38	45	25	24	24
Pupil Transportation	27	27	28	28	27	27	27	27	28	28
Total	1,367	1,374	1,177	1,162	1,206	1,202	1,217	1,173	1,215	1,239

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	** Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2009	9,126	\$ 134,549,451	\$ 14,744	0.83%	918	9:1	N/A	11:1	9,126	8,760	-0.08%	95.99%
2010	9,110	142,002,553	15,588	5.72%	926	9:1	10:1	11:1	9,092	8,724	-0.37%	95.95%
2011	8,953	135,713,719	15,158	-2.75%	863	10:1	10:1	11:1	8,854	8,501	-2.62%	96.01%
2012	8,827	135,752,559	15,379	1.46%	834	10:1	10:1	11:1	8,706	8,362	-1.67%	96.05%
2013	8,697	144,392,186	16,603	7.95%	873	N/A	N/A	N/A	8,619	8,280	-1.00%	96.07%
2014	8,642	143,638,773	16,621	0.11%	867	N/A	N/A	N/A	8,527	8,210	-1.07%	96.28%
2015	8,570	151,194,527	17,642	6.14%	875	N/A	N/A	N/A	8,451	8,158	-0.89%	96.53%
2016	8,554	154,420,793	18,052	2.32%	876	N/A	N/A	N/A	8,543	8,216	1.09%	96.17%
2017	8,573	160,228,214	18,690	3.53%	882	N/A	N/A	N/A	8,573	8,224	0.35%	95.93%
2018	8,509	167,642,309	19,702	5.41%	882	N/A	N/A	N/A	8,534	8,188	-0.45%	95.95%

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost Per Pupil calculated above is the sum of operating expenditures divided by enrollment. This may be different from the State's Cost Per Pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- ** Includes out-of-district students.
- N/A Information is not available.

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Adamsville (1953)										
Square Feet	69,996	69,996	69,996	69,996	69,996	69,996	69,996	69,996	69,996	69,996
Capacity (Students)	501	501	501	501	501	501	501	501	501	501
Enrollment	559	550	572	603	505	537	538	550	548	569
Bradley Gardens (1955)										
Square Feet	47,150	47,150	47,150	47,150	47,150	47,150	47,150	47,150	47,150	47,150
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	353	364	326	295	283	293	291	270	259	294
Crim (1968)										
Square Feet	47,140	47,140	47,140	47,140	47,140	47,140	47,140	47,140	47,140	47,140
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	465	442	421	402	409	356	344	328	359	384
Eisenhower (1967)										
Square Feet	92,850	92,850	92,850	92,850	92,850	92,850	92,850	92,850	92,850	92,850
Capacity (Students)	653	653	653	653	653	653	653	653	653	653
Enrollment - PSD	854	846	890	885	811	766	773	746	728	771
Hamilton (1965)										
Square Feet	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
Capacity (Students)	370	370	370	370	370	370	370	370	370	370
Enrollment	463	456	410	395	470	499	475	467	491	505
Hillside (1961)										
Square Feet	73,070	73,070	73,070	73,070	73,070	73,070	73,070	73,070	73,070	73,070
Capacity (Students)	515	515	515	515	515	515	515	515	515	515
Enrollment - PSD	600	576	576	588	599	598	578	562	578	574
John F. Kennedy (1963)										
Square Feet	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500
Capacity (Students)	320	320	320	320	320	320	320	320	320	320
Enrollment	494	466	444	407	414	412	427	434	423	396
Milltown (2006)										
Square Feet	52,832	52,832	52,832	52,832	52,832	52,832	52,832	52,832	52,832	52,832
Capacity (Students)	498	498	498	498	498	498	498	498	498	498
Enrollment	551	531	519	501	460	433	430	478	432	429
Van Holten (1963)										
Square Feet	45,200	45,200	45,200	45,200	45,200	45,200	45,200	45,200	45,200	45,200
Capacity (Students)	321	321	321	321	321	321	321	321	321	321
Enrollment - PSD	476	491	431	421	431	440	397	414	436	419
Middle School (1966)										
Square Feet	240,120	240,120	240,120	240,120	240,120	240,120	240,120	240,120	240,120	240,120
Capacity (Students)	1,304	1,304	1,304	1,304	1,304	1,304	1,304	1,304	1,304	1,304
Enrollment - PSD	1,482	1,522	1,450	1,423	1,484	1,474	1,409	1,377	1,376	1,345
Bridgewater-Raritan High School (1964)										
Square Feet	331,390	331,390	331,390	331,390	331,390	331,390	331,390	331,390	331,390	331,390
Capacity (Students)	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Enrollment - PSD	2,829	2,866	2,914	2,907	2,831	2,834	2,777	2,793	2,855	2,806
Maintenance/Transportation Building										
Square Feet	11,120	11,120	11,120	11,120	11,120	11,120	11,120	11,120	11,120	11,120
Central Administration (1959)										
Square Feet	31,120	31,120	31,120	31,120	31,120	31,120	31,120	31,120	31,120	31,120

