

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Prepared by

The School Business Administrator's Staff

Of the North Brunswick Township Board of Education

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INTRODUCTORY SECTION

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

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

District Web Site: www.nbtschools.org

LETTER OF TRANSMITTAL

February 7, 2019

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

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the North Brunswick Township School District for the fiscal year ended June 30, 2018. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes and an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District generally presented on a multi-year basis;

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

1. REPORTING ENTITY AND ITS SERVICES

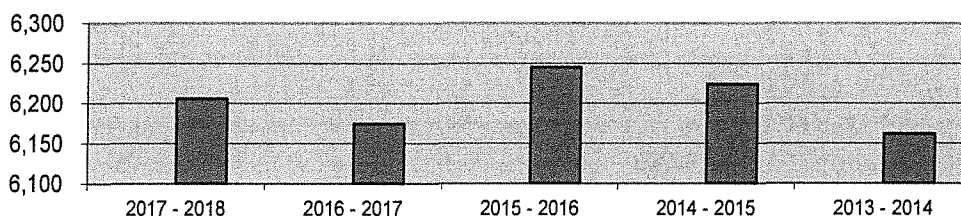
The North Brunswick Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The North Brunswick Township Board of Education and all its schools constitute the District's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

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

The District's enrollment at October 15, 2017 was 6,206 students, which is a .5 decrease above the previous October 15 count. The following details the changes in enrollment over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017 - 2018	6,206	0.50%
2016 - 2017	6,175	(1.12%)
2015 - 2016	6,245	0.34%
2014 - 2015	6,224	1.01%
2013 - 2014	6,162	4.48%

District Enrollment



2. ECONOMIC CONDITION AND OUTLOOK

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

3. MAJOR INITIATIVES

Facilities Improvement Plan

The District passed a \$77.4 Million referendum to address its overcrowded facilities. A new 7th & 8th Grade Middle School will be built on 33 acres within the Renaissance Development. Additionally, nearly \$9 million of the project is budgeted to renovate Linwood Middle School. This will allow the district to move the Early Childhood Center (ECC) from its current rented location in Milltown to the renovated Linwood. The Linwood renovation includes offices for the Board of Education Central Office staff.

The district continues to follow its roofing plan and replaced existing school roofs last summer. During the summer of 2016, the district completed a \$700,000 section of the North Brunswick Township High School roof. The district has completed more than \$10 million of its projected \$15 million roof work replacement plan. Some of the roof replacement projects were funded 40% through Regular Operating District (ROD) Grants. The majority of the funding was through the use of capital reserve.

The roof projects did not require the collection of additional taxes. All of the projects noted above received approval from the New Jersey Department of Education (NJDOE) and were included in the District's Long Range Facility Plan.

Personnel Management

The Office of Human Resources uses an established protocol to ensure that all candidates are properly credentialed and certified as per New Jersey law. To find the best possible candidates, district staff participated in job fairs and advertised through New Jersey Schools Jobs, the Star Ledger as well as the use of a software program *Applitrack*. *Applitrack* was used successfully, again this year, to manage job applications, screen candidates for credential review and the tracking of the interview process.

Human Resources manuals are used by administrators to provide better oversight of the supervision/evaluation process; for new hires to aid in their orientation to District policies, procedures, and expectations; and for mentors to support new hires to the teaching profession in the District's mentoring and induction program.

In collaboration with the Curriculum and Instruction Office, the Human Resources Office provided professional development activities so that teachers and support staff could meet district and state requirements.

Personnel policies and specified job descriptions were reviewed and revised as necessary in collaboration with the Board's Personnel Committee. The Office of Human Resources is continually revising the faculty and administrator evaluation process annually to meet the changing state requirements as well as developing innovative methods for enhancing classroom instruction. The Marshall Model of Supervision and Evaluation process was approved by the District's Evaluation Advisory Committee (DEAC) as the teacher practice platform to meet the NJDOE observation and evaluation requirements under NJ Achieve and continues to serve as the district model for teacher and administrator practice.

Educational Program

The District's rigorous academic program prepares students for college and career choices, enabling them to compete with high school graduates nationwide for enrollment in the most prestigious colleges and universities. Technology and college/career readiness are embedded throughout the curriculum. The general education program includes language arts, mathematics, science, social studies, visual and performing arts, health and physical education, and world languages, reflecting the New Jersey Student Learning Standards.

The District's exemplary academic program goes beyond state standards. The district's music program involves most of the district's diverse student population. The District offers pre and post school STEAM enrichment programs as well as the use of adaptive technology to address the needs and challenges for all children. The district continues to "prepare students for their future" with the implementation of *Coding* and *Robotics* throughout K-12 curriculum. All of our elementary schools are fully equipped with science labs, computer labs and/or mobile laptop carts, and school libraries. All middle and high school students may choose from a wide range of rigorous courses that addresses their individual ability and not their grade level.

The District provides resources for continuous professional development of its staff; engages community organizations, businesses, and local government agencies as partners in the educational process, encourages parent and family involvement in school and district activities and committees; and participates with other school districts and higher education institutions in research and programming for closing the achievement gap between minority and economically disadvantaged students and their peers.

4. LONG TERM FINANCIAL PLANNING

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

5. INTERNAL ACCOUNTING CONTROLS

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

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

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

6. BUDGETARY CONTROLS

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

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

7. ACCOUNTING SYSTEM AND REPORTS

The accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups and is in compliance with GASB Statement 34 standards. The funds and account groups are explained in "Notes to the Financial Statements", Note 1.

8. DEBT ADMINISTRATION

The District's outstanding debt issues as of June 30, 2018 included \$67,550,000 of general obligation bonds. Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2018 the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

9. FINANCIAL STATUS

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

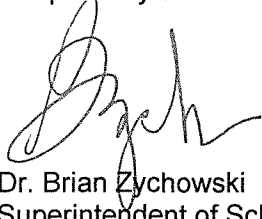
10. OTHER INFORMATION

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

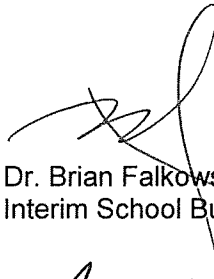
11. ACKNOWLEDGEMENTS

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

Respectfully submitted,



Dr. Brian Zychowski
Superintendent of Schools

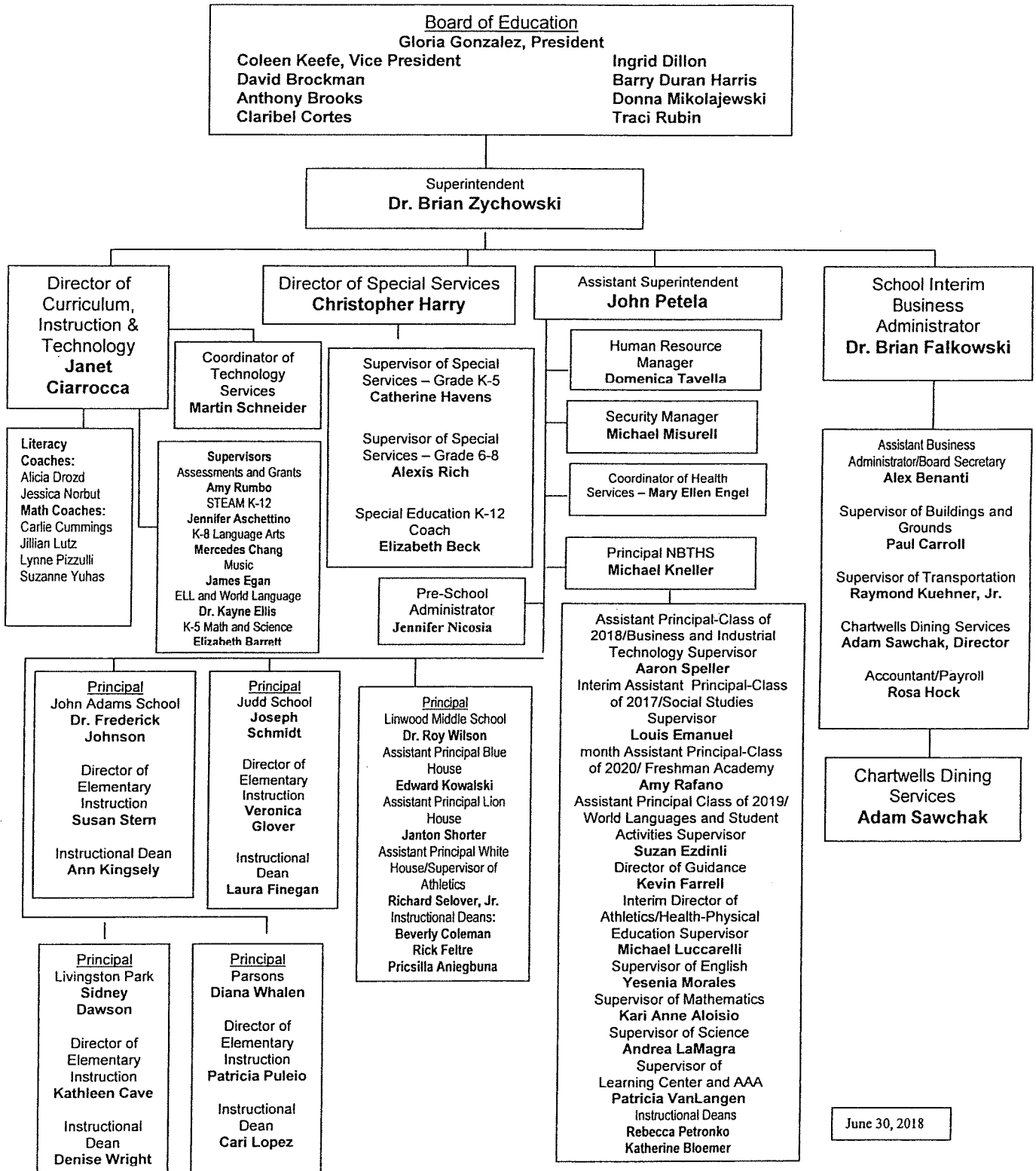


Dr. Brian Falkowski
Interim School Business Administrator



Alex Benanti
Assistant Business Administrator/Board Secretary

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
Organizational Chart 2017-2018**



June 30, 2018

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

ROSTER OF OFFICIALS

June 30, 2018

<u>Members of the Board of Education*</u>	<u>Term Expires</u>
Gloria Gonzalez, President	2018
Coleen Keefe, Vice-President	2019
Anthony Brooks	2018
Claribel Cortes	2020
Ingrid Dillon	2018
Barry Duran Harris	2019
Richard Liguori	2020
Howard Liu	2020
Traci Rubin	2019

Other Officials

Dr. Brian Zychowski, Superintendent

John M. Petela, Asst. Superintendent

Dr. Brian Falkowski, Interim School Business Administrator

Alex Benanti, Assistant Business Administrator/Board Secretary

Gerald Seneski, Treasurer of School Funds

Jonathan Busch, Esquire, Board Attorney

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

JUNE 30, 2018

Consultants and Advisors

Audit Firm

Gerard Stankiewicz, CPA, RMA, PSA
Samuel Klein and Company
36 West Main Street
Suite 303
Freehold, NJ 07728

Attorney

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

Official Depository

TD Bank
286 Milltown Road
East Brunswick, NJ 08816

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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FAX (973) 624-6101

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the North Brunswick Township School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2018 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the North Brunswick Township School District, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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

The introductory and statistical sections have 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 February 7, 2019, on our consideration of the Board of Education of the North Brunswick Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report solely is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the North Brunswick Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Brunswick Township School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
February 7, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

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

District Web Site: www.nbtschools.org

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED

Management's Discussion and Analysis

The discussion and analysis of North Brunswick Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34- Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

Overview of Financial Statements

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

Financial Highlights

Key financial highlights for 2017-2018 are as follows:

- General revenues accounted for \$135,972,342 in revenue or 97.88% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and accounted for \$2,936,400 or 1.64% to total revenues of \$138,908,742.
- Total net position of governmental activities decreased by \$1,482,478.
- The School District had \$140,214,424 in expenses, of which only \$2,936,400 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$83,782,284 along with Federal and State aid were adequate to provide for these programs.
- The Governmental – General Fund had \$107,913,282 in revenues and \$108,582,989 in expenditures. The General Fund's fund balance decreased \$1,994,583 compared to 2017.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Comparative Statement of Net Position and Comparative Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 29-35 of this report.

Proprietary Funds

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative, preschool enrichment and outside organization use of facilities. The basic proprietary fund financial statements can be found on pages 36-40 of this report.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Fiduciary Funds

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

The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The fiduciary fund financial statements can be found on pages 41-42 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 43-95 of this report.

Other Information

Combining fund statements can be found on pages 29-42 and schedules on pages 96-124 of this report.

The School District as a Whole

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

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

The Statement of Net Position provides the financial perspective of the District as a whole. Table 1 provides a comparative summary of the School District's net position for 2018 and 2017.

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The Government-wide financial statements can be found on pages 31-32 of this report.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

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

Table 1 provides a comparative summary of the School District's net position for 2018 and 2017.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,379,434 at the close of fiscal 2018. The following table provides a summary of net position at June 30, 2018 and 2017 relating to the District's governmental and business-type activities:

Table 1 – Comparative Summary of Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Assets						
Current and other assets	\$ 27,713,517	\$ 14,443,082	\$ 636,824	\$ 635,876	\$ 28,350,341	\$ 15,078,958
Capital assets, net	113,907,668	111,276,762	279,168	277,577	114,186,836	111,554,339
Total Assets	\$ 141,621,185	\$ 125,719,844	\$ 915,992	\$ 913,453	\$ 142,537,177	\$ 126,633,297
Deferred outflows of resources						
Loss on Defeasance of Bonds	\$ 2,089,764	\$ 2,498,888			\$ 2,089,764	\$ 2,498,888
Pension	9,238,053	10,684,413			9,238,053	10,684,413
Total Deferred outflows of resources	\$ 11,327,817	\$ 13,183,301			\$ 11,327,817	\$ 13,183,301
Liabilities						
Current and other liabilities	\$ 4,305,095	\$ 19,219,454	\$ 81,832	\$ 94,091	\$ 4,386,927	\$ 19,313,545
Net pension liability	28,669,658	34,812,158			28,669,658	34,812,158
Long-term liabilities outstanding	72,723,777	41,845,705			72,723,777	41,845,705
Total Liabilities	\$ 105,698,530	\$ 95,877,317	\$ 81,832	\$ 94,091	\$ 105,780,362	\$ 95,971,408
Deferred inflow of resources						
Pension	\$ 5,871,038	\$ 163,916			\$ 5,871,038	\$ 163,916
Net Position						
Net investment in capital assets	\$ 46,810,376	\$ 64,422,276	\$ 279,167	\$ 277,577	\$ 47,089,543	\$ 64,699,853
Restricted	22,340,628	4,312,604		-	22,340,628	4,312,604
Unrestricted (deficit)	(27,771,570)	(25,872,968)	554,993	541,785	(27,216,577)	(25,331,183)
Total Net Position	\$ 41,379,434	\$ 42,861,912	\$ 834,160	\$ 819,362	\$ 42,213,594	\$ 43,681,274

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

The District's combined net position were \$42,213,594 on June 30, 2018. This is an decrease of \$1,467,679 or 3.34% from the prior year.

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

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

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

Restricted net position increased mainly due to the net increase in the capital reserve and capital projects accounts of \$18,028,024, caused by bond issue proceeds for the new middle school.

Unrestricted net position decreased mainly due to a planned higher level of expenditures. General fund encumbrances at June 30, 2018 totaled \$350,133 as compared with \$71,608 at June 30, 2017.

Encumbrances in the capital projects fund increased due to the award of a construction contract for the new middle school \$49,200,266 remain outstanding at June 30, 2018.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Table 2 shows the comparative changes in net position from fiscal year 2018 and 2017.

Table 2 – Comparative Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 129,006	\$ 128,452	\$ 2,032,451	\$ 2,013,866	\$ 2,161,457	\$ 2,142,318
Operating Grants and Contributions	2,807,394	2,443,869	2,037,395	1,894,902	4,844,789	4,338,771
General Revenue:						
Property Taxes	83,782,284	81,847,325			83,782,284	81,847,325
Federal and State Aid	51,474,481	55,742,461			51,474,481	55,742,461
Miscellaneous	715,577	638,032			715,577	638,032
Total Revenue	138,908,742	140,800,139	4,069,846	3,908,768	142,978,588	144,708,907
Expenses:						
Instruction	77,684,530	79,991,107			77,684,530	79,991,107
Tuition	2,367,233	2,431,882			2,367,233	2,431,882
Student and Instruction						
Related Services	20,656,200	19,128,659			20,656,200	19,128,659
School Administration	8,452,595	8,876,197			8,452,595	8,876,197
General Administration	3,152,880	3,304,717			3,152,880	3,304,717
Operation and Maintenance						
of Facilities	13,191,633	14,322,137			13,191,633	14,322,137
Pupil Transportation	9,728,987	10,170,754			9,728,987	10,170,754
Interest on Debt	2,686,874	2,126,318			2,686,874	2,126,318
Charter Schools	2,293,492	1,731,185			2,293,492	1,731,185
Business Type Actives			4,021,263	4,134,036	4,021,263	4,134,036
Total Expenses	140,214,424	142,082,955	4,021,263	4,134,036	144,235,687	146,216,991
Special and Extraordinary Items, Net	(176,796)	(325,759)	(33,784)	(33,013)	(210,580)	(358,772)
Change in Net Position	\$ (1,482,478)	\$ (1,608,575)	\$ 14,799	\$ (258,281)	\$ (1,467,679)	\$ (1,866,856)
Net Position - beginning	42,861,912	44,470,487	819,361	1,077,642	43,681,273	45,548,129
Net Position - ending	\$ 41,379,434	\$ 42,861,912	\$ 834,160	\$ 819,361	\$ 42,213,594	\$ 43,681,273

The 2016-2017 Governmental Activities has been restated to conform to the 2017-2018 presentation as a result of GASB#75 related to post-retirement benefits other than pension.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

General Fund Budgetary Highlights

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

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

Expenditures

- The modified budget for regular programs – instruction increased from the original budget by \$679,646 or 2.57% as a result of an increase in grade level 9-12 salaries and purchased educational services.
- The modified budget for special program were incurred from the original by budget \$613,894, or 14.31% as a result of additional costs for special education.
- Total modified budget for instructional programs was increased \$1,393,037, or 3.5% caused by additional needs for regular instruction.
- The modified budget for student transportation services decreased from the original budget by \$460,145, or 9.3% primarily as a result of additional cost for special education – transportation.
- The modified budget for facilities acquisition and construction services exceeded the original budget by \$1,306,613, or 62.57% most as a result of an increase of state aid which was transferred to the debt service fund in the amount of \$1,325,000.
- Total modified budget for undistributed expenditures increased \$457,856, or 8/10's of 1%, most of which was caused by additional support needs for special education students.
- Total modified budget for current expense increased \$1,850,893, or 2.04%, most of which was funded by additional state aid.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

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

Revenues

- Actual miscellaneous revenue was in excess of the modified budgeted amount by approximately \$423,398 or 374.68% as a result mostly of a refund of prior year expenditures.
- State aid increased \$2,758,698 from the original budget due to an increase in the state aid caused by a reevaluation and reallocation of the statewide distribution.

Expenditures

- The actual amount expended regular programs – instruction were less than the final budget by \$13,945 or .051% as a result mostly of planned expenditures for special education and regular programs undistributed.
- The actual amounts for expended for undistributed expenditures in total net of on-behalf payments were \$51,218,595, or 99.17% of the budget..

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

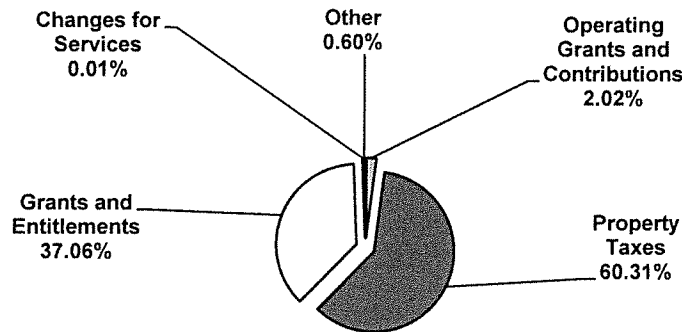
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Governmental Activities

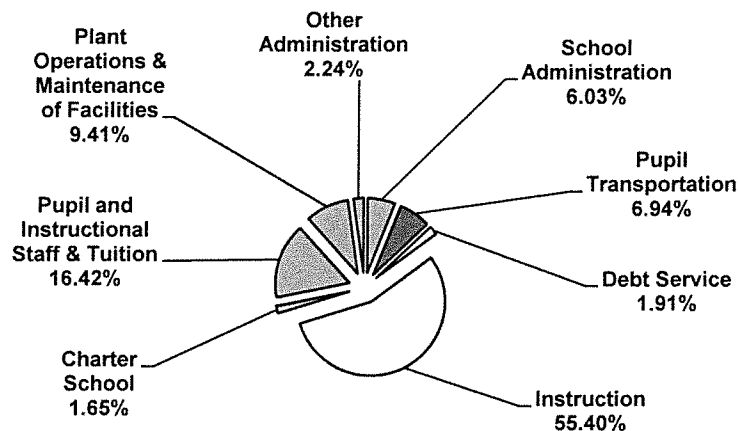
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes of \$83,782,284 made up 60.31% of revenue for governmental activities for the North Brunswick School District for fiscal year 2018. Federal, state and local grants of \$2,807,394 accounted for another 2.02% of revenue. The District's total revenues were \$138,908,742 for the year ended June 30, 2018.

Revenue for Fiscal Year 2018



Expenses for Fiscal Year 2018

The total cost of all programs and services was \$140,214,424.



NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Business-Type Activities

Food Service

- Revenues for the District's business-type activities for the food service program are comprised of charges for services and federal and state reimbursements.
- Food service expenditures exceeded revenues by \$102,218.
- Charges for services represent \$1,307,173 or 39.03% of revenue. This represents amounts paid by patrons for daily food service, as well as special functions.
- Federal and state reimbursement for meals, including payments for free and reduced priced lunches and donated commodities was \$2,037,395 or 60.91% of revenue.

School Facilities

- Revenues for the District's business-type activities for the school facilities program are comprised of charges for use of District's facilities.
- School facilities revenue exceeded expenditures by \$30,231.

Integrated Pre-K/Summer Enrichment

- Revenues for the District's business-type activities for the integrated pre-K/summer program are comprised of charges for pre-K/summer services.
- Integrated pre-k/summer revenue exceeded expenditures by \$89,556.

After-School

- After-School expenditures exceeded revenue by \$2,771 which was absorbed by the integrated Pre-K/Summer Enrollment program.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Governmental Activities

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

Table 3 - Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2017-2018	2016-2017	% Change	2017-2018	2016-2017	% Change
Regular Instruction	\$ 49,104,993	\$ 51,004,075	-3.72%	\$ 49,104,993	\$ 51,004,075	-3.72%
Special Education	19,775,812	20,880,083	-5.29%	17,687,657	18,667,309	-5.25%
Other Special Education	6,290,261	5,523,164	13.89%	6,290,261	5,523,164	13.89%
Other Instruction	2,513,464	2,583,783	-2.72%	2,513,464	2,583,783	-2.72%
Tuition	2,367,233	2,431,882	-2.66%	2,367,233	2,417,591	-2.08%
Student and Instruction Related Services	20,656,200	19,128,659	7.99%	19,947,314	18,897,564	5.55%
General and Business Administrative Services	3,152,880	3,304,717	-4.59%	3,152,880	3,304,717	-4.59%
School Administrative Services	8,452,595	8,876,197	-4.77%	8,452,595	8,876,197	-4.77%
Plant Operations and Maintenance	13,191,633	14,322,137	-7.89%	13,191,633	14,322,137	-7.89%
Pupil Transportation	9,728,987	10,170,754	-4.34%	9,599,981	10,056,593	-4.54%
Charter Schools	2,293,492	1,731,185	32.48%	2,293,492	1,731,185	32.48%
Interest and Fiscal Charges	2,686,874	2,126,318	26.36%	2,676,521	2,126,318	25.88%
Total Expenses	\$ 140,214,424	\$ 142,082,955	-1.32%	\$ 137,278,024	\$ 139,510,634	-1.60%

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

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

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

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

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

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

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$116,266,642 and expenditures.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal years ended June 30, 2018 and June 30, 2017, and the amount of increase and decreases in relation to prior year revenues.

Comparative Summary of Revenues

<u>Revenue</u>	<u>2017-2018</u>		<u>2016-2017</u>		Increase/ (Decrease) from 2016-2017 to 2017-2018
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 84,747,583	72.89%	\$ 82,534,386	75.06%	\$ 2,213,197
State Sources	28,692,074	24.68%	24,676,744	22.44%	4,015,330
Federal Sources	2,826,985	2.42%	2,752,475	2.50%	74,510
	<u>\$ 116,266,642</u>	<u>100.00%</u>	<u>\$ 109,963,605</u>	<u>100.00%</u>	<u>\$ 6,303,037</u>

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

Local revenues increased by \$2,213,197. The increase in local revenue was due to an increase in the tax levy for 2017-2018, of \$1,934,959 offset by a decrease in miscellaneous revenues.

Federal source revenues increased by \$74,510 primarily due to an increase Title I and I.D.E.A. Part B Basic.

State sources revenue increased \$4,015,330 due mostly to an increase in on-behalf pension payments and offset with an increase in other state aid in the General Fund.

The following schedule presents a comparative summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2018 and June 30, 2017, and the increases and decreases in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>2017-2018</u>		<u>2016-2017</u>		Increase/ (Decrease) from 2016-2017 to 2017-2018
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 43,001,445	36.84%	\$ 40,687,241	36.85%	\$ 2,314,204
Undistributed Expenditures	64,683,404	55.40%	60,832,308	55.10%	3,851,096
Capital Outlay	1,412,344	1.21%	1,785,166	1.62%	(372,822)
Charter School	2,293,492	1.96%	1,731,185	1.57%	562,307
Debt Service:					
Principal	3,875,000	3.32%	3,735,000	3.38%	140,000
Interest	1,501,600	1.29%	1,634,100	1.48%	(132,500)
	<u>\$ 116,767,285</u>	<u>100.00%</u>	<u>\$ 110,405,000</u>	<u>100.00%</u>	<u>\$ 6,362,285</u>

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

General Fund Budgeting Highlights

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

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

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

Capital Assets

At the end of the fiscal year 2018, the School District had \$174,125,928 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Land	\$ 10,865,232	\$ 10,865,232			\$ 10,865,232	\$ 10,865,232
Construction in Progress	5,340,929				5,340,929	-
Building and Building Improvements	94,872,894	97,155,086			94,872,894	97,155,086
Machinery and Equipment	<u>2,828,613</u>	<u>3,256,444</u>	\$ 279,168	\$ 277,578	<u>3,107,781</u>	<u>3,534,022</u>
Total Capital Assets - Net of Depreciations	<u>\$ 113,907,668</u>	<u>\$ 111,276,762</u>	<u>\$ 279,168</u>	<u>\$ 277,578</u>	<u>\$ 114,186,836</u>	<u>\$ 111,554,340</u>

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

Overall Governmental Activities capital assets increased by \$2,630,906 from fiscal year 2017 to fiscal year 2018. The increase in capital assets is due to the acquisition of land and construction in progress as a result of a voter approved referendum to construct a new middle school in excess of annual depreciation.

Debt Administration

At the end of the fiscal year 2018, the School District had noncurrent outstanding debt as follows:

Table 5 – Debt Administration

	June 30,	
	<u>2018</u>	<u>2017</u>
Compensated Absences	\$ 3,536,721	\$ 3,321,882
Serial Bonds	<u>67,550,000</u>	<u>36,425,000</u>
Totals	<u>\$ 71,086,721</u>	<u>\$ 39,746,882</u>

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

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED – (CONTINUED)

For the Future

The school district is proud of the support that the community has demonstrated throughout the past year. In December 2016, the community approved a \$77.4 million referendum to address the district's overcrowded schools. A new 7th and 8th grade middle school will be built as well as renovation to the current Linwood Middle School. The construction project will allow the district to move its Early Childhood Center from a leased school in Milltown back to a renovation section of Linwood. The board is seeking relief for its current overcrowded schools as well as the flexibility of meeting the projected increases in enrollment due to the approved Transit Village that is currently being built on the former Johnson & Johnson property.

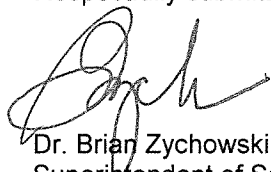
State Aid and Charter Schools are other areas of concerns. The district is substantially underfunded according to the School Funding Reform Act (SFRA) formula and is spending below the adequacy amount determined by the New Jersey Department of Education. Charter Schools have tripled their enrollment by recruiting selective students to fill out their rosters. This expense has had a detrimental impact on the district's budget.

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

Contacting the School District's Financial Management

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

Respectfully submitted,



Dr. Brian Zychowski
Superintendent of Schools



Dr. Brian Falkowski
Interim School Business Administrator



Alex Benanti
Assistant Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,528,588	\$ 335,759	\$ 3,864,347
Receivables - Net	2,194,499	196,977	2,391,476
Inventory		104,088	104,088
Restricted Assets:			
Cash and Cash Equivalents	21,990,430		21,990,430
Capital Assets, Net	<u>113,907,668</u>	<u>279,168</u>	<u>114,186,836</u>
Total Assets	<u>\$ 141,621,185</u>	<u>\$ 915,992</u>	<u>\$ 142,537,177</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on Defeasance of Debt	\$ 2,089,764		\$ 2,089,764
Pension	<u>9,238,053</u>		<u>9,238,053</u>
	<u>\$ 11,327,817</u>		<u>\$ 11,327,817</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,303,135	\$ 636	\$ 2,303,771
Other Current Liabilities	40,155		40,155
Intergovernmental Accounts Payable	12,098		12,098
Unearned Revenue	368,033	81,196	449,229
Accrued Interest	1,581,674		1,581,674
Net Pension Liability	28,669,658		28,669,658
Noncurrent Debt:			
Due Within One Year	5,665,439		5,665,439
Due Beyond One Year	<u>67,058,338</u>		<u>67,058,338</u>
Total Liabilities	<u>\$ 105,698,530</u>	<u>\$ 81,832</u>	<u>\$ 105,780,362</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>\$ 5,871,038</u>		<u>\$ 5,871,038</u>
<u>NET POSITION</u>			
Invested in Capital Assets	\$ 46,810,376	\$ 279,167	\$ 47,089,543
Committed for Year End Encumbrances	350,199		350,199
Restricted:			
Capital Projects Fund	18,829,519		18,829,519
Capital Reserve	3,160,911		3,160,911
Unrestricted (Deficit)	<u>(27,771,570)</u>	<u>554,993</u>	<u>(27,216,577)</u>
Total Net Position	<u>\$ 41,379,434</u>	<u>\$ 834,160</u>	<u>\$ 42,213,594</u>

See accompanying notes to financial statements.

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 49,104,993			\$ (49,104,993)		\$ (49,104,993)
Special Education	19,775,812		\$ 2,088,155	(17,687,657)		(17,687,657)
Other Special Education	6,290,261			(6,290,261)		(6,290,261)
Other Instruction	2,513,464			(2,513,464)		(2,513,464)
Support Services:						
Tuition	2,367,233	\$		(2,367,233)		(2,367,233)
Student and Instruction Related Services	20,656,200		708,886	(19,947,314)		(19,947,314)
General Administrative Services	3,152,880			(3,152,880)		(3,152,880)
School Administrative Services	8,452,595			(8,452,595)		(8,452,595)
Plant Operations and Maintenance	13,191,633			(13,191,633)		(13,191,633)
Pupil Transportation	9,728,987	129,006		(9,599,981)		(9,599,981)
Charter Schools	2,293,492			(2,293,492)		(2,293,492)
Interest on Long Term Debt	2,666,874		10,353	(2,676,521)		(2,676,521)
Total Governmental Activities	\$ 140,214,424	\$ 129,006	\$ 2,807,394	\$ (137,278,024)		\$ (137,278,024)
Business-Type Activities:						
Food Service	\$ 3,413,001	\$ 1,307,173	\$ 2,037,395		\$ (68,433)	\$ (68,433)
School Facilities	322,255	352,486			30,231	30,231
Integrated Pre-K/Summer Enrichment	258,845	348,001			89,156	89,156
After School	27,562	24,791			(2,771)	(2,771)
Total Business-Type Activities	\$ 4,021,663	\$ 2,032,451	\$ 2,037,395		\$ 48,183	\$ 48,183
Total Primary Government	\$ 144,236,087	\$ 2,161,457	\$ 4,844,789	\$ (137,278,024)	\$ 48,183	\$ (137,229,841)
General Revenues						
Property Taxes Levied for:						
General Purposes				\$ 78,416,037		\$ 78,416,037
Debt Service				5,366,247		5,366,247
Federal and State Aid Not Restricted				51,474,481		51,474,481
Miscellaneous Income				715,577		715,577
Total General Revenues				\$ 135,972,342		\$ 135,972,342
Special and Extraordinary Items				(176,796)	(33,384)	(210,180)
Change in Net Position				\$ (1,482,478)	\$ 14,799	\$ (1,467,679)
Net Position - Beginning As Adjusted				42,861,912	819,361	43,681,273
Net Position - Ending				\$ 41,379,434	\$ 834,160	\$ 42,213,594

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 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>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,882,625	\$ 86,044	\$ 1,495,498	\$ 1,325,001	\$ 4,789,168
Cash with Fiscal Agents			17,568,939		17,568,939
Intergovernmental Accounts Receivable	1,535,906	514,997			2,050,903
Interfunds Receivable	124			168,940	169,064
Other Receivables	143,596				143,596
Restricted Cash and Cash Equivalents	<u>3,160,911</u>				<u>3,160,911</u>
Total Assets	\$ <u>6,723,162</u>	\$ <u>601,041</u>	\$ <u>19,064,437</u>	\$ <u>1,493,941</u>	\$ <u>27,882,581</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 771,785	\$ 246,609			\$ 1,018,394
Other Current Liabilities			\$ 40,155		40,155
Intergovernmental Accounts Payable		12,098			12,098
Interfunds Payable			169,064		169,064
Unearned Revenue		<u>342,334</u>	<u>25,699</u>		<u>368,033</u>
Total Liabilities	\$ <u>771,785</u>	\$ <u>601,041</u>	\$ <u>234,918</u>		\$ <u>1,607,744</u>
Fund Balances					
Restricted:					
Capital Reserve Account	\$ 3,160,911				\$ 3,160,911
Maintenance Reserve	1,500,000				1,500,000
Debt Service				\$ 1,493,941	1,493,941
Capital Projects			\$ 6,852,658		6,852,658
Committed for Yearend Encumbrances	350,199		11,976,861		12,327,060
Unassigned	<u>940,267</u>				<u>940,267</u>
Total Fund Balances	\$ <u>5,951,377</u>		\$ <u>18,829,519</u>	\$ <u>1,493,941</u>	\$ <u>26,274,837</u>
Total Liabilities and Fund Balance	\$ <u>6,723,162</u>	\$ <u>601,041</u>	\$ <u>19,064,437</u>	\$ <u>1,493,941</u>	\$ <u>27,882,581</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances above	\$ 26,274,837
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of capital assets is \$174,125,928 and the accumulated depreciation is \$60,218,260. (see Note 5)	113,907,668
Deferred loss on defeasance of debt, unamortized (see Note 7D)	2,089,764
Noncurrent liabilities, including bonds, loans, leases payable and compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7)	(72,723,777)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:	(1,581,674)
Accrued Interest Payable (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.)	2,082,274
Accrued Pension Liability (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30th, 2016, however will be raised in the budget for the fiscal year ending June 30th, 2017)	(28,669,658)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)	(28,669,658)
Net position of governmental activities (A-1)	<u>\$ 41,379,434</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>					
Local sources:					
Local tax levy	\$ 78,416,037			\$ 5,366,247	\$ 83,782,284
Transportation Fees	129,006				129,006
Interest on Investments			\$ 169,064		169,064
Miscellaneous	<u>536,398</u>	<u>\$ 130,831</u>			<u>667,229</u>
Total - Local Sources	\$ 79,081,441	\$ 130,831	\$ 169,064	\$ 5,366,247	\$ 84,747,583
State Sources	28,636,184	45,537		10,353	28,692,074
Federal Sources	<u>195,657</u>	<u>2,631,328</u>			<u>2,826,985</u>
Total Revenues	\$ <u>107,913,282</u>	\$ <u>2,807,696</u>	\$ <u>169,064</u>	\$ <u>5,376,600</u>	\$ <u>116,266,642</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	\$ 27,181,546				\$ 27,181,546
Special Education Instruction	8,858,536	\$ 2,088,155			10,946,691
Other Special Instruction	3,481,907				3,481,907
Other Instruction	1,391,301				1,391,301
Support Services and Undistributed Costs:					
Tuition	2,367,233				2,367,233
Student and Instruction Related Services	10,725,134	708,886			11,434,020
Other Administrative Services	1,745,243				1,745,243
School Administrative Services	4,678,844				4,678,844
Plant Operations and Maintenance	7,191,380				7,191,380
Pupil Transportation	5,385,377				5,385,377
Employee Benefits	31,881,337				31,881,337
Transfer to Charter Schools	2,293,492				2,293,492
Debt Service:					
Principal				\$ 3,875,000	3,875,000
Interest				1,501,600	1,501,600
Capital Outlay	<u>1,401,659</u>	<u>10,655</u>	<u>\$ 5,340,929</u>		<u>6,753,243</u>
Total Expenditures	\$ <u>108,582,989</u>	\$ <u>2,807,696</u>	\$ <u>5,340,929</u>	\$ <u>5,376,600</u>	\$ <u>122,108,214</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 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/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (669,707)	_____	\$ (5,171,865)	_____	\$ (5,841,572)
Other Financing Sources/(Uses):					
Transfer In/(Out)					
Transfer to/(from) Capital Outlay	(1,325,000)	_____	_____	1,325,000	_____
Transfer to/(from) Capital Projects	124	_____	(169,064)	168,940	_____
Total Other Financing Sources (Uses)	<u>(1,324,876)</u>	_____	<u>(169,064)</u>	<u>1,493,940</u>	_____
Net Change in Fund Balances	\$ (1,994,583)	_____	\$ (5,340,929)	\$ 1,493,940	\$ (5,841,572)
Fund Balance - July 1	<u>7,945,960</u>	_____	<u>24,170,448</u>	_____	<u>32,116,408</u>
Fund Balance - June 30	<u>\$ 5,951,377</u>	<u>_____</u>	<u>\$ 18,829,519</u>	<u>\$ 1,493,940</u>	<u>\$ 26,274,836</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (5,841,572)

Amounts Reported for Governmental Activities in the Statement of Activities (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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 6,553,243	
Loss on retirement of capital assets	(176,796)	
Depreciation expense	<u>(3,745,541)</u>	2,630,906

Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.

Amortization of premium		461,767
-------------------------	--	---------

Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.

Amortization of deferred loss		(409,124)
-------------------------------	--	-----------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

3,875,000

In the statement of activities, interest on noncurrent debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is a deduction in the reconciliation.

(776,150)

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

(214,839)

Net pension obligation related to PERS which is attributable to June 30, 2017 (*the measurement date*) not reported in governmental funds; however, it is reported in the statement of activities.