Number of Schools at June 30, 2018

Elementary = 7
Intermediate = 2
Middle School = 1
High School = 1
Other = 2

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities*
 Account Number 11-000-261-XXX

Fiscal Year Ended June 30,	Adamsville Elementary School		Bradley Gardens Elementary School		Crim Elementary School		Eisenhower Intermediate School		Hamilton Elementary School		Hillside Intermediate School		JFK Elementary School		Milltown Elementary School		Van Holten Elementary School		Bridgewater-Raritan Middle School		Bridgewater-Raritan High School		Central Administration & Maintenance/Transportation		Total
2009	\$ 90,369	\$ 67,517	\$ 78,030	\$ 156,752	\$ 85,777	\$ 122,573	\$ 59,950	\$ 90,233	\$ 82,310	\$ 319,615	\$ 504,268	\$ 42,301	\$ 1,699,695												
2010	112,282	75,504	78,136	164,038	65,060	128,167	76,952	73,569	69,409	326,267	454,015	40,778	1,664,177												
2011	70,611	64,150	64,286	178,517	60,090	116,710	66,226	68,006	51,362	306,793	459,489	40,227	1,546,467												
2012	107,414	72,402	69,606	155,785	65,517	116,924	87,454	73,690	61,130	288,380	516,083	40,577	1,654,962												
2013	94,535	58,981	49,567	150,823	73,682	151,304	77,058	122,796	64,944	253,135	462,622	38,104	1,597,551												
2014	75,231	70,822	60,890	144,500	90,887	116,244	78,913	79,769	71,460	299,761	572,005	32,294	1,692,776												
2015	136,310	76,963	67,424	141,184	56,982	114,373	63,404	75,384	57,447	305,085	545,181	38,877	1,678,614												
2016	76,837	82,378	56,850	138,210	77,831	117,693	58,698	66,354	64,178	312,544	464,906	42,192	1,558,671												
2017	86,204	71,494	79,508	162,168	77,846	133,747	72,203	87,892	81,980	374,294	634,208	45,846	1,907,390												
2018	86,901	69,114	82,004	159,537	65,998	137,842	66,872	86,418	62,485	345,752	451,476	42,569	1,656,968												

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

Source: Bridgewater-Raritan Regional School District Financial Reports.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Insurance Group:		
School Package Policy:		
Building & Personal Property	\$ 24,936,064	\$ 5,000
Environmental Package	1,000,000	100,000
General Liability	6,000,000	N/A
Automobile Liability	6,000,000	
Auto Physical Damage	ACV basis (replacement cost on buses)	1,000
Beazley Breach Response Services	1,000,000	various
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
EDP	2,000,000	1,000
Equip Breakdown	100,000,000	5,000
Crime & Bonds:		
Faithful Performance	250,000	1,000
Forgery & Aleration	100,000	1,000
Money & Securities	100,000	1,000
Money orders/ Counterfeit	25,000	500
Computer Fraud	50,000	500
Errors & Omissions	6,000,000	10,000
Workers' Compensation:		
Employer's Liability	Statutory	
Supplemental Indemnity	2,000,000	
	Not Included	
Bollinger Insurance:		
Student Accident	5,000,000	250
Public Officials' Bonds - Selective Insurance Company of America:		
Treasurer of School Monies	575,000	1,000
School Business Administrator/Board Secretary	575,000	500

Source: Bridgewater-Raritan Regional School District Financial Reports.

SINGLE AUDIT SECTION

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
Bridgewater-Raritan Regional 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 Bridgewater-Raritan Regional 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, 2018.