(1,208,466)

Change in Net Position of Governmental Activities (A-2)

\$ (1,482,478)

See accompanying notes to financial statements

**PROPRIETARY FUNDS –
ENTERPRISE FUNDS**

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018**

<u>ASSETS</u>	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment</u>	<u>After School</u>	<u>Total Enterprise</u>
Current assets:					
Cash and cash equivalents	\$ 68,134	\$ 110,121	\$ 157,504		\$ 335,759
Accounts receivable:					
State	2,456				2,456
Federal	137,151				137,151
Other	27,370	30,000			57,370
Inventories	104,088				104,088
Total current assets	<u>\$ 339,199</u>	<u>\$ 140,121</u>	<u>\$ 157,504</u>		<u>\$ 636,824</u>
Noncurrent assets:					
Furniture, machinery and equipment	\$ 627,182	211,796	\$ 139,787		\$ 978,765
Less: accumulated depreciation	<u>599,371</u>	<u>25,801</u>	<u>74,425</u>		<u>699,597</u>
Total noncurrent assets	<u>\$ 27,811</u>	<u>\$ 185,995</u>	<u>\$ 65,362</u>		<u>\$ 279,168</u>
Total assets	<u>\$ 367,010</u>	<u>\$ 326,116</u>	<u>\$ 222,866</u>		<u>\$ 915,992</u>
 <u>LIABILITIES</u>					
Current liabilities:					
Accounts payable			\$ 636		\$ 636
Unearned Revenue	<u>\$ 25,226</u>		<u>55,970</u>		<u>81,196</u>
Total liabilities	<u>\$ 25,226</u>		<u>\$ 56,606</u>		<u>\$ 81,832</u>
 <u>NET POSITION</u>					
Net investment in capital assets	\$ 27,810	\$ 185,995	\$ 65,362		\$ 279,167
Unrestricted	<u>313,974</u>	<u>140,121</u>	<u>100,898</u>		<u>554,993</u>
Total net position	<u>\$ 341,784</u>	<u>\$ 326,116</u>	<u>\$ 166,260</u>		<u>\$ 834,160</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund				Total Enterprise
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	
<u>OPERATING REVENUES</u>					
Local Sources:					
Daily sales - reimbursable programs:					
School lunch program	\$ 655,425				\$ 655,425
School breakfast program	14,235				14,235
School after school snack program	26,013				26,013
Daily sales - non-reimbursable programs	611,500				611,500
Tuition and services		\$ 352,486	\$ 348,001	\$ 24,791	725,278
Total operating revenues	\$ 1,307,173	\$ 352,486	\$ 348,001	\$ 24,791	\$ 2,032,451
<u>OPERATING EXPENSES</u>					
Cost of sales - reimbursable programs	\$ 1,317,927				\$ 1,317,927
Cost of sales - non-reimbursable programs	309,214				309,214
Salaries	1,008,669	\$ 257,661	\$ 207,726	\$ 27,062	1,501,118
Employee benefits	219,396				219,396
Insurance	121,214				121,214
Water			800		800
Heat	30,000		11,915		41,915
Electricity	150,000		8,218		158,218
General Supplies		48,455	5,168		53,623
Depreciation	6,868	16,139	11,649		34,656
Management Fee	123,893				123,893
Administration Fee	125,820				125,820
Other			12,969	500	13,469
Total operating expenses	\$ 3,413,001	\$ 322,255	\$ 258,445	\$ 27,562	\$ 4,021,263
Operating income/(loss)	\$ (2,105,828)	\$ 30,231	\$ 89,556	\$ (2,771)	\$ (1,988,812)

See accompanying notes to financial statements

**BOARD OF EDUCATION
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 PROPRIETARY FUND - ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<u>NONOPERATING REVENUES</u>					
State sources:					
State school lunch program	\$ 31,469				\$ 31,469
Federal sources:					
National school lunch program	1,246,999				1,246,999
National breakfast program	454,869				454,869
School snack program	10,601				10,601
Food distribution program	293,457				293,457
Total nonoperating revenues	<u>\$ 2,037,395</u>				<u>\$ 2,037,395</u>
Income/(loss) before contributions and transfers	\$ (68,433)	\$ 30,231	\$ 89,556	\$ (2,771)	\$ 48,583
Operating transfers:					
Writeoff of Prior Year Accounts Receivable	(33,785)				(33,785)
Intra fund - operating transfer in/(out)			(2,771)	2,771	
Change in net position	\$ (102,218)	\$ 30,231	\$ 86,785		\$ 14,798
Total net position - beginning	<u>444,002</u>	<u>295,885</u>	<u>79,475</u>		<u>819,362</u>
Total net position - ending	<u>\$ 341,784</u>	<u>\$ 326,116</u>	<u>\$ 166,260</u>		<u>\$ 834,160</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 PROPRIETARY FUNDS - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>					
Receipts from Customers	\$ 1,307,173	\$ 338,000	\$ 337,492	\$ 24,791	\$ 2,007,456
Payments to Employees	(1,008,669)	(257,660)	(208,837)	(27,062)	(1,502,228)
Payments for Employee Benefits	(219,396)				(219,396)
Payments to Suppliers	(1,932,948)	(48,455)	(38,435)	(500)	(2,020,338)
Payment for Management Fee	(123,893)				(123,893)
Payment for Administrative Fee	(125,820)				(125,820)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (2,103,553)</u>	<u>\$ 31,885</u>	<u>\$ 90,220</u>	<u>\$ (2,771)</u>	<u>\$ (1,984,219)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
State Sources	\$ 33,632				\$ 33,632
Federal Sources	1,930,864				1,930,864
Operating Transfers to Other Funds - Intrafunds			(2,771)	2,771	
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>\$ 1,964,496</u>		<u>\$ (2,771)</u>	<u>\$ 2,771</u>	<u>\$ 1,964,496</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Purchase of Capital Assets		(36,250)			(36,250)
Net Cash Provided by/(Used for) Capital and Related Financing Activities		<u>\$ (36,250)</u>			<u>\$ (36,250)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (139,057)	\$ (4,365)	\$ 87,449		\$ (55,973)
Balances - Beginning of Year	207,191	114,486	70,055		391,732
Balances - End of Year	<u>\$ 68,134</u>	<u>\$ 110,121</u>	<u>\$ 157,504</u>		<u>\$ 335,759</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<u>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used)</u>					
<u>by Operating Activities</u>					
Operating Gain/(Loss)	\$ (2,105,828)	\$ 30,231	\$ 89,556	\$ (2,771)	\$ (1,988,812)
<u>Adjustments to Reconcile Operating Loss to Cash Provided/(Used)</u>					
<u>by Operating Activities:</u>					
Depreciation	\$ 6,868	\$ 16,139	\$ 11,649		\$ 34,656
Change in Assets and Liabilities:					
(Increase)/Decrease in Accounts Receivable	(15,535)	(14,485)			(30,020)
(Increase) in Inventories	12,217				12,217
Increase in Accounts Payable			(475)		(475)
Increase/(Decrease) in Unearned Revenue	(1,275)		(10,510)		(11,785)
Total Adjustments	\$ 2,275	\$ 1,654	\$ 664		\$ 4,593
Net Cash Provided by/(Used for) by Operating Activities	\$ (2,103,553)	\$ 31,885	\$ 90,220	\$ (2,771)	\$ (1,984,219)

See accompanying notes to financial statements

FIDUCIARY FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Trust Funds</u>	<u>Agency Fund</u>	<u>Total Fiduciary Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>49,191</u>	\$ <u>541,006</u>	\$ <u>590,197</u>
Total Assets	\$ <u><u>49,191</u></u>	\$ <u><u>541,006</u></u>	\$ <u><u>590,197</u></u>
<u>LIABILITIES</u>			
Payable to Student Groups		\$ 347,322	\$ 347,322
Payroll Deductions and Withholdings		<u>193,684</u>	<u>193,684</u>
Total Liabilities		<u><u>\$ 541,006</u></u>	<u><u>\$ 541,006</u></u>
<u>NET POSITION</u>			
Reserve for Scholarships	\$ <u>49,191</u>		\$ <u>49,191</u>
Total Net Position	\$ <u><u>49,191</u></u>		\$ <u><u>49,191</u></u>

See accompanying notes to financial statements

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Total Fiduciary Funds</u>	<u>Scholarship Trust Fund</u>
<u>DEDUCTIONS</u>		
Scholarships Awarded	\$ <u>6,044</u>	
Total Deductions	\$ <u>6,044</u>	
Change in Net Position	\$ (6,044)	
Total Net Position - Beginning of the Year	\$ <u>55,235</u>	
Total Net Position - Ending of the Year	\$ <u><u>49,191</u></u>	

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The North Brunswick Township School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three (3) year terms. The purpose of the District is to educate students in grades pre-K-12. The District had an approximate enrollment at June 30, 2018 of 6,206 students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

2. Proprietary Fund Type

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

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

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

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

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

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

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

3. Fiduciary Funds

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

Private Purpose Scholarship Funds

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

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

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

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are approved and voted on by the Board of Education of the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. In accordance with P.L. 2011, c.202, which became effective 17, 2012, the district elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.). All budget amendments must be approved by School Board resolution and certain others require approved by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

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

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

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 108,190,146	C-2 \$ 2,807,696
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2017	None	None
June 30, 2018	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,125,911	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,402,775)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>107,913,282</u>	B-2 \$ <u>2,807,696</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 109,907,989	C-2 \$ 2,807,696
Less: Budgetary expenditures that are not expenditures under GAAP - Capital outlay transfer to debt service fund.	(1,325,000)	
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2017	None	None
June 30, 2018	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>108,582,989</u>	B-2 \$ <u>2,807,696</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

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

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Interfund Receivables/Payables

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

7. Capital Assets

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Compensated Absences

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Compensated Absences (Continued)

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

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

10. Accrued Liabilities and Noncurrent Obligations

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

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and bonds payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

11. Deferred Loss on Refunding of Debt

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

12. Net Position

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Unearned (Deferred) Revenue

Unearned revenue in all funds represents program revenues that have been received but not yet earned. In the case of Food Service Fund, it is unused food distribution and student deposits for purchasing food in a future period.

14. Fund Equity

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

15. Fund Balance

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

15. Fund Balance (Continued)

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

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

16. Proprietary Funds Revenues and Expenses

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

17. Rebatable Arbitrage

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

18. Non-Monetary Transactions

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

19. Allocation of Expenses

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

20. Extraordinary and Special Items

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

21. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB Statement 68. This Statement amends GASB Statement 27. The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB Statement 68. GASB Statement 68 relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

22. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

23. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Other Accounting Standards

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

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- GASB Statement No. 88. *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 89. *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 90. *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not expect this Statement to impact its financial statements.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2018 through February 7, 2019, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

A. Deposits

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

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

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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

	<u>Cash and Cash Equivalents</u>
Checking Accounts - Interest Bearing	\$ 15,365,968
NJARM Asset Management	17,568,939
Certificate of Deposit	61,685
	\$ 32,996,592
Reconciliation:	
Governmental Funds	\$ 31,948,192
Proprietary Funds	335,759
Fiduciary Funds	712,641
	\$ 32,996,592

Of the total amount deposits of \$3,160,911 has been earmarked towards the Capital Reserve Account. Refer to Notes to Financial Statements Note 14.

Allocation of Cash and Cash Equivalents

Unrestricted	\$ 21,990,430
Restricted	11,006,162
	\$ 32,996,592

Custodial Credit Risk – The NJARM accounts are collateralized by U.S. government securities (both U.S. Treasury and Federal Agency) and other permitted money market instruments and not exposed to custodial credit risk. The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage (“GUDPA”) as of June 30, 2018 which minimizes credit risk.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

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

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

Custodial Credit Risk – The District had no securities as of June 30, 2018 that would be considered investments as defined by GASB Statement 3 as amended by GASB Statement 40.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2018 consisted of Federal source, State source, transportation, a local project and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u> <u>Financial Statements</u>	<u>Business Type</u> <u>Activities</u>
General Fund		
State Aid:		
Extraordinary Special Education Aid	\$ 1,443,059	
Non Public Transportation	<u>92,847</u>	
	<u>\$ 1,535,906</u>	
Special Revenue Fund		
Federal Aid:		
Title I	\$ 179,284	
Title II	50,539	
Title III Part A	7,049	
Title III Immigrant	1,553	
IDEA Part B Basic Regular	212,295	
IDEA Part B Preschool	8,932	
Perkins	15,797	
Impact	27,450	
Local Aid:		
ESCNJ - Refund NJ Non-Public Aid	<u>12,098</u>	
	<u>\$ 514,997</u>	
	<u>\$ 2,050,903</u>	
Proprietary Fund		
Enterprise Fund:		
State Source		\$ <u>2,456</u>
Federal Source		\$ <u>137,151</u>
Other Source		\$ <u>27,370</u>

5. INVENTORY

The value of Federal donated commodities as reflected on Schedule A of \$293,457 (required by the Single Audit Act) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. As of June 30, 2018, the federal donated commodities food inventory of \$35,862 was included in the year end food and supplies amount of \$104,088.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

6. CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 10,865,232	\$ -		\$ 10,865,232
Construction in Progress	<u>-</u>	<u>5,340,929</u>		<u>5,340,929</u>
Total capital assets not being depreciated	<u>10,865,232</u>	<u>5,340,929</u>	<u>-</u>	<u>16,206,161</u>
Capital assets being depreciated:				
Building and Building Improvements	148,562,907	\$ 1,153,168	619,904	149,096,171
Machinery and Equipment	<u>8,811,937</u>	<u>59,146</u>	<u>\$ 47,487</u>	<u>8,823,596</u>
Total at historical cost	<u>157,374,844</u>	<u>1,212,314</u>	<u>667,391</u>	<u>157,919,767</u>
Less accumulated depreciation for:				
Building and Building Improvements	(51,407,821)	(3,306,051)	(490,595)	(54,223,277)
Machinery and Equipment	<u>(5,555,493)</u>	<u>(439,490)</u>	<u>-</u>	<u>(5,994,983)</u>
Total accumulated depreciation	<u>(56,963,314)</u>	<u>(3,745,541)</u>	<u>(490,595)</u>	<u>(60,218,260)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>100,411,530</u>	<u>(2,533,227)</u>	<u>176,796</u>	<u>97,701,507</u>
Governmental activities capital assets, net	<u>\$ 111,276,762</u>	<u>\$ 2,807,702</u>	<u>\$ 176,796</u>	<u>\$ 113,907,668</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ <u>942,515</u>	\$ <u>36,250</u>		\$ <u>978,765</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>(664,937)</u>	<u>(34,660)</u>	<u>-</u>	<u>(699,597)</u>
Business type activities capital assets, net	<u>\$ 277,578</u>	<u>\$ 1,590</u>	<u>-</u>	<u>\$ 279,168</u>
<u>Detail of additions</u>				
Governmental Activities:				
General Fund		\$ 1,401,659		
Special Revenue Fund		10,655		
Capital Projects Fund		5,340,929		
Less; Rent Exp		<u>(200,000)</u>		
		<u>\$ 6,553,243</u>		

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

6. CAPITAL ASSETS, NET (CONTINUED)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$	1,386,366
Special Education Instruction		558,324
Other Special Instruction		177,591
Other Instruction		70,962
Support Services and Undistributed Cost:		
Student and Instruction Related Services		583,180
School Administrative Services		89,014
General and Business Administrative Services		238,640
Plant Operations and Maintenance		366,789
Pupil Transportation		<u>274,675</u>
 Total	 \$	 <u><u>3,745,541</u></u>

7. NONCURRENT (LONG-TERM) DEBT

During the fiscal year ended June 30, 2018 the following changes occurred in liabilities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>within One Year</u>	<u>Noncurrent</u> <u>Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable -						
General Obligation Debt	\$ 36,425,000	35,000,000	\$ 3,875,000	\$ 67,550,000	\$ 4,850,000	\$ 62,700,000
Add: Unamortized						
Premium on Bonds	<u>2,098,823</u>		<u>461,767</u>	<u>1,637,056</u>	<u>461,767</u>	<u>1,175,289</u>
	38,523,823	35,000,000	4,336,767	69,187,056	5,311,767	63,875,289
Compensated						
Absences Payable	<u>3,321,882</u>	\$ <u>580,246</u>	<u>365,407</u>	<u>3,536,721</u>	<u>353,672</u>	<u>3,183,049</u>
	<u>\$ 41,845,705</u>	<u>\$ 35,580,246</u>	<u>\$ 4,702,174</u>	<u>\$ 72,723,777</u>	<u>\$ 5,665,439</u>	<u>\$ 67,058,338</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

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

School District Refunding Bonds, Series 2010

The District issued \$17,865,000 of bonds dated March 25, 2010 at a premium of \$2,081,589 in order to provide sufficient funds for the refunding and costs of issuance of \$18,199,000 of 2002 Series Bonds due on or after July 15, 2022. Annual remaining maturities of \$1,940,000 to \$2,350,000. Final maturity is due on July 15, 2022 with interest rates on remaining maturities ranging from 4.0% to 5.0%.

\$ 10,710,000

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

School District Refunding Bonds, Series 2012

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

18,315,000

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

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

The District issued \$4,260,000 of bonds dated October 2, 2014 at a premium of \$502,039 in order to provide sufficient funds to refund \$4,431,000 the remaining portion of 2006 Series Bonds issued in the original principal amount of \$7,391,000 and dated March 15, 2006 maturing on or after March 15, 2017. Annual maturities of \$385,000 to \$480,000 at interest rates ranging from 3.0% to 4.0% with final maturity on March 15, 2023.

3,525,000

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

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

School District Bonds, Series 2017

The District issued bonds dated September 20, 2017 in the amount of \$35,000,000. The purpose of the bonds is to (i) provide \$15,000,000 to currently refund the Board's \$15,000,000 temporary notes dated January 18, 2017 and maturing October 18, 2017, originally issued to finance the acquisition of land for the construction of a new middle school; and (ii) permanently finance the acquisition of land, the associated design fees and the partial construction of a new middle school, including fixtures, furnishings and equipment; and (iii) to permanently finance design, partial construction costs including fixtures, furnishings and equipment associated with the renovation to the Linwood Middle School. The bonds are payable commencing September 15, 2018 through September 15, 2042 ranging in maturing of \$825,000 to \$1,650,000 at interest rates ranging from 2.5% to 3.0%. \$ 35,000,000

Redemption: The bonds maturing prior to September 15, 2018 are not subject to redemption prior to maturity. The bonds maturing on or after September 15, 2028 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after September 15, 2027 at a price of 100% of the bonds to be redeemed, plus unpaid accrued interest to the date fixed for redemption.

TOTAL \$ 67,550,000

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

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

Subsequent Event – \$42,348,000 School Bonds Series 2019

The voters of the District approved a referendum on December 13, 2016 to construct a new middle school in the amount of \$77,348,000.

The District issued bonds dated February 7, 2019 in the amount of \$42,348,000. The purpose of the bonds is to permanently finance the acquisition of land, the associated design fees, and the partial construction of a new middle school, including fixtures, furnishings and equipment, and to permanently finance design, partial construction costs including fixtures, furnishings and equipment associated with the renovation to the Linwood Middle School. The Board also expects to receive 40% debt service aid on the eligible costs of the Projects. The bonds are payable commencing August 15, 2020 through August 15, 2043, ranging in maturing of \$993,000 to \$1,900,000 at interest rates ranging from 3.125% to 3.625%.

Bonds Pledge

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

Continuing Secondary Market Disclosure

The District in conjunction with the issuance of the Bonds has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. The requirement effective for the fiscal years ended June 30, 2018. 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

B. Debt Service Requirements

Debt service requirements on serial bonds payable as adjusted for the February 7, 2019 bond sale are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,850,000	\$ 2,858,908	\$ 7,708,908
2020	4,995,000	3,630,379	8,625,379
2021	6,168,000	3,383,978	9,551,978
2022	6,375,000	3,121,531	9,496,531
2023	6,600,000	2,843,819	9,443,819
	<u>28,988,000</u>	<u>15,838,615</u>	<u>44,826,615</u>
2024	6,815,000	2,636,106	9,451,106
2025	6,995,000	2,383,512	9,378,512
2026	4,060,000	2,082,813	6,142,813
2027	3,580,000	1,953,737	5,533,737
2028	3,580,000	1,843,863	5,423,863
	<u>25,030,000</u>	<u>10,900,031</u>	<u>35,930,031</u>
2029	3,580,000	1,733,987	5,313,987
2030	3,580,000	1,624,113	5,204,113
2031	3,580,000	1,513,000	5,093,000
2032	3,580,000	1,400,650	4,980,650
2033	3,580,000	1,288,300	4,868,300
	<u>17,900,000</u>	<u>7,560,050</u>	<u>25,460,050</u>
2034	3,580,000	1,175,950	4,755,950
2035	3,605,000	1,063,225	4,668,225
2036	3,630,000	949,750	4,579,750
2037	3,630,000	834,662	4,464,662
2038	3,630,000	718,338	4,348,338
	<u>18,075,000</u>	<u>4,741,925</u>	<u>22,816,925</u>
2039	3,630,000	600,775	4,230,775
2040	3,630,000	481,975	4,111,975
2041	3,630,000	363,175	3,993,175
2042	3,565,000	245,512	3,810,512
2043	3,550,000	128,063	3,678,063
	<u>18,005,000</u>	<u>1,819,500</u>	<u>19,824,500</u>
2044	1,900,000	34,438	1,934,438
Total	<u>\$ 109,898,000</u>	<u>\$ 40,894,559</u>	<u>\$ 150,792,559</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

B. Debt Service Requirements (Continued)

Reconciliation to Statement of Net Position:

Bonds Outstanding at June 30, 2018	\$	67,550,000
Add: School District Bonds Series 2019 issued February 7, 2019		<u>42,348,000</u>
 Total outstanding as adjusted for School District Bonds Series 2019 issued	 \$	 <u><u>109,898,000</u></u>

C. Bonds Authorized But Not Issued

As of June 30, 2018 the District had unissued debt authorizations as follows:

November 1994 Referendum	\$	1,200,000
December 13, 2016 Referendum		<u>42,348,000</u>
 Total	 \$	 43,548,000
 Less Subsequent Event - School District Bonds Series 2019 Issued February 7, 2019		 <u>42,348,000</u>
 Net Debt Authorized but Not Issued as Adjusted	 \$	 <u><u>1,200,000</u></u>

D. Defeasance

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

Unamortized Loss on Defeasance

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2010 Series	\$ 1,580,296	\$ 1,731,367	\$ 247,338	\$ 1,484,029
2012 Series	2,968,058	526,766	131,691	395,075
2015 Series	331,039	<u>240,755</u>	<u>30,095</u>	<u>210,660</u>
		<u>\$ 2,498,888</u>	<u>\$ 409,124</u>	<u>\$ 2,089,764</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

E. Operating Lease Obligation

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

	<u>Copy Machine</u>	<u>Equipment & Textbooks</u>	
2019	\$ 316,563	\$ 205,118	
2020		205,118	
2021	-	205,118	
2022	-	205,118	
	<u>\$ 316,563</u>	<u>\$ 820,472</u>	

F. Compensated Absences

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

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

8. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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:

<u>Tier</u>	<u>Definition</u>
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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, 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 member 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.

Public Employees' Retirement System (PERS)

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS

Description of Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, 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 member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 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.

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

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

During the year ended June 30, 2018 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS

<u>Year Funding June 30.</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>	<u>Employee Contribution</u>
2018	\$ 1,188,943	100%	\$ 656,769
2017	994,576	100%	639,802
2016	954,254	100%	592,501

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

<u>Year Funding June 30</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Total On-Behalf of</u>	<u>Employee Contribution</u>	<u>TPAF FICA</u>
2018	\$ None	100%	\$ 5,857,248	\$ 3,162,246	\$ 3,105,395
2017	None	100%	4,234,089	2,973,475	2,955,281
2016	None	100%	3,039,911	2,807,578	2,858,405

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$5,857,248 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,105,395 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Reports dated April 27, 2018 and April 6, 2017, respectively.

The District reported a liability of \$28,669,658 and \$34,812,158 for its proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017, respectively. The net pension liability was measured as of June 30, 2017 and June 30, 2016 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30,	
	<u>2017</u>	<u>2016</u>
District Proportionate Share	0.1231599065 %	0.1175406110 %
Difference - Increase	0.0056192955	

For the year ended June 30, 2018, the District recognized pension expense of \$3,424,642. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 5,775,948	\$ 5,754,772
Difference between expected and actual experience	675,071	
Net difference between projected and actual earnings on pension plan investments	195,221	
Changes in proportion	1,307,072	116,266
District contributions subsequent to the measurement date	1,284,741	
Total	\$ 9,238,053	\$ 5,871,038

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$9,238,053 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	\$ 674,912
2018	1,018,458
2019	617,133
2020	(820,789)
2021	(598,246)

Additional Information

Collective balances are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 5,700,625,981	\$ 870,133,595
Collective net pension liability	\$ 23,278,401,588	\$ 29,617,131,759
Collective total pension expenses	\$ 1,694,305,613	\$ 2,830,763,540

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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement 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 1 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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on 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's target asset allocation as of June 30, 2017 (*measurement date*) are summarized in the following table:

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<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 Markets Equity	11.50	9.00
Emerging Market Equities	6.50	11.64
Buyouts/Venture Capital	8.25	13.08
	<u>100.00 %</u>	

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 on the contribution rate in the most recent fiscal year. The local employers contributed 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2017 [<i>Measurement Date</i>]		
	1% Decrease	At Current	1% Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
District's proportionate share of the pension liability	\$ 35,566,669	\$ 28,669,658	\$ 22,923,603

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2017 and June 30, 2016 Independent Auditor's Reports dated June 13, 2018 and July 13, 2017, respectively.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	\$ 253,802,214
	\$ 253,802,214

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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 June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District was as follows:

	June 30,	
	2017	2016
District Proportionate Share	0.37764293092 %	0.3796855669 %
Difference - Decrease	0.0020426360	

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$17,582,132 for contributions provided by the State.

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

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-year 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on 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 TPAF's target asset allocation as of June 30, 2017 are summarized in the table as follows:

<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 markets equity	11.50	9.00
Emerging markets equity	6.50	11.64
Buyouts/venture capital	<u>8.25</u>	13.08
	<u>100.00 %</u>	

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

8. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate

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, 2016, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal years. The state contributed 40% of the 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 2036. Therefore, the long-term expected rate of return on 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 Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2018 (*measurement date June 30, 2017*) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with 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:

	1% Decrease <u>3.25%</u>	At Current Discount Rate <u>4.25%</u>	At 1% Increase <u>5.25%</u>
State's proportionate share of the net pension liability associated with the District	\$ 301,699,538	\$ 253,802,214	\$ 214,344,190

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group are as follows:

	June 30,	
	<u>2017</u>	<u>2016</u>
Deferred outflows of resources	\$ 14,251,854,934	\$ 17,440,003,201
Deferred inflows of resources	11,807,238,433	195,027,919
Net pension liability	67,423,605,859	78,666,367,052
Total expenses - non-employer state's proportionate share	4,682,493,081	5,915,082,656

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

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

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

Contributions Required and Made

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

<u>June 30,</u>	<u>Employee</u>	<u>Employer</u>
2018	\$ 41,655	\$ 25,425
2017	38,257	20,868
2016	38,485	19,901

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

10. POST-RETIREMENT BENEFITS (“OPEB”)

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees covered by benefit terms. At June 30, 2017 the following employees were covered by the benefit terms:

TPAF participant retirees – There were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees – The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in fiscal year 2017

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

Fiscal Year Ended <u>June 30,</u>	<u>Post-Retirement Medical</u>
2018	\$ 3,783,072
2017	3,527,960
2016	3,619,694

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the board of education level. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>). The portion of the PERS and TPAF OPEB Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net OPEB Liability:

Districts proportionate share	None
State's proportionate share associated with the District	\$ 193,043,561
	<u>\$ 193,043,561</u>

The proportion of the PERS and TPAF OPEB collective liability that was associated with the District is as follows:

June 30,	
2017	2016
.00369256319 %	.00362660959 %

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 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%	
	TPAF/ABP	PERS
	<i>(based on years of service)</i>	<i>(based on age)</i>
Salary increases:		
through 2026	1.55 - 4.55%	2.15 - 4.15%
Thereafter	2.00 - 5.45%	3.15 - 5.15%

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 the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)

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 trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 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 was 3.58%. This represents the municipal bond return rate as chosen by the Division. 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.

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

The following represents the total nonemployer OPEB liability as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
\$ 235,121,605	\$ 198,043,361	\$ 168,677,634

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

The following represents the total nonemployer OPEB liability as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was 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
\$ 162,892,198	\$ 198,043,361	\$ 244,782,227

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2016.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate
(Continued)

Shown below are details regarding the Total OPEB Liability associated with the District for the measurement period from June 30, 2016 to June 30, 2017:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2016 Measurement Date	\$ 213,359,913
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 9,644,737
Interest on the Total OPEB Liability	6,293,116
Changes of Assumptions	(26,836,209)
Gross Benefit Payments	(4,587,105)
Contributions from the Member	<u>168,909</u>
Net Changes	\$ <u>(15,316,552)</u>
Balance as of June 30, 2017 Measurement Date	\$ <u><u>198,043,361</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

The components of the Net OPEB Liability as of June 30, 2017 are as follows:

	<u>Measurement Date</u> <u>June 30, 2017</u>
Total OPEB Liability	\$ 198,043,361
Plan Fiduciary Net Position	None
Net OPEB Liability	\$ 198,043,361
Net Position as a Percentage of OPEB Liability	0.0%
OPEB Expense	\$ 13,191,488

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$13,191,488 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2017 under GASB 75 prior to any reduction due to the Fiscal Year 2018 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Assumption Changes		\$ (21,414,246)
Changes in Proportion	\$ 126,819	<u> </u>
Total	<u>\$ 126,819</u>	<u>\$ (21,414,246)</u>

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense (revenues) as follows:

Measurement Period Ending June 30,	
2018	\$ (2,742,947)
2019	(2,742,947)
2020	(2,742,947)
2021	(2,742,947)
2022	(2,742,947)
Total Thereafter	(9,710,032)

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	2017	2016
Deferred outflows of resources	\$ 99,843,255	N/A
Deferred inflows of resources	6,443,612,287	N/A
Net OPEB liability	53,639,841,858	\$ 57,831,784,184
Total expenses - non-employer	3,348,490,523	N/A

Other

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 are the responsibility of the individual local education employers.

11. DEFERRED COMPENSATION

A. IRS Code Section 403(b)

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

AIG Valic AXA Equitable Lincoln Investment Planning Inc. Security Benefit	FTJ Fund Choice New York Life Insurance Company/ Mainstay Investments MetLife
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B. IRS Code Section 457

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Liability Insurance: The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance: The District contributes to the State of New Jersey unemployment fund which requires quarterly remittances to the state for both employer and employee share. Benefits if any will get paid by the State.

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

13. INTERFUND BALANCES AND TRANSFERS

The interfund receivable/payable as of June 30, 2018 will be liquidated in the normal course of business in the succeeding year.

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 124	
Debt Service Fund	168,940	
Capital Projects Fund		\$ 169,064

14. RESTRICTED – CAPITAL RESERVE ACCOUNT

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

Contributions from Board		
Prior to June 30, 2017	\$ 18,844,694	
During year ended June 30, 2018	909,993	\$ 19,754,687
Interest Earned		
Prior to June 30, 2017	\$ 72,610	
During year ended June 30, 2018	23,259	\$ 95,869
Less Withdrawals:		
Prior to June 30, 2017	\$ 14,604,700	
During year ended June 30, 2018	2,084,945	\$ 16,689,645
Balance June 30, 2018		\$ 3,160,911

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

14. RESTRICTED – CAPITAL RESERVE ACCOUNT (CONTINUED)

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

15. FUND BALANCE APPROPRIATED

General Fund - Of the \$5,951,377 General Fund fund balance at June 30, 2018, \$350,199 is assigned – for other purposes (encumbrances); \$3,160,911 is restricted for the Capital Reserve Account, \$1,500,000 is restricted for the Maintenance Reserve, and \$940,267 is unassigned.

Of the Capital Reserve fund balance \$1,563,945 and the Maintenance Reserve fund balance \$600,000 were included as revenue on the 2018-2019 general fund budget to offset related expenditures.

Debt Service Fund – Of the \$1,493,340 Debt Service Fund fund balance at June 30, 2018, \$1,325,000 is included as revenue in the 2018-2019 debt service fund budget to offset expenditures.

Capital Projects Fund – Of the \$18,829,519 Capital Projects Fund fund balance at June 30, 2018 is restricted for capital projects which have been committed.

16. CONTINGENT LIABILITIES AND COMMITMENTS

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

16. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

D. Contractual Commitments

The District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$350,194 and in the capital projects \$49,200,662 for the construction of a new middle school and other improvements to be offset by existing capital projects funds and proceeds from sale of a bonds in the amount of \$42,348,000 dated February 7, 2019.

E. Space Rental

The District entered into a building lease agreement to serve as classrooms or its Early Childhood Education Center. The lease is from September 1, 2018 through August 1, 2023. The lease payments are \$200,000 per year and the District is responsible for utilities. The District has embarked on a building construction program which when complete, will eliminate the annual rental obligation.

17. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess surplus as a result of the 2016-2017 or 2017-2018 school years at June 30, 2018.

18. RECONCILIATION OF FUND BALANCE

Current Fund

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

General Fund

Balance on a Budget Basis on the General Fund	
Budgetary Basic Comparison - Unassigned	\$ 2,343,041
Less: Allocation of state aid payment not recognized on a GAAP basis	<u>1,402,775</u>
	<u>\$ 940,266</u>

General Projects Fund

Balance on a Budget Basis on the Capital Projects Fund	
Budgetary Basic Comparison	\$ 61,177,521
Less: Bonds and Notes Authorized but Not Issued (Refer to Note 7B)	<u>42,348,000</u>
	<u>\$ 18,829,521</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

19. ECONOMIC DEPENDENCY

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

20. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$174,125,928 indicated as part of the Governmental Activities net position is calculated as follows:

	Amount
Capital assets, net of depreciation	\$ 113,907,668
Bonds payable (used to build or acquire capital assets)	(67,550,000)
Deferred loss on defeasance of debt	2,089,764
Unamortized deferred premium	(1,637,058)
	\$ 46,810,374

21. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A.18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

21. TAX ABATEMENTS (CONTINUED)

The Township of North Brunswick provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Township of North Brunswick are for senior citizen housing projects and a technology center. Taxes abated include municipal, local school and county taxes.

The Township of North Brunswick recognized revenue of \$1,498,895 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amounted to \$2,164,714 based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$665,820 abatement would have been allocated to the District.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 78,416,037		\$ 78,416,037	\$ 78,416,037	
Transportation Fees	110,000		110,000	129,006	\$ 19,006
Miscellaneous	113,000		113,000	536,398	423,398
Total - local sources	<u>78,639,037</u>		<u>78,639,037</u>	<u>79,081,441</u>	<u>442,404</u>
State sources:					
Special Education Categorical Aid	3,679,455		3,679,455	3,679,455	
Equalization Aid	6,617,008	\$ 2,758,698	9,375,706	9,375,706	
Extraordinary aid	840,000		840,000	1,443,059	603,059
Security Aid	553,681		553,681	553,681	
Adequacy Aid	329,331		329,331	329,331	
Transportation Aid	494,496		494,496	494,496	
PARCC Readiness Aid	63,190		63,190	63,190	
Per Pupil Growth Aid	63,190		63,190	63,190	
Professional Learning Community Aid	62,140		62,140	62,140	
Non Public Transportation Aid				92,847	92,847
On behalf - TPAF - Pension Contribution (Non-budgeted)				5,857,248	5,857,248
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,783,072	3,783,072
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				10,238	10,238
Reimbursed TPAF social security contributions (Non-budgeted)				3,105,395	3,105,395
Total - state sources	<u>12,702,491</u>	<u>2,758,698</u>	<u>15,461,189</u>	<u>28,913,048</u>	<u>13,451,859</u>
Federal sources:					
Semi aid	96,251		96,251	195,657	99,406
Total - federal sources	<u>96,251</u>		<u>96,251</u>	<u>195,657</u>	<u>99,406</u>
TOTAL REVENUES	<u>\$ 91,437,779</u>	<u>\$ 2,758,698</u>	<u>\$ 94,196,477</u>	<u>\$ 108,190,146</u>	<u>\$ 13,993,669</u>

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 1,390,374	\$ (101,732)	\$ 1,288,642	\$ 1,288,632	\$ 10
Grades 1 - 5	9,786,711	21,621	9,808,332	9,804,463	3,869
Grades 6 - 8	5,834,737	(93,750)	5,740,987	5,740,987	
Grades 9 - 12	7,996,873	365,727	8,362,600	8,362,600	
	<u>25,008,695</u>	<u>191,866</u>	<u>25,200,561</u>	<u>25,196,682</u>	<u>3,879</u>
Regular programs - home instruction:					
Salaries of teachers		289	289	289	
Purchased professional - education services	50,000	47,568	97,568	97,568	
Total regular programs - home instruction	<u>50,000</u>	<u>47,857</u>	<u>97,857</u>	<u>97,857</u>	
Regular programs - undistributed instruction:					
Other salaries for instruction	200,322	40,849	241,171	241,171	
Purchased professional - educational services	1,000	347,500	348,500	348,500	
Other purchased services (400-500 Series)	521,661	17,637	539,298	537,669	1,629
General supplies	710,030	11,822	721,852	713,365	8,487
Textbooks		37,564	37,564	37,564	
Other objects	24,187	(15,449)	8,738	8,738	
Total regular programs - undistributed instruction	<u>1,457,200</u>	<u>439,923</u>	<u>1,897,123</u>	<u>1,887,007</u>	<u>10,116</u>
Total regular programs - instructions	<u>26,515,895</u>	<u>679,646</u>	<u>27,195,541</u>	<u>27,181,546</u>	<u>13,995</u>
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	824,920	274,134	1,099,054	1,099,054	
Other salaries for instruction	431,095	(13,196)	417,899	417,899	
General supplies	64,998	(2,185)	62,813	62,476	337
Total learning and/or language disabilities	<u>1,321,013</u>	<u>258,753</u>	<u>1,579,766</u>	<u>1,579,429</u>	<u>337</u>
Behavioral Disabilities:					
Salaries of teachers	187,315	(11,424)	175,891	175,891	
Other salaries for instruction	53,262	34,066	87,328	87,328	
General Supplies	6,754	10,119	16,873	16,873	
Total Behavioral Disabilities	<u>247,331</u>	<u>32,761</u>	<u>280,092</u>	<u>280,092</u>	

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	\$ 118,670	\$ (1,810)	\$ 116,860	\$ 116,860	
Other salaries for instruction	40,022	30,945	70,967	70,967	
General supplies	6,738	360	7,098	7,093	\$ 5
Total Multiple Disabilities	165,430	29,495	194,925	194,920	5
Resource room/resource center:					
Salaries of teachers	4,599,405	(179,290)	4,420,115	4,420,115	
Other salaries for instruction	722,390	(130,449)	591,941	591,941	
General supplies	32,646	(7,300)	25,346	24,777	569
Total resource room/resource center	5,354,441	(317,039)	5,037,402	5,036,833	569
Autism:					
Salaries of teachers	482,195	(4,686)	477,509	477,509	
Other salaries for instruction	483,266	40,188	523,454	523,454	
General Supplies	14,000	(2,919)	11,081	11,054	27
Total Autism	979,461	32,583	1,012,044	1,012,017	27
Preschool disabilities - part-time:					
Salaries of teachers	177,251	56,334	233,585	\$ 233,585	
Other salaries for instruction	166,686	103,029	269,715	269,715	
General supplies	5,000	(892)	4,108	4,070	38
Total preschool disabilities-part-time	348,937	158,471	507,408	507,370	38
Preschool disabilities - full time					
Salaries of teachers	185,585	(127,331)	58,254	58,254	
Other salaries for instruction	101,819	(42,005)	59,814	59,814	
General supplies	1,000		1,000	1,000	
Total preschool disabilities-full-time	288,404	(169,336)	119,068	119,068	
Home Instruction:					
Salaries of teachers	25,000	38,485	63,485	63,483	2
Purchased professional-educational services	30,000	35,324	65,324	65,324	
Total home instruction	55,000	73,809	128,809	128,807	2
Total special education - instruction	8,760,017	99,497	8,859,514	8,858,536	978

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic skills/remedial - Instruction:					
Salaries of teachers	\$ 1,923,682	\$ 624,916	\$ 2,548,598	\$ 2,548,598	
General supplies	4,000	(335)	3,665	3,665	
Total basic skills/remedial - Instruction	1,927,682	624,581	2,552,263	2,552,263	
Bilingual education - Instruction:					
Salaries of teachers	868,114	87,697	955,811	928,361	\$ 27,450
Other salaries for instruction	13,786	(13,712)	74	74	
General supplies	3,106	(1,500)	1,606	1,209	397
Total bilingual education - Instruction	885,006	72,485	957,491	929,644	27,847
School sponsored co/extra - curricular activities - Instructions:					
Salaries	292,034	(6,333)	285,701	285,701	
Supplies and materials	63,333	3,936	67,269	66,388	881
Total school sponsored co/extra - curricular activities - Instruction	355,367	(2,397)	352,970	352,089	881
School sponsored athletics - Instruction:					
Salaries	612,301	(37,245)	575,056	575,056	
Purchased services (300-500 Series)	114,021	(4,912)	109,109	108,527	582
Supplies and materials	195,600	(29,219)	166,381	165,806	575
Other objects	63,472	(2,777)	60,695	60,695	
Total school sponsored athletic activities	985,394	(74,153)	911,241	910,084	1,157
Before/After School programs:					
Salaries	135,750	(6,622)	129,128	129,128	
Total Before/After School Programs	135,750	(6,622)	129,128	129,128	
Total special programs	4,289,199	613,894	4,903,093	4,873,208	29,885
Total instructional programs	39,565,111	1,393,037	40,958,148	40,913,290	44,858
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	100,000	(26,556)	73,444	73,444	
Tuition to other LEAs within the state - special	842,541	(386,311)	456,230	448,572	7,658
Tuition to CSSD and regular day schools	129,420	19,084	148,504	148,502	2
Tuition to private schools-disabled within the state	1,517,724	175,581	1,693,305	1,659,263	34,042
Tuition - state facilities	86,811	(49,359)	37,452	37,452	
Total undistributed expenditures - instruction	2,676,496	(267,561)	2,408,935	2,367,233	41,702

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance and social work:					
Salaries	\$ 53,000	\$ 21,005	\$ 74,005	\$ 74,005	
Total attendance and Social Work	53,000	21,005	74,005	74,005	
Health services:					
Salaries	576,958	48,950	625,908	625,908	
Purchased professional and technical services	12,000	4,132	16,132	16,132	
Other purchased services (400-500 Series)	1,900	(1,900)			
Supplies and materials	46,445	(8,110)	38,335	38,192	\$ 143
Total health services	637,303	43,072	680,375	680,232	143
Other support services - student-related services:					
Salaries	679,697	(24,269)	655,428	655,428	
Purchased professional - educational services	242,575	117,737	360,312	360,312	
Supplies and materials	4,500	(2,603)	1,897	1,897	
Total other support services - student-related services	926,772	90,865	1,017,637	1,017,637	
Other support services - student extra services					
Salaries	376,572	207,737	584,309	584,309	
Purchased professional - educational services	747,250	(175,201)	572,049	568,349	3,700
Supplies and Materials	5,000	(2,640)	2,360	2,360	
Total other support services - student-extra services	1,128,822	29,896	1,158,718	1,155,018	3,700
Other support services - students - regular:					
Salaries of other professional staff	1,185,496	(13,844)	1,171,652	1,171,652	
Salaries of secretarial & clerical assistants	102,300		102,300	102,300	
Purchased professional - educational services	10,000	13,088	23,088	23,088	
Other purchased services (400-500 Series)	20,000	81,889	101,889	101,889	
Supplies and materials	9,000	(1,629)	7,371	7,371	
Other Objects	1,610	(1,610)			
Total other support services - students - regular	1,328,406	77,894	1,406,300	1,406,300	
Other support services - students - special:					
Salaries of other professional staff	2,197,888	96,179	2,294,067	2,294,067	
Salaries of secretarial & clerical assistants	287,763	(20,339)	267,424	267,424	
Purchased professional - educational services	35,000	426,019	461,019	459,535	1,484
Miscellaneous purchased services (400-500 Series)	5,000	(1,559)	3,441	3,441	
Supplies and materials	36,550		36,550	35,364	1,186
Other Objects	11,600	9	11,609	10,944	665
Total other support services - students - special	2,573,801	500,309	3,074,110	3,070,775	3,335