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
Bridgewater-Raritan Regional School District
Page 2

Compliance and Other Matters

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

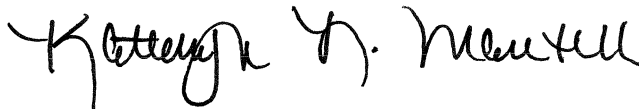
Purpose of this Report

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



NISIVOCCIA LLP

January 18, 2018
Mount Arlington, New Jersey



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



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**Report on Compliance For Each Major Federal and State Program
and Report on Internal Control Over Compliance**

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Bridgewater-Raritan Regional School District
County of Somerset, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Bridgewater-Raritan Regional School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and 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
Bridgewater-Raritan Regional School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs 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 each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 District's internal control over compliance.

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

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

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

Nisivoccia, LLP

January 18, 2018
Mount Arlington, New Jersey

NISIVOCCIA LLP

Kathryn L. Mantell

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2017			Due to Grantor	Cash Received	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Cancellation of Prior Year Encun- brances	Balance at June 30, 2018		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Unearned Revenue						Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Agriculture:															
Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
	10.555	N/A	7/1/16-6/30/17	\$ 117,300		\$ 20,963		\$ 110,837	\$ (20,963)				\$ 21,298		
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	110,837				38,687	(89,539)						
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	477,987				435,923	(472,441)				\$ (36,518)		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	472,441				1,524							
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	15,724				11,667	(12,731)				(1,064)		
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	12,731				598,638	(595,674)				(37,582)	21,298	
Total Child Nutrition Cluster															
Total U.S. Department of Agriculture						20,963		598,638	(595,674)				(37,582)	21,298	
U.S. Department of Education:															
Temporarily Displaced															
Student Aid															
84.938C	N/A		7/1/17-6/30/18	8,500					(8,500)						
Elementary and Secondary Education Act:															
84.010	NCLB055517		7/1/16-6/30/17	249,472				94,188							
84.010	ESEA055518		7/1/17-6/30/18	256,155				166,776	(241,876)				(75,100)		
Total Title I								260,964	(241,876)				(75,100)		
Title II A	84.367	NCLB055517	7/1/16-6/30/17	128,751				54,182							
Title II A	84.367	ESEA055518	7/1/17-6/30/18	122,840				71,087	(119,742)				(48,655)		
Total Title II								125,269	(119,742)				(48,655)		
Title III	84.365	NCLB055517	7/1/16-6/30/17	25,952				25,952							
Total Title III								25,952							
Title III - Immigrant	84.365	NCLB055517	7/1/16-6/30/17	46,574				46,574							
Title III - Immigrant	84.365	ESEA055518	7/1/17-6/30/18	42,732				31,036	(41,432)				(10,396)		
Total Title III - Immigrant								77,610	(41,432)				(10,396)		
Title IV	84.365	ESEA055518	7/1/17-6/30/18	10,000					(20)				(20)		
Total Title IV									(20)				(20)		
Special Education Cluster:															
ID.E.A. Part B, Basic	84.027	IDEA055517	7/1/16-6/30/17	1,852,551				566,456							
ID.E.A. Part B, Basic	84.027	IDEA055518	7/1/17-6/30/18	1,883,137				1,346,064	(1,816,160)				(470,096)		
ID.E.A. Preschool	84.173	IDEA055517	7/1/16-6/30/17	61,336				24,626							
ID.E.A. Preschool	84.173	IDEA055518	7/1/17-6/30/18	61,099				38,631	(59,405)				(20,774)		
Total Special Education Cluster								1,975,777	(1,875,565)				(490,870)		
Subtotal - Special Revenue Fund								2,465,572	(2,278,635)				(625,041)		
Total U.S. Department of Education								2,465,572	(2,278,635)				(625,041)		

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2017			Due to Grantor	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Cancellation of Prior Year Encum- brances	Balance at June 30, 2018			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services: Medicaid Assistance Program	93.778	N/A	7/1/17-6/30/18	\$ 95,425				\$ 86,051	\$ (95,425)			\$ (9,374)			
Total U.S. Department of Health and Human Services								86,051	(95,425)			(9,374)			
U.S. Department of Homeland Security: Passed-through NJ Department of Law and Public Safety: Disaster Grants - Public Assistance - FEMA	97.036	N/A	9/1/12-8/31/13	16,760			\$ 12,260		\$ (12,260)						
Total U.S. Department of Homeland Security							12,260		(12,260)						
Total Federal Awards							\$ (82,189)	\$ 20,963	\$ 12,260	\$ 3,150,261	\$ (2,969,734)	\$ (12,260)	\$ (671,997)	\$ 21,298	\$ -0-