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 2,395,003	\$ (45,324)	\$ 2,349,679	\$ 2,349,679	
Salaries of other professional staff	25,000	16,593	41,593	41,593	
Salaries of secretarial & clerical assistants	96,636	2,417	99,053	99,053	
Travel	3,000	54	3,054	3,054	
Other objects	19,680	(19,470)	210		\$ 210
Total improvement of instructional services	2,539,319	(45,730)	2,493,589	2,493,379	210
Educational media services/school library:					
Salaries	516,081	(8,154)	507,927	507,927	
Supplies and materials	26,083	(2,221)	23,862	22,564	1,298
Total educational media services/school library	542,164	(10,375)	531,789	530,491	1,298
Instructional staff training services:					
Salaries of other professional staff	35,000	23,552	58,552	58,552	
Salaries of secretarial & clerical assistants					
Purchased professional - educational services	106,455	58,914	165,369	164,864	505
Other purchased prof. and tech. services		55	55	55	
Other purchased services (400-500 Series)	77,597	(13,016)	64,581	62,985	1,596
Supplies and materials	2,000	(314)	1,686	1,686	
Other Objects	8,500	655	9,155	9,155	
Total instructional staff training services	229,552	69,846	299,398	297,297	2,101
Support services - general administration:					
Salaries	751,780	65,335	817,115	802,176	14,939
Legal services	155,000	22,062	177,062	177,062	
Audit fee	45,000	50,100	95,100	45,600	49,500
Architects/Engineering services					
Other purchased professional services	20,965	(10,700)	10,265	10,265	
Purchased technical services	45,285	30,572	75,857	75,739	118
Communications/telephone	281,480	(1,397)	280,083	280,041	42
BOE other purchased services	5,000	(2,000)	3,000	2,786	214
Other purchased services (400-500)	366,000	15,416	381,416	380,524	892
General supplies	20,600	(3,330)	17,270	16,821	449
Miscellaneous expenditures	21,746	5,694	27,440	26,665	775
BOE membership dues and fees	32,500	(1,810)	30,690	30,690	
Total support services - general administration	1,745,356	169,942	1,915,298	1,848,369	66,929

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,980,364	\$ (173,987)	\$ 1,806,377	\$ 1,806,377	
Salaries of other professional staff	269,794	(126,836)	142,958	142,958	
Salaries of secretarial and clerical assistants	824,690	22,794	847,484	847,484	
Other purchased services (400-500 Series)	3,000	(500)	2,500	709	\$ 1,791
Supplies and materials	37,200	(2,521)	34,679	32,947	1,732
Other objects	16,275	(16,275)			
Total support services - school administration	3,131,323	(297,325)	2,833,998	2,830,475	3,523
Central services:					
Salaries	499,927	(80,514)	419,413	419,413	
Purchased professional services	43,208	18,692	61,900	61,900	
Purchased technical services	25,550	(22,786)	2,764	2,764	
Miscellaneous purchased services (400-500 Series)	4,000		4,000	2,480	1,520
Supplies and materials	15,600	(8,344)	7,256	7,256	
Interest on lease purchase agreements	40,000	(22,547)	17,453	17,453	
Other Objects		4,784	4,784	4,784	
Total central services	628,285	(110,715)	517,570	516,050	1,520
Admin. Info. technology:					
Salaries	687,716	(29,685)	658,031	658,031	
Purchased technical services	175,419	(2,500)	172,919	172,451	468
Other purchased services (400-500 Series)	2,000		2,000	1,982	18
Supplies and materials	85,000	311,614	396,614	396,444	170
Other objects	350		350	285	65
Total admin. Info. technology	950,485	279,429	1,229,914	1,229,193	721
Required maintenance for school facilities:					
Salaries	1,083,387	(233,309)	850,078	850,078	
Cleaning, repair and maintenance services	272,488	88,355	360,843	323,895	36,948
General supplies	181,200	89,869	271,069	271,069	
Total required maintenance for school facilities	1,537,075	(55,085)	1,481,990	1,445,042	36,948

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other operation and maintenance of plant:					
Salaries	\$ 2,046,398	\$ 109,341	2,155,739	\$ 2,154,835	\$ 904
Salaries of non-instructional aids	636,032	(104,022)	532,010	532,010	
Cleaning, repair and maintenance services	93,400	43,606	137,006	137,006	
Rental of land and bldg. other than lease purchase agreement	200,000		200,000	200,000	
Other purchased property services	115,000	(19,630)	95,370	95,370	
Insurance	245,122	(37,145)	207,977	207,977	
Travel		570	570	86	484
Miscellaneous purchased services	4,000	(4,000)			
General supplies	292,200	(25,603)	266,597	264,092	2,505
Energy (Natural Gas)	260,000	78,232	338,232	338,232	
Energy (Electricity)	1,261,468	(197,533)	1,063,935	1,063,522	413
Other Objects	5,000	(5,000)			
Total other operation and maintenance of plant	5,158,620	(161,184)	4,997,436	4,993,130	4,306
Total operation and maintenance of plant services	6,695,695	(216,269)	6,479,426	6,438,172	41,254
Care and upkeep of grounds					
Salaries	195,837	8,387	204,224	204,224	
General supplies	9,500	(5,440)	4,060	4,060	
Total care and upkeep of grounds	205,337	2,947	208,284	208,284	
Security:					
Salaries	434,514	81,778	516,292	516,292	
General supplies	15,000	11,223	26,223	26,223	
Other objects		2,409	2,409	2,409	
Total security	449,514	95,410	544,924	544,924	
Student transportation services:					
Salaries of Pupil transportation (between home and school) - regular	526,830	(143,390)	383,440	383,440	
Salaries of Pupil transportation (between home and school) - special education	280,262	304,656	584,918	584,915	3
Other purchased professional and technical services	13,100	2,059	15,159	15,159	
Cleaning, repair and maintenance services	21,500	(15,316)	6,184	6,184	
Contracted services - aid in lieu of payments - nonpublic schools	218,400	13,545	231,945	231,945	
Contracted services (between home and school) - vendors	1,701,015	50,302	1,751,317	1,751,317	
Contracted services (other than between home and school) - vendors	357,917	(61,797)	296,120	295,855	265
Contracted services (between home and school) - joint agreements	282,370	140,897	423,267	423,266	1
Contracted services (special education students) - vendors	1,353,028	197,168	1,550,196	1,549,552	644
Travel	1,100	(954)	146	146	
Supplies and Materials	164,910	(23,465)	141,445	141,133	312
Miscellaneous expenditures	6,025	(3,560)	2,465	2,465	
Total student transportation services	4,926,457	460,145	5,386,602	5,385,377	1,225

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Exhibit C-1
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits - Employee benefits:					
Social security contribution	\$ 1,157,040	\$ 3,164	\$ 1,160,204	\$ 1,160,204	
Other retirement contributions - regular	1,100,000	88,943	1,188,943	1,188,943	
Unemployment compensation	200,000	26,920	226,920	226,920	
Workmen's compensation	551,643	(89,172)	462,471	462,471	
Health benefits	16,214,630	(598,142)	15,616,488	15,616,488	
Tuition reimbursement	105,000	2,873	107,873	107,873	
Other employee benefits	232,000	130,485	362,485	362,485	
Total unallocated benefits	19,560,313	(434,929)	19,125,384	19,125,384	
On behalf - TPAF - Pension Contribution (Non-budgeted)				5,857,248	\$ (5,857,248)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,783,072	(3,783,072)
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				10,238	(10,238)
Reimbursed TPAF social security contributions (Non-budgeted)				3,105,395	(3,105,395)
Total on behalf - Contributions				12,755,953	(12,755,953)
Total personal services - employee benefits	19,560,313	(434,929)	19,125,384	31,881,337	(12,755,953)
Total undistributed expenditures	50,928,400	457,856	51,386,256	63,974,548	(12,588,292)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 90,493,511	\$ 1,850,893	\$ 92,344,404	\$ 104,887,838	\$ (12,543,434)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Support services - students - special		\$ 48,491	\$ 48,491	\$ 48,491	
Total equipment		48,491	48,491	48,491	
Facilities acquisition and construction services:					
Other purchased professional and technical services	\$ 100,000	133,984	233,984	156,984	77,000
Construction services	1,510,000	(141,371)	1,368,629	732,239	\$ 636,390
Lease purchase agreements - principal	200,000		200,000	200,000	
Land and Improvements	11,000	(11,000)			
Assessment for Debt Service on SDA Funding	263,945		263,945	263,945	
Capital reserve transfer to debt service		1,325,000	1,325,000	1,325,000	
Total facilities acquisition and construction services	2,084,945	1,306,613	3,391,558	2,678,168	713,390
TOTAL EXPENDITURES - CAPITAL OUTLAY	\$ 2,084,945	\$ 1,355,104	\$ 3,440,049	\$ 2,726,659	\$ 713,390

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Transfer of funds to charter schools	\$ 1,800,000	\$ 493,492	\$ 2,293,492	\$ 2,293,492	
Total transfer of funds to charter schools	<u>1,800,000</u>	<u>493,492</u>	<u>2,293,492</u>	<u>2,293,492</u>	
TOTAL GENERAL FUND EXPENDITURES	\$ 94,378,456	\$ 3,699,489	\$ 98,077,945	\$ 109,907,989	\$ (11,830,044)
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (2,940,677)</u>	<u>\$ (940,791)</u>	<u>\$ (3,881,468)</u>	<u>\$ (1,717,843)</u>	<u>\$ (2,163,625)</u>
Other financing sources/(uses):					
Operating Transfers in/(out)					
Capital projects fund interest earned				124	(124)
Fund balance, July 1	\$ 9,466,330		\$ 9,466,330	\$ 9,071,870	\$ (394,460)
Fund balance, June 30	<u>\$ 6,525,653</u>	<u>\$ (940,791)</u>	<u>\$ 5,584,862</u>	<u>\$ 7,354,151</u>	<u>\$ 1,769,289</u>
Capital Reserve appropriated per budget	\$ 2,084,945				
Maintenance Reserve appropriated per budget	605,732				
Emergency Reserve appropriated per budget	<u>250,000</u>				
	<u>\$ 2,940,677</u>				
Detail of budget transfers:					
Committed for year-end encumbrances		\$ 71,608			
Assigned Excess Extraordinary Aid		<u>869,183</u>			
		<u>\$ 940,791</u>			
Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 350,199	
Restricted:					
Capital Reserve			\$ 1,596,966		
Capital Reserve - Designated for subsequent years expenditures			<u>1,563,945</u>	3,160,911	
Maintenance Reserve - Unassigned			900,000		
Maintenance Reserve - Designated for subsequent years expenditures			<u>600,000</u>	1,500,000	
Unassigned 2%				<u>2,343,041</u>	
				\$ 7,354,151	
Reconciliation to governmental funds statements (GAAP):					
Less: Last Two (2) State Aid Payments not recognized on GAAP basis				<u>1,402,775</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 5,951,376</u>	

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 2,396,406	\$ 340,783	\$ 2,737,189	\$ 2,631,328	\$ 105,861
State Sources	45,363	12,272	57,635	45,537	12,098
Local Sources	37,000	146,074	183,074	130,831	52,243
Total Revenues	<u>\$ 2,478,769</u>	<u>\$ 499,129</u>	<u>\$ 2,977,898</u>	<u>\$ 2,807,696</u>	<u>\$ 170,202</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 825,000	\$ 61,147	\$ 886,147	\$ 831,247	\$ 54,900
Salaries of Other professional staff		27,450	27,450	27,450	
Purchased Professional Educational/Technical Services	36,177	14,683	50,860		50,860
Other Purchased Services	1,100,000	(39,397)	1,060,603	1,057,379	3,224
General Supplies	84,236	80,130	164,366	164,318	48
Textbooks	3,426	(1,016)	2,410	2,237	173
Other Objects		6,519	6,519	5,524	995
Total Instruction	<u>\$ 2,048,839</u>	<u>\$ 149,516</u>	<u>\$ 2,198,355</u>	<u>\$ 2,088,155</u>	<u>\$ 110,200</u>
Support Services:					
Salaries of Supervisors of Instruction	\$ 23,991	\$ 40,150	\$ 64,141	\$ 64,064	\$ 77
Salaries of Program Directors	85,000	389	85,389	85,141	248
Salaries Other Professional Staff		64,372	64,372	64,372	
Personal Services - Employee Benefits	252,209	52,308	304,517	304,224	293
Purchased Professional Educational/Technical Services	25,760	116,765	142,525	140,155	2,370
Other Purchased Services	5,970	58,659	64,629	50,463	14,166
Supplies and Materials	37,000	5,897	42,897	467	42,430
Total Support Services	<u>\$ 429,930</u>	<u>\$ 338,540</u>	<u>\$ 768,470</u>	<u>\$ 708,886</u>	<u>\$ 59,584</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		\$ 11,073	\$ 11,073	\$ 10,655	\$ 418
Total Facilities Acquisition and Construction Services		<u>\$ 11,073</u>	<u>\$ 11,073</u>	<u>\$ 10,655</u>	<u>\$ 418</u>
Total Expenditures	<u>\$ 2,478,769</u>	<u>\$ 499,129</u>	<u>\$ 2,977,898</u>	<u>\$ 2,807,696</u>	<u>\$ 170,202</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$	108,190,146	C-2 \$	2,807,696
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
June 30,2017		None		None
June 30,2018		None		None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,125,911		None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		<u>(1,402,775)</u>		<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$	<u>107,913,282</u>	B-2 \$	<u>2,807,696</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$	109,907,989	C-2 \$	2,807,696
Less: Budgetary expenditures that are not expenditures under GAAP - Capital outlay transfer to debt service fund		(1,325,000)		
Difference - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
June 30,2017		None		None
June 30,2018		<u>None</u>		<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$	<u>108,582,989</u>	B-2 \$	<u>2,807,696</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS AND OPEB**

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FIVE (5) FISCAL YEAR *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.1160444197 %	0.1144388046 %	0.11693716520 %	0.11754061100 %	0.12315990650 %
District's proportionate share of the net pension liability (asset)	\$ 22,178,394	\$ 21,426,074	\$ 26,250,050	\$ 34,812,158	\$ 28,669,658
District's covered-employee payroll	\$ 7,851,216	\$ 8,150,544	\$ 8,296,804	8,820,428	8,947,809
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	282.48%	262.88%	316.39%	394.68%	320.41%
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72	47.92	40.14	48.09

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

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FIVE (5) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 874,371	\$ 943,417	\$ 954,254	\$ 1,087,258	\$ 1,140,945
Contributions in relation to the contractually required contribution	\$ 874,371	\$ 943,417	\$ 954,254	\$ 1,087,258	\$ 1,140,945
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 7,851,216	\$ 8,150,544	\$ 8,296,804	\$ 8,820,428	\$ 8,947,809
Contributions as a percentage of covered-employee payroll	11.14%	11.57%	11.50%	12.33%	12.75%

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST FIVE (5) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.3677159608 %	0.3598476484 %	0.3664226574 %	0.3796856640 %	0.3764293042 %
District's proportionate share of the net pension liability (asset)	None	None	None	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 185,840,754</u>	<u>\$ 192,326,856</u>	<u>\$ 231,594,767</u>	<u>\$ 298,684,842</u>	<u>\$ 253,802,214</u>
Total	<u>\$ 185,840,754</u>	<u>\$ 192,326,856</u>	<u>\$ 231,594,767</u>	<u>\$ 298,684,842</u>	<u>\$ 253,802,214</u>
District's covered-employee payroll	\$ 37,328,236	\$ 38,603,846	\$ 38,953,673	\$ 41,186,013	\$ 38,611,684
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None	None	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%

The amounts presented for each fiscal year were determined as of the previous fiscal yearend.

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS
LAST FISCAL YEAR *

<u>Total OPEB Liability</u>	<u>2018</u>
Service cost	\$ 9,644,737
Interest	6,293,116
Changes of assumptions or other inputs	(26,836,209)
Benefit payments	(4,587,105)
Contributions from members	<u>168,909</u>
Net changes in total OPEB liability	(15,316,552)
Total OPEB liability - beginning	<u>213,359,913</u>
Total OPEB liability - ending	<u><u>\$ 198,043,361</u></u>
Covered-employee payroll (PERS and TPAF)	<u><u>\$ 47,559,493</u></u>
Total OPEB liability as a percentage of covered-employee payroll	<u><u>None</u></u>

Note: Only the last year of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount liability is 5.9%. 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%. For prescription drug benefits, the initial trend rate is 10.5%. The Medicare Advantage trend rate is 4.5%.

Changes of Assumptions - The discount rate utilized was 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Brought Forward (Exh. E-1a)	Title II		I.D.E.A. Part B				Title I			Totals 2018
		2017-2018 Part A	Part A Carrvoer	2017-2018 Regular Program	Regular Program Carrvoer	2017-2018 Preschool	Preschool Carrvoer	2017-2018 Part A	Carrvoer	2017-2018 Part D	
REVENUES:											
State sources	\$ 45,537										\$ 45,537
Federal sources	148,014	\$ 155,947	\$ 17,163	\$ 1,294,740	\$ 31,699	\$ 35,985	\$ 1,963	\$ 666,967	\$ 11,550	\$ 267,300	2,631,328
Local sources	130,831										130,831
Total revenues	\$ 324,382	\$ 155,947	\$ 17,163	\$ 1,294,740	\$ 31,699	\$ 35,985	\$ 1,963	\$ 666,967	\$ 11,550	\$ 267,300	\$ 2,807,696
EXPENDITURES:											
Instruction:											
Salaries of teachers	\$ 49,046			\$ 197,225				\$ 437,923	\$ 2,300	\$ 144,754	\$ 831,248
Salaries of other professional staff	27,450										27,450
Purchased professional and technical services	38,936										38,936
Other purchased services				1,002,632	\$ 28,129	\$ 26,618	\$				1,057,379
General supplies	49,579			22,748	3,570	9,367	1,963	23,723	1,699	14,969	127,618
Other Objects	5,524										5,524
Total instruction	\$ 170,535			\$ 1,222,605	\$ 31,699	\$ 35,985	\$ 1,963	\$ 461,646	\$ 3,999	\$ 159,723	\$ 2,088,155
Support services:											
Salaries of Supervisors of Instruction	9,506	\$ 39,637	\$ 8,393					\$ 35,632	6,617	\$ 10,000	\$ 109,785
Salaries of program director	1,421	2,309						28,063		7,627	39,420
Salaries of other professional staff		64,372									64,372
Personal services-employee benefits	4,744	33,491	2,644	\$ 35,335	\$			137,126	\$ 934	89,950	304,224
Purchased professional/technical services	125,723	8,638	1,294	36,800				4,500			176,955
Other Purchased professional/technical services	1,798	7,500	4,365								13,663
Supplies and materials			467								467
Total support services	\$ 143,192	\$ 155,947	\$ 17,163	\$ 72,135	\$	\$	\$	\$ 205,321	\$ 7,551	\$ 107,577	\$ 708,886
Facilities acquisition and construction services:											
Instructional equipment	\$ 10,655										\$ 10,655
Total facilities acquisition and construction services	\$ 10,655										\$ 10,655
Total expenditures	\$ 324,382	\$ 155,947	\$ 17,163	\$ 1,294,740	\$ 31,699	\$ 35,985	\$ 1,963	\$ 666,967	\$ 11,550	\$ 267,300	\$ 2,807,696

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Brought Forward (Exh. E-1b)	Title III				Perkins Grant	Impact Aide	Nonpublic Textbooks	Totals Carried Forward 2018
		2017-2018	Carryover	Immigrant 2017-2018	Carryover				
REVENUES:									
State sources	\$ 43,300							\$ 2,237	\$ 45,537
Federal sources		\$ 60,815	\$ 5,230	\$ 19,566	\$ 421	\$ 34,532	\$ 27,450		148,014
Local sources	130,831								130,831
Total revenues	\$ 174,131	\$ 60,815	\$ 5,230	\$ 19,566	\$ 421	\$ 34,532	\$ 27,450	\$ 2,237	\$ 324,382
EXPENDITURES:									
Instruction:									
Salaries of teachers		\$ 30,987	\$ 3,086	\$ 14,973					\$ 49,046
Salaries of other professional staff							\$ 27,450		27,450
Purchased professional and technical services	\$ 38,936								38,936
Other purchased services									
General supplies	7,498	14,056	1,911			\$ 23,877		\$ 2,237	49,579
Other Objects	5,524								5,524
Total instruction	\$ 51,958	\$ 45,043	\$ 4,997	\$ 14,973	\$ 23,877	\$ 27,450	\$ 2,237		\$ 170,535
Support services:									
Salaries of Supervisors of Instruction		\$ 6,489		\$ 2,632	\$ 385				9,506
Salaries of program director		949		472					1,421
Salaries of other professional staff									
Personal services-employee benefits		2,986	\$ 233	1,489	36				4,744
Purchased professional/technical services	\$ 122,173	3,550							125,723
Other Purchased professional/technical services		1,798							1,798
Supplies and materials									
Total support services	\$ 122,173	\$ 15,772	\$ 233	\$ 4,593	\$ 421				\$ 143,192
Facilities acquisition and construction services:									
Instructional equipment	\$					\$ 10,655			\$ 10,655
Total facilities acquisition and construction services	\$					10,655			\$ 10,655
Total expenditures	\$ 174,131	\$ 60,815	\$ 5,230	\$ 19,566	\$ 421	\$ 34,532	\$ 27,450	\$ 2,237	\$ 324,382

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Nonpublic Technology	Nonpublic Security	New Jersey Chapter 226 Nonpublic Nursing Services	New Jersey Chapter 192 Auxiliary Nonpublic Comp. Education	Nonpublic Transp.	New Jersey Chapter 193 Handicapped Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Corrective Speech	Local Grants	Soil Remediation	Totals Carried Forward 2018
REVENUES:											
State sources	\$ 1,627	\$ 3,371	\$ 4,364	\$ 13,288	\$ 2,263	\$ 5,709	\$ 9,463	\$ 3,215			\$ 43,300
Federal sources											
Local sources									\$ 13,022	\$ 117,809	130,831
Total revenues	\$ 1,627	\$ 3,371	\$ 4,364	\$ 13,288	\$ 2,263	\$ 5,709	\$ 9,463	\$ 3,215	\$ 13,022	\$ 117,809	\$ 174,131
EXPENDITURES:											
Instruction:											\$
Salaries of teachers											
Salaries of other professional staff											
Purchased professional and technical services	\$ 1,627	\$ 3,371		\$ 13,288	\$ 2,263	\$ 5,709	\$ 9,463	\$ 3,215			38,936
Other purchased services											
General supplies									\$ 7,498		7,498
Other Objects									5,524		5,524
Total instruction	1,627	3,371		13,288	2,263	5,709	9,463	3,215	13,022		51,958
Support services:											
Salaries of Supervisors of Instruction											
Salaries of program director											
Salaries of other professional staff											
Personal services-employee benefits											
Purchased professional/technical services			\$ 4,364							\$ 117,809	\$ 122,173
Other Purchased professional/technical services											
Supplies and materials											
Total support services			4,364							117,809	122,173
Facilities acquisition and construction services:											
Instructional equipment											\$
Total facilities acquisition and construction services											\$
Total expenditures	\$ 1,627	\$ 3,371	\$ 4,364	\$ 13,288	\$ 2,263	\$ 5,709	\$ 9,463	\$ 3,215	\$ 13,022	\$ 117,809	\$ 174,131

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
High School Soil Remediation	12/13/05	\$ 7,391,802	\$ 7,370,122	\$ 21,680	
New Middle School	12/13/16	<u>77,348,000</u>	<u>10,851,232</u>	<u>5,319,247</u>	\$ <u>61,177,521</u>
		<u>\$ 84,739,802</u>	<u>\$ 18,221,354</u>	<u>\$ 5,340,927</u>	\$ <u>61,177,521</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenues		
Interest on investments	\$	<u>169,064</u>
Total revenues	\$	<u>169,064</u>
Expenditures		
Land and Land Improvements	\$	582,943
Legal fees		21,681
Purchased professional and technical services		250,480
Architect Fees		1,683,546
Construction services		<u>2,802,277</u>
Total expenditures	\$	<u>5,340,927</u>
Excess/(deficiency) of revenues over/(under) expenditures:	\$	(5,171,863)
Other financing sources/(uses):		
Bond Sale Authorized		42,348,000
Transfer in/(out):		
Debt Service Fund		<u>(169,064)</u>
Net change in fund balance	\$	37,007,073
Fund balance, beginning		<u>24,170,448</u>
Fund balance, ending	\$	<u><u>61,177,521</u></u>
Analysis of Balance:		
Bond proceeds	\$	18,829,521
Bonds and notes authorized but not issued		<u>42,348,000</u>
	\$	<u><u>61,177,521</u></u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF NEW MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds	\$ 77,348,000		\$ 77,348,000	\$ 77,348,000
Total revenues	<u>\$ 77,348,000</u>		<u>\$ 77,348,000</u>	<u>\$ 77,348,000</u>
Expenditures and Other Financing Uses				
Legal Fees	\$ 653		\$ 653	\$ 653
Purchase Professional/Technical Services	141,428	\$ 250,480	391,908	391,908
Architect Fees	682,430	1,683,546	2,365,976	2,365,976
Land and Land Improvements	10,026,721	582,943	10,609,664	10,609,664
Supplies and Material		<u>2,802,278</u>	<u>2,802,278</u>	<u>2,802,278</u>
Total expenditures	<u>\$ 10,851,232</u>	<u>\$ 5,319,247</u>	<u>\$ 16,170,479</u>	<u>\$ 16,170,479</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 66,496,768</u>	<u>\$ (5,319,247)</u>	<u>\$ 61,177,521</u>	<u>\$ 61,177,521</u>

Additional project information:

Project Number	
Grant Date	12/13/2016
Bond Authorization Date	12/13/2016
Bonds Authorized	\$ 77,348,000
Bonds Issued	\$ 77,348,000
Original Authorized Cost	\$ -
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 77,348,000

Percentage Increase over Original Authorized Cost	
Percentage completion	20.00%
Original target completion date	4/1/2020

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SOIL REMEDIATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds	\$ 7,391,000		\$ 7,391,000	\$ 7,391,000
Transfer from capital outlay	802		802	802
Total revenues	\$ 7,391,802		\$ 7,391,802	\$ 7,391,802
Expenditures and Other Financing Uses				
Salaries	\$ 160,360		\$ 160,360	\$ 160,360
Employee Benefits	90,687		90,687	90,687
Legal Fees	560,106	\$ 21,680	581,786	581,786
Purchase Professional/Technical Services	471,862		471,862	471,862
Other Purchased Services	63,650		63,650	63,650
Construction Services	5,980,406		5,980,406	5,980,406
Supplies and Material	43,051		43,051	43,051
Total expenditures	\$ 7,370,122	\$ 21,680	\$ 7,391,802	\$ 7,391,802
Excess (deficiency) of revenues over/(under) expenditures	\$ 21,680	\$ (21,680)		

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	12/13/2005
Bonds Authorized	\$ 7,391,000
Bonds Issued	\$ 7,391,000
Original Authorized Cost	\$ 7,391,802
Additional Authorized Cost	
Revised Authorized Cost	\$ 7,391,802

Percentage Increase over
Original Authorized Cost

Percentage completion	100.00%
Original target completion date	1/1/2005
Revised target completion date	6/30/2018

**PROPRIETARY FUNDS –
ENTERPRISE FUND
(REFER TO EXHIBITS B-4 THROUGH B-6)**

FIDUCIARY FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2018</u>
Elementary Schools:				
Judd	\$ 26,644	\$ 76,652	\$ 75,017	\$ 28,279
John Adams	13,835	22,015	21,058	14,792
Livingston Park	9,560	33,017	30,193	12,384
Parsons	5,218	30,450	30,987	4,681
Early Childhood Center	<u>1,889</u>	<u>2,270</u>	<u>2,576</u>	<u>1,583</u>
Total Elementary Schools	<u>\$ 57,146</u>	<u>\$ 164,404</u>	<u>\$ 159,831</u>	<u>\$ 61,719</u>
Middle School:				
Linwood	\$ 30,682	\$ 61,764	\$ 64,270	\$ 28,176
Athletic Account	<u>749</u>	<u>10,477</u>	<u>10,885</u>	<u>341</u>
Total Middle School	<u>\$ 31,431</u>	<u>\$ 72,241</u>	<u>\$ 75,155</u>	<u>\$ 28,517</u>
Senior High School:				
High School	\$ 202,709	\$ 405,321	\$ 375,620	\$ 232,410
School Store	19,972	10,809	7,715	23,066
Athletic Account	<u>1,528</u>	<u>52,863</u>	<u>52,781</u>	<u>1,610</u>
Total Senior High School	<u>\$ 224,209</u>	<u>\$ 468,993</u>	<u>\$ 436,116</u>	<u>\$ 257,086</u>
Total All Schools	<u><u>\$ 312,786</u></u>	<u><u>\$ 705,638</u></u>	<u><u>\$ 671,102</u></u>	<u><u>\$ 347,322</u></u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>120,135</u>	\$ <u>94,387,939</u>	\$ <u>94,314,390</u>	\$ <u>193,684</u>
Total Assets	\$ <u><u>120,135</u></u>	\$ <u><u>94,387,939</u></u>	\$ <u><u>94,314,390</u></u>	\$ <u><u>193,684</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 86,109	\$ 26,632,921	\$ 26,556,777	\$ 162,253
Flexible Spending Account	34,026	91,733	94,328	31,431
Net Pay	<u> </u>	<u>67,663,285</u>	<u>67,663,285</u>	<u> </u>
Total Liabilities	\$ <u><u>120,135</u></u>	\$ <u><u>94,387,939</u></u>	\$ <u><u>94,314,390</u></u>	\$ <u><u>193,684</u></u>

NONCURRENT DEBT

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NONCURRENT DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2018**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
	Date of Original Issue	Amount of Issue	Date	Amount					
2010 Refunding Bonds - (Refunding a Portion of 2002 Bonds)	3/25/2010	\$ 17,865,000.00	7/15/2018	\$ 1,940,000	4.000%	\$ 12,565,000		\$ 1,855,000	\$ 10,710,000
			7/15/2019	2,035,000	4.500%				
			7/15/2020	2,135,000	4.500%				
			7/15/2021	2,250,000	5.000%				
			7/15/2022	2,350,000	5.000%				
2012 Refunding Bonds - (Refunding a Portion of 2005 Bonds)	5/23/2012	23,540,000.00	1/15/2019	1,300,000	2.000%	19,960,000		1,645,000	18,315,000
			1/15/2019	400,000	4.000%				
			1/15/2020	1,735,000	4.000%				
			1/15/2021	1,795,000	5.000%				
			1/15/2022	1,875,000	5.000%				
			1/15/2023	1,980,000	4.000%				
			1/15/2024	4,530,000	4.000%				
			1/15/2025	4,700,000	4.250%				
2014 Refunding Bonds - (Refunding a Portion of 2006 Bonds)	5/23/2012	4,260,000.00	3/15/2019	385,000	3.000%	3,900,000.00		375,000	3,525,000
			3/15/2020	400,000	4.000%				
			3/15/2021	420,000	4.000%				
			3/15/2022	435,000	4.000%				
			3/15/2023	455,000	4.000%				
			3/15/2024	470,000	4.000%				
			3/15/2025	480,000	4.000%				
			3/15/2026	480,000	4.000%				

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NONCURRENT DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2018

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
	Date of Original Issue	Amount of Issue	Date	Amount					
School District Bonds Series 2017	9/1/2017	\$ 35,000,000.00	9/15/2018	\$ 825,000	2.500%				
			9/15/2019	825,000	2.500%				
			9/15/2020	825,000	2.500%				
			9/15/2021	825,000	2.500%				
			9/15/2022	825,000	2.500%				
			9/15/2023	825,000	2.500%				
			9/15/2024	825,000	2.750%				
			9/15/2025	1,600,000	3.000%				
			9/15/2026	1,600,000	3.000%				
			9/15/2027	1,600,000	3.000%				
			9/15/2028	1,600,000	3.000%				
			9/15/2029	1,600,000	3.000%				
			9/15/2030	1,600,000	3.000%				
			9/15/2031	1,600,000	3.000%				
			9/15/2032	1,600,000	3.000%				
			9/15/2033	1,600,000	3.000%				
			9/15/2034	1,625,000	3.000%				
			9/15/2035	1,650,000	3.000%				
			9/15/2036	1,650,000	3.000%				
			9/15/2037	1,650,000	3.000%				
			9/15/2038	1,650,000	3.000%				
9/15/2039	1,650,000	3.000%							
9/15/2040	1,650,000	3.000%							
9/15/2041	1,650,000	3.000%							
9/15/2042	1,650,000	3.000%							
						\$ 35,000,000		\$ 35,000,000	
Total						\$ 36,425,000	\$ 35,000,000	\$ 3,875,000	\$ 67,550,000

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,366,247	_____	\$ 5,366,247	\$ 5,366,247	_____
Total - Local Sources	\$ 5,366,247	_____	\$ 5,366,247	\$ 5,366,247	_____
State Sources:					
Debt Service Aid Type II	\$ 10,353	_____	\$ 10,353	\$ 10,353	_____
Total - State Sources	\$ 10,353	_____	\$ 10,353	\$ 10,353	_____
Total Revenues	\$ 5,376,600	_____	\$ 5,376,600	\$ 5,376,600	_____
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	\$ 1,501,600	_____	\$ 1,501,600	\$ 1,501,600	_____
Redemption of Principal	3,875,000	_____	3,875,000	3,875,000	_____
Total Regular Debt Service	\$ 5,376,600	_____	\$ 5,376,600	\$ 5,376,600	_____
Total Expenditures	\$ 5,376,600	_____	\$ 5,376,600	\$ 5,376,600	_____

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Transfers In/(Out)				\$ 1,325,000	\$ 1,325,000
Capital Projects Fund				168,940	168,940
Total Other Financing Sources/(Uses)				<u>\$ 1,493,940</u>	<u>\$ 1,493,940</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				\$ 1,493,940	\$ 1,493,940
Fund Balance, July 1					
Fund Balance, June 30				<u>\$ 1,493,940</u>	<u>\$ 1,493,940</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures: Budgeted Fund Balance				<u>\$ 1,493,940</u>	<u>\$ 1,493,940</u>

STATISTICAL TABLES (SECTION)
(UNAUDITED)

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

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

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

FINANCIAL TRENDS

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 42,903,858	\$ 45,258,337	\$ 49,179,858	\$ 49,238,774	\$ 55,181,838	\$ 59,606,188	\$ 60,817,113	\$ 62,963,514	\$ 64,422,276	\$ 46,810,376
Restricted	6,809,617	3,774,522	2,698,717	6,070,628	7,137,475	4,728,729	4,389,769	5,602,959	4,312,604	22,340,628
Unrestricted (Deficit)	<u>(1,954,950)</u>	<u>(3,112,579)</u>	<u>(2,494,202)</u>	<u>(1,945,535)</u>			<u>(21,583,862)</u>	<u>(24,095,986)</u>	<u>(25,872,968)</u>	<u>(27,771,570)</u>
Total governmental activities net position	<u>\$ 47,758,525</u>	<u>\$ 45,920,280</u>	<u>\$ 49,384,373</u>	<u>\$ 53,363,867</u>	<u>\$ 62,319,313</u>	<u>\$ 64,334,917</u>	<u>\$ 43,623,020</u>	<u>\$ 44,470,487</u>	<u>\$ 42,861,912</u>	<u>\$ 41,379,434</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 52,481	\$ 54,654	\$ 29,448	\$ 42,053	\$ 119,144	\$ 139,222	\$ 120,178	\$ 128,124	\$ 277,577	\$ 279,167
Unrestricted	<u>623,463</u>	<u>602,860</u>	<u>7,369,657</u>	<u>786,711</u>	<u>823,174</u>	<u>992,897</u>	<u>1,046,310</u>	<u>949,518</u>	<u>541,785</u>	<u>554,993</u>
Total business-type activities net position	<u>\$ 675,944</u>	<u>\$ 657,534</u>	<u>\$ 7,399,105</u>	<u>\$ 828,764</u>	<u>\$ 942,318</u>	<u>\$ 1,132,119</u>	<u>\$ 1,166,488</u>	<u>\$ 1,077,642</u>	<u>\$ 819,362</u>	<u>\$ 834,160</u>
District-wide										
Invested in capital assets, net of related debt	\$ 38,463,472	\$ 42,956,339	\$ 49,209,306	\$ 49,280,827	\$ 55,300,982	\$ 55,300,982	\$ 60,937,291	\$ 63,091,638	\$ 64,699,853	\$ 47,089,543
Restricted	7,672,923	3,774,522	2,698,717	6,070,628	6,070,628	7,137,475	4,728,729	5,602,959	4,312,604	22,340,628
Unrestricted (Deficit)	<u>(1,331,487)</u>	<u>(2,509,699)</u>	<u>4,875,455</u>	<u>(1,158,824)</u>	<u>(1,158,824)</u>	<u>823,174</u>	<u>992,897</u>	<u>(20,537,552)</u>	<u>(25,331,183)</u>	<u>(27,216,577)</u>
Total district net position	<u>\$ 44,804,908</u>	<u>\$ 44,221,162</u>	<u>\$ 56,783,478</u>	<u>\$ 54,192,631</u>	<u>\$ 60,212,786</u>	<u>\$ 63,261,631</u>	<u>\$ 66,658,917</u>	<u>\$ 48,157,045</u>	<u>\$ 43,681,274</u>	<u>\$ 42,213,594</u>

Source: CAFR Exhibit A-1

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 33,485,533	\$ 36,301,673	\$ 35,648,397	\$ 36,624,290	\$ 37,921,983	\$ 39,207,495	\$ 39,199,442	\$ 42,406,923	\$ 51,004,075	\$ 49,104,993
Special education	7,340,790	8,246,705	9,266,801	9,778,820	10,076,486	10,264,997	14,935,960	16,587,884	20,880,083	19,775,812
Other special education	4,235,344	4,314,135	3,085,874	3,333,878	3,202,706	3,189,618	3,599,276	4,204,642	5,523,165	6,290,261
Other instruction	1,520,120	1,632,581	1,306,892	1,554,490	1,631,826	1,606,666	1,837,034	2,002,021	2,583,783	2,513,464
Support Services:										
Tuition	4,033,613	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896	2,684,498	2,431,882	2,367,233
Student & instruction related services	10,438,840	10,960,787	10,587,389	11,034,746	11,721,237	11,948,893	13,702,695	15,469,731	19,128,659	20,656,200
School Administrative services	2,833,762	3,302,398	3,331,728	3,721,657	1,518,462	1,631,703	6,467,081	7,330,606	8,876,197	8,452,595
General administration	3,487,200	3,875,200	3,655,573	3,485,962	5,377,784	5,520,690	2,426,073	2,669,144	3,304,717	3,152,880
Plant operations and maintenance	10,108,540	10,181,775	10,121,944	9,445,869	9,639,299	11,245,538	10,918,984	11,774,688	14,322,137	13,191,633
Pupil transportation	5,444,094	5,792,096	5,483,252	5,841,954	6,313,663	6,235,929	7,099,988	8,408,418	10,170,754	9,728,987
Charter Schools	408,290	416,436	450,170	395,187	583,725	809,793	1,024,971	1,213,693	1,731,185	2,293,492
Scholarships	617	297	172	37						
Interest on long-term debt	3,010,253	2,676,629	2,968,672	2,346,157	2,464,283	2,482,388	2,303,872	2,124,370	2,126,318	2,686,874
Total governmental activities expenses	86,344,996	90,862,757	86,724,973	90,199,176	92,800,362	96,651,742	105,762,272	116,876,618	142,082,955	140,214,424
Business-type activities:										
Food service	2,388,844	2,540,000	2,618,095	2,733,456	2,965,761	2,816,626	2,918,502	3,135,363	3,384,197	3,413,001
School Facilities	304,642	330,186	155,924	204,155	211,707	216,633	330,158	354,943	378,595	322,255
Integrated Pre-K	64,159	122,627	109,307	71,048	129,137	277,602	400,735	418,303	344,767	258,845
Summer Enrichment	60,439	70,356	63,579	62,070	57,947	49,216				
After School						21,768				
Data processing	257,053	127,947					37,231	25,096	26,477	27,562
Total business-type activities expense	3,075,137	3,191,116	2,946,905	3,070,729	3,364,552	3,381,645	3,686,626	3,933,705	4,134,036	4,021,663
Total district expenses	\$ 89,420,133	\$ 94,053,873	\$ 91,671,878	\$ 93,269,905	\$ 96,164,914	\$ 100,033,587	\$ 109,448,898	\$ 120,810,323	\$ 146,216,991	\$ 144,236,087