N/A - Not Applicable

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO		
					Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
Special Revenue Fund Aid:														
N.J. Nonpublic Textbook Aid	18-100-034-5120-064		7/1/17-6/30/18	15,942	\$	15,942	\$	(14,578)	\$	1,364	\$		\$	
N.J. Nonpublic Nursing Aid	17-100-034-5120-070		7/1/16-6/30/17	30,870	\$	999		(999)						
N.J. Nonpublic Nursing Aid	17-100-034-5120-070		7/1/16-6/30/17	33,030		3,779		(3,779)						
N.J. Nonpublic Nursing Aid	18-100-034-5120-070		7/1/17-6/30/18	28,227			28,227	(26,868)		1,359				
N.J. Nonpublic Technology Initiative	16-100-034-5120-373		7/1/15-6/30/16	9,542		639		(639)						
N.J. Nonpublic Technology Initiative	17-100-034-5120-373		7/1/16-6/30/17	9,048		1,655		(1,655)						
N.J. Nonpublic Technology Initiative	18-100-034-5120-373		7/1/17-6/30/18	10,767		2,776	10,767	(8,903)		1,864				
N.J. Nonpublic Security	17-100-034-5120-509		7/1/16-6/30/17	16,500				(2,776)						
N.J. Nonpublic Security	18-100-034-5120-509		7/1/17-6/30/18	21,825			21,825	(6,340)		15,485				
Subtotal - Special Revenue Fund						52,428	167,103	(107,765)	(52,428)	59,338			248,599	
Food Service Fund:														
State School Lunch Program	17-100-010-3350-023		7/1/16-6/30/17	\$ 24,129	\$	(1,927)	1,927	(30,632)			\$	(2,111)	\$ 24,129	
State School Lunch Program	18-100-010-3350-023		7/1/17-6/30/18	30,632			28,521						30,632	
Subtotal - Food Service Fund							30,448	(30,632)					(2,111)	57,036
Total State Department of Education						(2,181,197)	32,664,148	(32,672,031)	(52,428)	(1,323,535)	\$ 59,338	(2,248,418)	48,310,230	
Total State Awards Subject to Single Audit Determination						\$ (2,181,197)	\$ 32,664,148	\$ (32,672,031)	\$ (52,428)	\$ (1,323,535)	\$ 59,338	\$ (2,248,418)	\$ 48,310,230	
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	(6,475,630)			(6,475,630)	6,475,630						
On-Behalf TPAF Pension Contributions	18-495-034-5094-002		7/1/17-6/30/18	(10,026,076)			(10,026,076)	10,026,076						
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004		7/1/17-6/30/18	(237,543)			(237,543)	237,543						
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004		7/1/17-6/30/18	(11,724)			(11,724)	11,724						
Subtotal - On-Behalf TPAF Pension System Contributions							(16,750,973)	16,750,973						
Total State Awards Subject to Single Audit Major Program Determination						\$ 15,913,175	\$ (15,921,058)							

N/A - Not Applicable/Available

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE 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 includes the federal and state grant activity of the Board of Education, Bridgewater-Raritan Regional 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 fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last 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 (\$32,106) for the general fund and \$22,761 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Revenue from federal and state awards is reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 95,425	\$ 32,501,528	\$ 32,596,953
Special Revenue Fund	2,301,396	107,765	2,409,161
Food Service Fund	<u>595,674</u>	<u>30,632</u>	<u>626,306</u>
Total Awards	<u>\$ 2,992,495</u>	<u>\$ 32,639,925</u>	<u>\$ 35,632,420</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.

BRIDGEWATER-RARITAN REGIONAL 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 major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	C.F.D.A./ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/17-6/30/18	\$ 1,883,137	\$ 1,816,160
I.D.E.A. Preschool	84.173	7/1/17-6/30/18	61,099	59,405
<u>State:</u>				
Reimbursed TPAF Social Security				
Contributions	18-495-034-5094-003	7/1/17-6/30/18	5,159,971	5,159,971
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	5,676,663	5,676,663
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	683,937	683,937
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	83,490	83,490
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	83,490	83,490
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	82,965	82,965
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,018,666	2,018,666
Adjustment Aid	18-498-034-5120-085	7/1/17-6/30/18	1	1
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	24	24

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

BRIDGEWATER-RARITAN REGIONAL 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:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

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.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.