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 31,491	\$ 64,371	\$ 109,994	\$ 126,875	\$ 127,091	\$ 75,286	\$ 34,061	\$ 31,282	\$ 14,291	
Pupil transportation	4,537	22,881	47,593	75,991	94,954	134,304	115,425	100,878	114,161	\$ 129,006
Operating grants and contributions	2,125,668	2,711,376	3,530,067	3,285,833	2,258,008	2,172,056	2,746,290	2,391,375	2,443,869	2,807,394
Total governmental activities program revenues	2,161,696	2,798,628	3,687,654	3,488,699	2,480,053	2,381,646	2,895,776	2,523,535	2,572,321	2,936,400
Business-type activities:										
Charges for services:										
Food service	\$ 1,448,288	\$ 1,446,796	\$ 1,407,422	\$ 1,352,580	\$ 1,325,315	\$ 1,367,431	\$ 1,321,990	\$ 1,337,928	\$ 1,378,611	\$ 1,307,173
School Facilities	272,556	363,380	250,605	272,090	342,360	343,947	344,086	316,677	293,954	352,486
Integrated Pre-K	107,805	144,810	153,946	184,655	214,005	242,922	286,214	322,380	319,624	348,001
Summer Enrichment	67,178	64,905	48,880	53,530	45,085	25,165				
After School						22,460	33,965	29,400	21,677	24,791
Data processing	125,300									
Operating grants and contributions	972,833	1,152,815	1,214,623	1,267,360	1,551,341	1,589,720	1,734,740	1,838,495	1,894,902	2,037,395
Total business type activities program revenues	2,993,960	3,172,706	3,075,476	3,130,215	3,478,106	3,571,645	3,720,995	3,844,860	3,908,768	4,069,846
Total district program revenues	\$ 5,155,656	\$ 5,971,334	\$ 6,763,130	\$ 6,618,914	\$ 5,958,159	\$ 5,953,291	\$ 6,616,771	\$ 6,368,395	\$ 6,481,089	\$ 7,006,246
Net (Expense)/Revenue										
Governmental activities	\$ (84,183,300)	\$ (88,064,129)	\$ (85,037,319)	\$ (86,710,477)	\$ (90,320,309)	\$ (94,270,096)	\$ (102,866,496)	\$ (114,353,083)	\$ (139,510,634)	\$ (137,278,024)
Business-type activities	(81,177)	(18,410)	128,571	59,486	113,554	189,800	34,369	(88,845)	(225,268)	48,183
Total district-wide net expense	\$ (84,264,477)	\$ (88,082,539)	\$ (84,908,748)	\$ (86,650,991)	\$ (90,206,755)	\$ (94,080,296)	\$ (102,832,127)	\$ (114,441,928)	\$ (139,735,902)	\$ (137,229,841)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Change in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 63,431,596	\$ 62,874,980	\$ 65,791,344	\$ 67,817,203	\$ 69,174,056	\$ 70,797,537	\$ 72,463,487	\$ 74,574,523	\$ 76,515,723	\$ 78,416,037
Taxes levied for debt service	5,780,296	5,971,725	5,986,596	5,998,781	6,108,985	6,007,891	6,102,675	5,351,035	5,331,602	5,366,247
Unrestricted grants and contributions	16,266,717	15,988,052	14,995,966	17,824,144	19,462,987	19,083,061	27,825,358	34,192,622	55,742,461	51,474,481
Restricted grants	1,552,085	58,220	36,603							
Investment earnings	146,860	90,263	39,488	25,131	34,401	34,401				
Miscellaneous income	893,204	832,255	411,526	(34,003)	261,520	212,933	679,388	460,339	638,032	715,577
Special and Extraordinary Items										(176,796)
Transfers	(34,322)	410,389			80,526	149,858	244,168	622,031	(325,759)	
Total governmental activities	\$ 88,036,436	\$ 86,225,884	\$ 87,261,523	\$ 91,631,256	\$ 95,122,475	\$ 96,285,701	\$ 107,315,076	\$ 115,200,550	\$ 137,902,059	\$ 135,795,546
Business-type activities:										
Prior year accounts receivable canceled									(33,013)	(33,384)
Total business-type activities	-	-	-	-	-	-	-	-	(33,013)	(33,384)
Total district-wide	\$ 88,036,436	\$ 86,225,884	\$ 87,261,523	\$ 91,631,256	\$ 95,122,475	\$ 96,285,701	\$ 107,315,076	\$ 115,200,550	\$ 137,869,046	\$ 135,762,162
Change in Net Position										
Governmental activities	\$ 3,853,136	\$ (1,838,245)	\$ 2,224,204	\$ 4,920,779	\$ 4,802,166	\$ 2,015,605	\$ 4,448,580	\$ 847,467	\$ (1,608,575)	\$ (1,482,478)
Business-type activities	(81,177)	(18,410)	128,571	59,486	113,554	189,800	34,369	(88,845)	(258,281)	14,799
Total district	\$ 3,771,959	\$ (1,856,655)	\$ 2,352,775	\$ 4,980,265	\$ 4,915,720	\$ 2,205,405	\$ 4,482,949	\$ 758,622	\$ (1,866,856)	\$ (1,467,679)

Source: CAFR Exhibit A-2

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 6,634,501	\$ 3,729,697								
Unreserved	1,822,281	723,672								
Restricted			\$ 2,181,293	\$ 5,332,434	\$ 4,400,000	\$ 4,087,866	\$ 5,856,769	\$ 7,319,959	\$ 6,168,336	\$ 4,660,911
Assigned			72,596	348,111	4,230,138	2,814,143	1,506,355	398,602	71,608	350,199
Unassigned			1,787,523	1,617,229	1,722,223	936,764	710,730	630,956	1,706,015	940,267
Total general fund	<u>\$ 8,456,782</u>	<u>\$ 4,453,369</u>	<u>\$ 4,041,412</u>	<u>\$ 7,297,774</u>	<u>\$ 10,352,361</u>	<u>\$ 7,838,773</u>	<u>\$ 8,073,854</u>	<u>\$ 8,349,517</u>	<u>\$ 7,945,959</u>	<u>\$ 5,951,377</u>
All Other Governmental Funds										
Restricted	\$ 418,197	\$ 127,228								
Capital projects fund	1,575,595	893,305	\$ 2,602,456	\$ 390,083	\$ 304,668	\$ 162,943	\$ 101,302	\$ 86,572	\$ 24,575,435	\$ 18,829,519
Debt service fund	7,761	8,095	12,547	7,413	114,474	140,079	66,064	37,499	1	1,493,941
Permanent fund	44,782	44,825	44,828	44,838						
Total all other governmental funds	<u>\$ 2,046,335</u>	<u>\$ 1,073,453</u>	<u>\$ 2,659,831</u>	<u>\$ 442,334</u>	<u>\$ 419,142</u>	<u>\$ 303,022</u>	<u>\$ 167,366</u>	<u>\$ 124,071</u>	<u>\$ 24,575,436</u>	<u>\$ 20,323,460</u>

Source: CAFR Schedule B-1

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 69,211,892	\$ 68,846,705	\$ 71,777,940	\$ 73,816,484	\$ 75,283,041	\$ 76,805,428	\$ 78,566,162	\$ 79,925,558	\$ 81,847,325	\$ 83,782,284
Tuition charges	31,491	64,371	109,994	126,875	127,091	75,286	34,061	31,282	14,291	97,090
Transportation charges		22,881	47,593	75,991	94,954	134,304	115,425	100,878	114,161	129,006
Interest earnings	49,357	90,263	38,453	19,608	6,862	5,769	5,384	8,053	13,097	169,064
Miscellaneous	995,244	832,255	490,662	223,436	272,108	363,675	828,874	408,997	545,852	570,139
State sources	16,560,907	16,084,758	15,809,020	16,550,079	19,406,805	18,951,157	19,936,331	22,030,785	24,676,744	28,692,074
Federal sources	1,831,478	2,614,669	3,467,340	3,708,611	2,364,625	2,181,863	3,091,020	2,608,803	2,752,475	2,826,985
Total revenue	88,680,369	88,555,902	91,741,002	94,521,084	97,555,486	98,517,482	102,577,257	105,114,356	109,963,945	116,266,642
Expenditures										
Instruction										
Regular Instruction	25,865,910	26,661,828	25,428,332	25,589,520	26,138,451	27,345,502	25,057,883	25,213,491	25,699,997	27,181,546
Special education instruction	5,608,099	5,947,877	6,498,827	6,662,010	6,826,261	7,045,952	9,986,789	10,273,565	10,902,305	10,946,691
Other special instruction	3,235,650	3,111,539	2,164,130	2,276,291	2,169,656	2,189,372	2,300,804	2,499,916	2,783,019	3,481,907
Other instruction	1,161,317	1,177,487	916,526	1,053,998	1,105,472	1,102,825	1,174,307	1,190,323	1,301,920	1,391,301
Support Services:										
Tuition	4,033,613	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896	2,684,498	2,431,882	2,367,233
Student & inst. related services	7,954,700	7,897,928	7,528,989	7,702,323	8,060,308	8,278,014	8,809,458	9,246,267	9,678,386	11,434,020
General administration	710,431	946,033	865,159	1,033,625	1,028,674	1,120,010	1,550,845	1,586,968	1,665,185	1,745,243
School administrative services	2,664,095	2,794,960	2,563,661	2,556,472	2,459,455	2,495,936	2,752,852	2,844,390	2,929,953	2,933,601
Central services	1,090,704	957,052	928,882	632,660	586,778	519,007	509,284	484,749	573,599	516,050
Admin. information technology	363,757	478,746	576,108	728,284	596,918	774,490	871,886	1,029,352	968,997	1,229,193
Plant operations and maintenance	7,722,561	7,343,532	7,098,540	6,488,535	6,530,091	7,719,001	6,979,860	7,000,767	7,216,656	7,191,380
Pupil transportation	4,159,092	4,177,508	3,845,416	4,012,942	4,277,157	4,280,377	4,538,602	4,999,315	5,124,852	5,385,377
Employee benefits	16,702,454	19,351,600	20,712,880	22,410,920	24,138,367	23,269,863	25,120,168	27,509,184	30,242,798	31,881,337
Charter Schools	408,290	416,436	450,170	395,187	583,725	809,793	1,024,971	1,213,693	1,731,185	2,293,492
Scholarships	617	297	172	37						
Capital outlay	8,590,263	3,135,604	3,503,525	3,224,644	1,627,063	5,678,163	3,362,949	1,782,061	13,296,303	6,753,243
Debt service:										
Principal	2,895,000	3,030,000	3,360,000	3,375,000	4,000,000	3,840,000	4,205,000	3,600,000	3,735,000	3,875,000
Interest and other charges	3,058,464	2,941,726	2,626,596	2,631,875	2,013,323	2,170,851	1,988,899	1,779,600	1,634,100	1,501,600
Total expenditures	96,225,017	93,532,198	91,886,022	93,410,452	94,490,607	101,147,188	102,481,453	104,938,139	121,916,137	122,108,214
Excess (Deficiency) of revenues over (under) expenditures	(7,544,648)	(4,976,296)	(145,020)	1,110,632	3,064,879	(2,629,706)	95,804	176,217	(11,952,192)	(5,841,572)
Other Financing sources (uses)										
Proceeds from borrowing									35,000,000	
Capital leases (non-budgeted)									1,000,000	
Proceeds from refunding			4,452		11,399		3,619			
Cancellation of Capital Projects - Local Share	(70,536)									
Scholarship Refund to Donor					(44,883)					
Cancellation of prior years payable								56,151		
Total other financing sources (uses)	(70,536)	-	4,452	-	(33,484)	-	3,619	56,151	36,000,000	-
Net change in fund balances	\$ (7,615,184)	\$ (4,976,296)	\$ (140,568)	\$ 1,110,632	\$ 3,031,395	\$ (2,629,706)	\$ 99,423	\$ 232,368	\$ 24,047,808	\$ (5,841,572)
Debt service as a percentage of noncapital expenditures	6.79%	6.61%	6.77%	6.66%	6.48%	6.30%	6.25%	5.22%	4.94%	4.66%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	<u>Refund of Prior Years Expenditures</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2009	\$ 291,443	\$ 48,780	\$ 97,503	\$ 174,647	\$ 612,373
2010	504,340	64,371	67,293	103,102	739,106
2011	143,994	109,994	37,540	258,415	549,943
2012	72,875	126,975	19,608	146,451	365,909
2013	68,139	127,091	27,619	217,069	439,918
2014	108,763	75,286	30,211	236,887	451,147
2015	20,241	34,062	20,735	627,754	702,792
2016	11,562	31,282	16,658	129,318	188,820
2017	55,267	14,291	12,757	553,930	636,245
2018	69,420	97,090	137,246	363,473	667,229

Source: District records

REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	41,407,900	1,525,090,700	1,450,100	171,700	375,511,700	333,769,100	204,731,400	2,482,132,600	3,351,217	412,207,700	2,897,691,517	5,159,816,933	2.770
2010	34,166,900	1,520,957,300	1,338,600	167,800	386,870,800	320,832,600	201,998,200	2,466,332,200	3,630,868	414,100,000	2,884,063,068	4,944,885,360	2.906
2011	33,009,000	1,521,256,500	1,182,300	101,200	385,961,700	310,748,100	201,412,800	2,453,671,600	3,238,211	421,386,900	2,878,296,711	4,794,235,881	3.005
2012	33,445,900	1,519,468,700	1,182,300	101,200	375,135,100	287,812,700	201,112,800	2,418,258,700	3,329,077	423,253,100	2,844,840,877	4,713,954,776	2.856
2013	29,108,500	1,524,669,700	1,182,400	101,200	368,459,600	283,655,200	201,112,800	2,408,289,400	2,071,600	421,567,100	2,831,928,100	4,350,946,294	3.184
2014	41,203,600	1,535,377,100	1,182,400	36,100	379,262,800	290,745,200	201,554,600	2,449,361,800	2,789,231	417,671,700	2,869,822,731	4,573,448,641	3.204
2015	39,881,100	1,544,335,100	1,182,300	36,100	380,685,800	286,469,800	201,554,600	2,454,144,800	2,905,820	417,856,200	2,874,906,820	4,488,181,475	3.253
2016	51,134,100	1,541,110,700	1,182,300	36,100	396,166,900	267,856,900	201,554,600	2,459,041,600	2,888,810	417,465,800	2,879,396,210	4,535,680,708	3.325
2017	55,505,800	1,543,724,900	1,182,300	36,100	392,856,900	264,787,200	201,554,600	2,459,647,800	2,983,967	418,226,400	2,880,858,167	4,498,276,710	3.402
2018	42,898,900	1,565,223,600	1,182,300	36,100	398,754,000	271,527,800	206,404,100	2,486,026,800	-	422,608,400	2,908,635,200	4,591,529,090	3.458

Source: Municipal Tax Assessor

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

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

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

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

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

Fiscal Year Ended June 30,	North Brunswick Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate ^c	Municipality of North Brunswick	County of Middlesex	
2009	2.530	0.240	2.770	1.054	0.619	4.443
2010	2.664	0.242	2.906	1.109	0.504	4.519
2011	2.762	0.243	3.005	1.093	0.602	4.700
2012	2.603	0.253	2.856	1.105	0.643	4.604
2013	2.935	0.249	3.184	1.224	0.695	5.103
2014	2.950	0.254	3.204	1.245	0.741	4.619
2015	3.035	0.218	3.253	1.267	0.729	5.249
2016	3.108	0.217	3.325	1.292	0.723	5.340
2017	3.184	0.218	3.402	1.322	0.730	5.454
2018	3.210	0.248	3.458	1.356	0.738	5.552

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Tax rates are per \$100 of assessed valuation.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN (10) YEARS AGO
(UNAUDITED)

	2018				2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
ER Squibb & Sons Inc.	\$ 144,194,700	1	5.80%	ER Squibb & Sons Inc.	\$ 148,762,900	1	5.99%
Kimco North Brunswick 617 Inc.	33,000,000	2	1.33%	Kimco North Brunswick 617 Inc.	33,500,000	2	1.35%
Kalikow & Sadowick & Klurant Trust	27,900,000	3	1.12%	North Brunswick Tod Assoc. LLC	28,065,200	3	1.13%
Kaplan Associates LLC	26,000,000	4	1.05%	Sadowick S. Etals c/o No. Vill Assn.	28,700,000	4	1.16%
Maebrook at Renaissance LLC	26,000,000	5	1.05%	Kaplan Assoc. LLC	26,000,000	5	1.05%
North Brunswick Manor	23,664,700	6	0.95%	Maebrook at Renaissance	23,515,600	6	0.95%
Renaissance Terrace LLC	21,000,000	7	0.84%	Levin Properties LLC	23,267,400	7	0.94%
Levin Properties LLC	18,500,000	8	0.74%	Commerce Ctr. NB LLC	19,272,000	8	0.78%
Brunswick Circle Developers LLC	17,245,000	9	0.69%	Renaissance Terrace LLC	19,000,000	9	0.77%
North Brunswick Tod Associates LLC	16,212,800	10	0.65%	North Brunswick Manor LLC	18,986,000	10	0.76%
Total	\$ 353,717,200		14.23%		\$ 369,069,100		14.87%
Total Assessed Valuation	\$ 2,486,026,800			Total Assessed Valuation	\$ 2,482,132,600		

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2009	111,802,306	111,308,521	99.56%	N/A
2010	111,491,046	111,393,791	99.91%	N/A
2011	116,080,734	115,983,210	99.92%	N/A
2012	120,744,776	120,218,424	99.56%	N/A
2013	123,267,695	122,910,122	99.71%	2,972
2014	125,871,013	125,466,068	99.68%	375,582
2015	129,659,436	129,522,487	99.89%	23,640
2016	129,973,745	129,855,000	99.91%	62,775
2017	133,808,210	133,726,337	99.94%	149,425
2018	136,252,492	136,556,446	100.22%	N/A

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

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

DEBT CAPACITY

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 65,866,000	-	\$ 2,244,434	-	-	\$ 68,110,434	6.05%	1,721	
2010	62,502,000	-	1,151,635	-	-	63,653,635	5.61%	1,580	
2011	59,142,000	-	1,151,635	-	-	60,293,635	4.40%	1,461	
2012	55,976,000	-	-	-	-	55,976,000	4.16%	1,387	
2013	51,976,000	-	-	-	-	51,976,000	3.83%	1,261	
2014	48,136,000	-	-	-	-	48,136,000	3.55%	1,170	
2015	43,760,000	-	-	-	-	43,760,000	3.23%	1,064	
2016	40,160,000	-	-	-	-	40,160,000	2.96%	976	
2017	36,425,000	-	-	-	-	36,425,000	2.69%	885	
2018	67,550,000	-	-	-	-	67,550,000	4.98%	1,641	

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

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

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2009	\$ 65,866,000	-	\$ 65,866,000	2.27%	1,735
2010	62,502,000	-	62,502,000	2.15%	1,580
2011	59,142,000	-	59,142,000	2.15%	1,461
2012	55,976,000	-	55,976,000	1.96%	1,387
2013	51,976,000	-	51,976,000	1.83%	1,261
2014	48,136,000	-	48,136,000	1.67%	1,170
2015	43,760,000	-	43,760,000	1.52%	1,064
2016	40,160,000	-	40,160,000	1.39%	976
2017	36,425,000	-	36,425,000	1.26%	885
2018	67,550,000	-	67,550,000	2.32%	885

Notes:

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a** See Exhibit J-6 for property tax data.
- b** Population data can be found in Exhibit J-14.

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of North Brunswick	\$ 62,748,282	100.000%	\$ 62,748,282
County of Middlesex	468,226,361	4.3080%	<u>20,171,192</u>
Subtotal, overlapping debt			\$ 82,919,474
Township of North Brunswick District Direct Debt			
Bonds Issued	\$ 67,550,000.00		
Bonds and Notes Authorized but Not Issued	<u>43,548,000.00</u>		\$ <u>111,098,000</u>
Total direct and overlapping debt			\$ <u><u>194,017,474</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis

2017	4,506,500,183
2016	4,456,400,145
2015	<u>4,485,733,504</u>

\$ 13,448,633,832

Average equalized valuation of taxable property

\$ 4,482,877,944

Debt limit (4 % of average equalization value)

179,315,118 ^a

Total Net Debt Applicable to Limit

111,098,000

Legal debt margin

\$ 68,217,118

	Fiscal Year									
	<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>
Debt limit	\$203,952,560	\$ 203,952,560	\$ 199,506,495	\$ 192,878,596	\$ 185,942,650	\$ 181,299,319	\$ 176,689,504	\$ 178,382,034	\$ 178,391,775	\$ 179,315,118
Total net debt applicable to limit	<u>69,961,000</u>	<u>63,702,000</u>	<u>60,342,000</u>	<u>57,176,000</u>	<u>53,176,000</u>	<u>49,336,000</u>	<u>44,960,000</u>	<u>41,360,000</u>	<u>114,973,000</u>	<u>111,098,000</u>
Legal debt margin	<u>\$ 133,991,560</u>	<u>\$ 140,250,560</u>	<u>\$ 139,164,495</u>	<u>\$ 135,702,596</u>	<u>\$ 132,766,650</u>	<u>\$ 131,963,319</u>	<u>\$ 131,729,504</u>	<u>\$ 137,022,034</u>	<u>\$ 63,418,775</u>	<u>\$ 68,217,118</u>
Total net debt applicable to the limit as a percentage of debt limit	34.30%	31.23%	30.25%	29.64%	28.60%	27.21%	25.45%	23.19%	64.45%	61.96%

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	39,586	1,125,469,566	28,431	4.80%
2010	39,586	1,125,469,566	28,431	8.30%
2011	40,742	1,342,204,448	32,944	9.40%
2012	40,961	1,349,419,184	32,944	9.20%
2013	41,218	1,357,885,792	32,944	8.10%
2014	41,153	1,355,744,432	32,944	6.10%
2015	41,153	1,355,744,432	32,944	5.60%
2016	41,153	1,355,744,432	32,944	4.60%
2017	41,153	1,355,744,432	32,944	4.20%
2018	41,153	1,355,744,432	32,944	4.00%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census for 2008-2010 and 2010 census for 2011-2017 published by the US Bureau of Economic Analysis.

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

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

	2018		2009	
Employer	Employees	Rank	Employees	Rank
	N/A	1	N/A	
	N/A	2	N/A	
	N/A	3	N/A	
	N/A	4	N/A	
	N/A	5	N/A	
	N/A	6	N/A	
	N/A	7	N/A	
	N/A	8	N/A	
	N/A	9	N/A	
	N/A	10	N/A	
	N/A		N/A	
	N/A		N/A	

OPERATING INFORMATION

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>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	417	463	388	402	402	405	405	428	431	430
Special education	115	131	157	164	164	178	178	185	190	191
Other special education	-	-								
Support Services:										
Student & instruction related services	134	162	96	112	112	131	131	134	141	148
General administration	2	3	2	4	4	5	5	5	5	6
School administrative services	37	36	31	31	31	27	27	28	34	42
Central services	14	12	15	9	9	8	8	8	8	9
Administrative Information Technology	5	7	8	8	8	11	11	12	13	13
Plant operations and maintenance	103	104	96	85	85	102	102	107	108	120
Pupil transportation	26	30	26	29	29	31	31	34	33	34
Other support services	-	-	21	4	4	-	-	-	-	-
Total	<u>853</u>	<u>948</u>	<u>840</u>	<u>848</u>	<u>848</u>	<u>898</u>	<u>898</u>	<u>941</u>	<u>963</u>	<u>993</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Attendance			
						Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	5,662	81,680,673	14,426	10.61%	550	1:10.5	1:10.2	1:11	5,667.4	5,554.1	3.66%	98.00%
2010	5,521	84,424,571	15,292	6.00%	575	1:10.6	1:10.4	1:11	5,824.9	5,372.0	2.80%	92.22%
2011	5,886	82,395,729	13,999	-0.11%	539	1:10.7	1:10.5	1:11.2	5,947.1	5,545.4	4.81%	93.25%
2012	5,968	81,746,641	13,697	-2.15%	500	1:12.6	1:11.3	1:11.8	6,040.6	5,662.4	1.57%	93.74%
2013	6,148	86,850,221	14,127	3.13%	562	1:10.2	1:10.4	1:10.9	6,120.3	5,777.4	1.32%	94.40%
2014	6,162	89,458,174	14,518	2.77%	583	1:10.4	1:10.8	1:10.3	6,162.5	5,828.5	0.69%	94.58%
2015	6,224	92,924,605	14,930	2.84%	583	1:10.4	1:10.8	1:10.3	6,147.2	5,853.1	-0.25%	95.22%
2016	6,245	99,543,809	15,940	6.76%	613	1:11.1	1:11.9	1:11.3	6,068.5	5,779.9	-1.28%	95.24%
2017	6,175	103,250,734	16,721	4.90%	621	1:11.2	1:12.0	1:11.4	6,044.6	5,729.1	-0.39%	94.78%
2018	6,206	109,978,371	17,721	5.98%	621	1:11.2	1:12.0	1:11.4	5,987.0	5,688.5	-0.95%	95.01%

Sources: District records

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

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

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

	<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>
<u>District Building</u>										
<u>Elementary</u>										
Judd (1967)										
Square Feet	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595
Capacity (students)	709	709	709	709	709	709	709	709	709	709
Enrollment	594	683	721	737	779	792	805	749	714	720
John Adams (1961)										
Square Feet	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257
Capacity (students)	634	634	634	634	634	634	634	634	634	634
Enrollment	535	675	703	706	715	725	719	649	672	650
Livingston Park (1930)										
Square Feet	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573
Capacity (students)	677	677	677	677	677	677	677	677	677	677
Enrollment	568	712	684	793	734	716	702	646	600	593
Parsons (1965)										
Square Feet	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079
Capacity (students)	673	673	673	673	673	673	673	673	673	673
Enrollment	615	637	649	726	738	771	790	770	769	735
Early Childhood Center										
Square Feet								14,340	14,340	14,340
Capacity (students)								174	174	174
Enrollment								174	153	154
<u>Middle School</u>										
Linwood (1951)										
Square Feet	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557
Capacity (students)	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527
Enrollment	1,251	1,274	1,317	1,352	1,371	1,341	1,334	1,345	1,347	1,380
<u>High School</u>										
North Brunswick High School (1973)										
Square Feet	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716
Capacity (students)	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614
Enrollment	1,749	1,684	1,766	1,725	1,758	1,796	1,777	1,752	1,789	1,781
<u>Other</u>										
Athletic Building (1979)										
Square Feet	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704
Central Administration (1927)										
Square Feet	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Warehouse										
Square Feet	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376
Number of Buildings at June 30, 2018										
Elementary Schools =	4									
Middle School =	1									
High School =	1									
Other =	3									

Source: District Facilities Office

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

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

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

	* School Facilities Project # (s)	Early Childhood Center	John Adams	Judd	Livingston Park	Parsons	Linwood M.S.	North Brunswick H.S.	Other Facilities	Total
2009	N/A		145,594	156,110	149,023	148,152	360,442	704,916	43,421	1,707,658
2010	N/A		125,010	134,054	128,073	127,198	309,535	597,335	37,488	1,458,693
2011	N/A		140,047	151,001	153,944	125,259	277,182	548,728	40,450	1,436,610
2012	N/A		109,016	121,943	122,042	144,825	284,249	555,275	45,579	1,382,930
2013	N/A		116,464	124,876	119,207	118,511	288,327	556,361	34,733	1,358,479
2014	N/A		136,974	122,454	130,687	129,939	316,164	610,172	50,598	1,496,988
2015	N/A		132,599	142,176	135,722	134,929	328,271	633,436	39,545	1,546,678
2016	N/A	23,268	128,603	143,755	137,229	136,428	331,917	640,471	53,096	1,571,499
2017	N/A	25,842	142,827	159,654	152,406	151,516	368,626	711,307	58,967	1,771,145
2018	N/A	21,084	116,529	130,259	124,345	123,619	300,755	580,341	48,110	1,445,042
Total School Facilities		\$ 70,194	\$ 1,293,663	\$ 1,386,283	\$ 1,352,678	\$ 1,340,376	\$ 3,165,468	\$ 6,138,342	\$ 451,987	\$ 11,959,535

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

Source: District records

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Property Insurance	\$ 500,000,000	\$ 10,000
Valuable Papers	10,000,000	10,000
Extra Expense	50,000,000	10,000
Electronic Data Processing - Hardware/Software	4,000	1,000
Equipment Breakdown - Business Income	100,000,000	5,000
Casualty Insurance - MCJIF		
Comprehensive General Liability	31,000,000	
Automobile Liability	31,000,000	
Employee Benefit Liability - NJSBA	10,000,000	1,000
New Jersey Workers Compensation - NJSBA	Statutory	
Public Employees' Faithful Performance Blanket		
Position Bond - Western Surety Company		
Business Administrator	50,000	
Treasurer	400,000	
Acting Business Administrator	200,000	
Board Secretary	200,000	

Source: District records.

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1
Sheet 1 of 2

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of North Brunswick Board of Education, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Township of North Brunswick Board of Education's basic financial statements, and have issued our report thereon dated February 7, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
February 7, 2019

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Exhibit K-2
Sheet 1 of 3

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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Township of North Brunswick Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Township of North Brunswick Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of North Brunswick Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of North Brunswick Board of Education's internal control over compliance.

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

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

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

Purpose of Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

February 7, 2019
Freehold, New Jersey

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2018				
						Due to	Deferred	(Accounts				(Accounts	Deferred	Due to		
						Grantor	Revenue	Receivable)				Receivable)	Revenue	Grantor		
U.S. Department of Education:																
General Fund:																
Medical Assistance Program	93.778	1805NJ5MAP	\$ 195,657	7/1/2017	- 6/30/2018				\$ 195,657	\$ (195,657)						
Total General Fund									\$ 195,657	\$ (195,657)						
U.S. Department of Education																
Passed - Through State Department of Education:																
Special Revenue Fund:																
Title 1, Part D	84.010	S013A170030	\$ 274,733	7/1/2017	- 6/30/2018				\$ 264,273	\$ (267,300)		\$ (3,027)				
Title 1, Part D	84.010	S013A160030	204,140	7/1/2016	- 6/30/2017			\$ (2,678)	2,678							
Title 1, Part D	84.010	S013A150030	144,875	7/1/2015	- 6/30/2016			(476)	476							
Title 1, Part A	84.010	S013A170030	726,087	7/1/2017	- 6/30/2018				491,645	(666,967)		(175,322)				
Title 1, Part A	84.010	S013A160030	658,221	7/1/2016	- 6/30/2017			(153,108)	163,723	(11,549)		(934)				
Title 1, Part A	84.010	S013A150030	658,277	7/1/2015	- 6/30/2016			(6,131)	6,131							
Title II, Part A	84.367	S367A170029	158,153	7/1/2017	- 6/30/2018				111,090	(155,947)		(44,857)				
Title II, Part A	84.367	S367A160029	81,666	7/1/2016	- 6/30/2017			(18,821)	30,302	(17,163)		(5,682)				
Title II, Part A	84.367	S367A150029	92,600	7/1/2015	- 6/30/2016			(48)	48							
Title II, Part A	84.367	S367A140029	95,672	7/1/2014	- 6/30/2015			(2)	2							
Title III, Part A	84.365	S365A170030	61,024	7/1/2017	- 6/30/2018				53,766	(60,815)		(7,049)				
Title III, Part A	84.365	S365A160030	62,833	7/1/2016	- 6/30/2017			(11,283)	18,374	(5,231)			\$ 1,860			
Title III, Part A	84.365	S365A150030	61,509	7/1/2015	- 6/30/2016			(1,116)	1,116							
Title III, Immigrant	84.365	S365A170030	19,767	7/1/2017	- 6/30/2018				18,052	(19,566)		(1,514)				
Title III, Immigrant	84.365	S365A160030	46,079	7/1/2016	- 6/30/2017			(1,573)	1,956	(421)		(38)				
Title III, Immigrant	84.365	S365A150030	51,017	7/1/2015	- 6/30/2016			(953)	953							
Title III, Immigrant	84.365	S365A140030	51,017	7/1/2014	- 6/30/2015			(191)	191							
Impact Aide	84.938C	S938C18005	27,450	7/1/2017	- 6/30/2018					(27,450)		(27,450)				
I.D.E.A. Part B, Basic	84.027	H027A170100	1,327,635	7/1/2017	- 6/30/2018				1,091,529	(1,294,740)		(203,211)				
I.D.E.A. Part B, Basic	84.027	H027A160100	1,333,795	7/1/2016	- 6/30/2017			(310,429)	333,044	(31,699)		(9,084)				
I.D.E.A. Part B, Basic	84.027	H027A150100	1,403,637	7/1/2015	- 6/30/2016			(16,098)	15,132		\$ 966					
I.D.E.A. Part B, Basic	84.027	H027A140100	1,340,077	7/1/2014	- 6/30/2015			(949)	355		594					
I.D.E.A. Preschool	84.173	H173A170114	36,684	7/1/2017	- 6/30/2018				28,160	(35,985)		(7,825)				
I.D.E.A. Preschool	84.173	H173A160114	36,857	7/1/2016	- 6/30/2017			(6,829)	7,495	(1,963)	190	(1,107)				
I.D.E.A. Preschool	84.173	H173A150114	36,356	9/1/2015	- 6/30/2016			(21,016)	21,016							
I.D.E.A. Preschool	84.173	H173A140114	34,602	9/1/2014	- 6/30/2015			(6,248)	6,248							
Perkins Grant	84.048	V048A170030	34,992	7/1/2017	- 6/30/2018				18,735	(34,532)		(15,797)				
Perkins Grant	84.048	V048A160030	31,243	7/1/2016	- 6/30/2017			(9,670)	9,670							
Total Special Revenue Fund								\$ (567,619)	\$ 2,696,160	\$ (2,631,328)	\$ 1,750	\$ (502,897)	\$ 1,860			

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

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2016		
						Due to Grantor	Deferred Revenue	(Accounts Receivable)				(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.555	171NJ304N1099	\$ 233,075	7/1/2016	- 6/30/2017	\$ 32,362			\$ (32,362)					
Food Distribution Program	10.555	181NJ304N1099	293,457	7/1/2017	- 6/30/2018			\$ 293,457	(257,595)				\$ 35,862	
School Breakfast Program	10.553	171NJ304N1099	415,003	7/1/2016	- 6/30/2017		\$ (26,887)	26,887						
School Breakfast Program	10.553	181NJ304N1099	454,869	7/1/2017	- 6/30/2018			414,590	(454,869)			\$ (40,279)		
National School Lunch Program	10.555	171NJ304N1099	1,167,993	7/1/2016	- 6/30/2017		(66,171)	66,171						
National School Lunch Program	10.555	181NJ304N1099	1,211,383	7/1/2017	- 6/30/2018			1,118,112	(1,211,383)			(93,271)		
National School Lunch Program (PB)	10.555	171NJ304N1099	35,570	7/1/2016	- 6/30/2017		(2,017)	2,017						
National School Lunch Program (PB)	10.555	181NJ304N1099	35,616	7/1/2017	- 6/30/2018			32,833	(35,616)			(2,783)		
School Snack Program	10.555	171NJ304N1099	11,302	7/1/2016	- 6/30/2017		(646)	646						
School Snack Program	10.555	181NJ304N1099	10,601	7/1/2017	- 6/30/2018			9,783	(10,601)			(818)		
Total Enterprise Fund						\$ 32,362	\$ (95,721)	\$ 1,964,496	\$ (2,002,426)			\$ (137,151)	\$ 35,862	
Total Federal Awards						\$ 32,362	\$ (663,340)	\$ 4,856,313	\$ (4,829,411)	\$ 1,750		\$ (640,048)	\$ 37,722	

(1) Equals inventory.

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2017		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2018		MEMO	
			From	To	(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	18-495-034-5120-089	\$ 3,679,455	7/1/2017	- 6/30/2018			\$ 3,679,455	\$ (3,679,455)				\$ 353,011	\$ (3,679,455)
Equalization Aid	18-495-034-5120-078	9,375,706	7/1/2017	- 6/30/2018			9,375,706	(9,375,706)				899,517	(9,375,706)
Categorical Security Aid	18-495-034-5120-084	553,681	7/1/2017	- 6/30/2018			553,681	(553,681)				53,121	(553,681)
Transportation Aid	18-495-034-5120-014	494,496	7/1/2017	- 6/30/2018			494,496	(494,496)				47,443	(494,496)
Adequacy Aid	18-495-034-5120-083	329,331	7/1/2017	- 6/30/2018			329,331	(329,331)				31,597	(329,331)
PARCC Readiness Aid	18-495-034-5120-098	63,190	7/1/2017	- 6/30/2018			63,190	(63,190)				6,062	(63,190)
Per Pupil Growth Aid	18-495-034-5120-097	63,190	7/1/2017	- 6/30/2018			63,190	(63,190)				6,062	(63,190)
Prof Learning Comm Aid	18-495-034-5120-101	62,140	7/1/2017	- 6/30/2018			62,140	(62,140)				5,962	(62,140)
Extraordinary Aid	18-495-034-5120-044	1,443,059	7/1/2017	- 6/30/2018				(1,443,059)		\$ (1,443,059)			(1,443,059)
Extraordinary Aid	17-495-034-5120-044	2,000,640	7/1/2016	- 6/30/2017	\$ (2,000,640)		2,000,640						
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	3,105,395	7/1/2017	- 6/30/2018			3,105,395	(3,105,395)					(3,105,395)
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	2,955,281	7/1/2016	- 6/30/2017	(147,024)		147,024						(10,238)
On-Behalf TPAF-Pension	18-495-034-5094-002	5,857,248	7/1/2017	- 6/30/2018			5,857,248	(5,857,248)					(5,857,248)
On Behalf TPAF - Post Retirement Medical	18-495-034-5094-001	3,783,072	7/1/2017	- 6/30/2018			3,783,072	(3,783,072)					(3,783,072)
On Behalf TPAF - Non Contributory Insurance	18-495-034-5094-004	10,238	7/1/2017	- 6/30/2018			10,238	(10,238)					(10,238)
Non Public Transportation	18-495-034-5120-014	92,847	7/1/2017	- 6/30/2018				(92,847)		(92,847)			(92,847)
Non Public Transportation	17-495-034-5120-014	64,334	7/1/2016	- 6/30/2017	(64,334)		64,334						
Total General Fund					\$ (2,211,998)		\$ 29,589,140	\$ (28,913,048)		\$ (1,535,906)		\$ 1,402,775	\$ (28,913,048)
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	18-100-034-5120-064	\$ 2,410	7/1/2017	- 6/30/2018			\$ 2,410	\$ (2,237)		\$ 173			\$ (2,237)
Textbook Aid	17-100-034-5120-064	2,421	7/1/2016	6/30/2017		\$ 42			\$ (42)				
Nursing Services	18-100-034-5120-070	4,365	7/1/2017	- 6/30/2018			4,365	(4,364)			1		(4,364)
Nursing Services	17-100-034-5120-070	3,780	7/1/2016	6/30/2017		102			(102)				
Technology	18-100-034-5120-373	1,628	7/1/2017	- 6/30/2018			1,628	(1,627)			1		(1,627)
Technology	17-100-034-5120-373	1,092	7/1/2016	6/30/2017		28			(28)				
Security	18-100-034-5120-509	3,375	7/1/2017	- 6/30/2018			3,375	(3,371)			4		(3,371)
Security	17-100-034-5120-509	2,100	7/1/2016	- 6/30/2017		630			(630)				

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2017		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2018		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Revenue Fund: (Continued)												
Auxiliary Services:												
Compensatory Education	18-100-034-5120-067	\$ 23,032	7/1/2017 - 6/30/2018			\$ 23,032	\$ (13,288)			\$ 9,744		\$ (13,288)
Compensatory Education	17-100-034-5120-067	18,812	7/1/2016 - 6/30/2017		\$ 10,750			\$ (10,750)				
Transportation	18-100-034-5120-068	2,263	7/1/2017 - 6/30/2018			2,263	(2,263)					(2,263)
ESL	18-100-034-5120-069	903	7/1/2017 - 6/30/2018			903				903		
ESL	17-100-034-5120-069	4,314	7/1/2016 - 6/30/2017		914			(914)				
Handicapped Services:												
Examination and Classification	18-100-034-5120-066	10,735	7/1/2017 - 6/30/2018			10,735	(9,463)			1,272		(9,463)
Examination and Classification	17-100-034-5120-066	6,845	7/1/2016 - 6/30/2017		1,621			(1,621)				
Supplemental Instruction	18-100-034-5120-066	5,709	7/1/2017 - 6/30/2018			5,709	(5,709)					(5,709)
Corrective Speech	18-100-034-5120-066	3,215	7/1/2017 - 6/30/2018			3,215	(3,215)					(3,215)
Total Special Revenue Fund				\$	\$ 14,087	\$ 57,635	\$ (45,537)	\$ (14,087)	\$	\$ 12,098		\$ (45,537)
Debt Service Fund:												
Debt Service Aid Type II	18-495-034-5120-075	10,353	7/1/2017 - 6/30/2018			\$ 10,353	\$ (10,353)					\$ (10,353)
Total Debt Service Fund						\$ 10,353	\$ (10,353)					\$ (10,353)
State Department of Agriculture Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	31,960	7/1/2016 - 6/30/2017	\$ (4,619)		\$ 4,619						
State School Lunch Program	18-100-010-3350-023	31,469	7/1/2017 - 6/30/2018			29,013	(31,469)		\$ (2,456)			(31,469)
Total Enterprise Fund				\$ (4,619)		\$ 33,632	\$ (31,469)		\$ (2,456)			\$ (31,469)
Total State Financial Assistance				\$ (2,216,617)	\$ 14,087	\$ 29,690,760	\$ (29,000,407)	\$ (14,087)	\$ (1,538,362)	\$ 12,098	\$ 1,402,775	\$ (29,000,407)
Less On-behalf TPAF:												
Pension	18-495-034-5094-002					\$ 5,857,248						
Post-Retirement Medical	18-495-034-5094-001						3,783,072					
Non-Contributory Insurance	18-495-034-5094-004						10,238					
							\$ (19,349,849)					

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$276,864 for the general fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented are as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 195,657	\$ 28,636,184	\$ 28,831,841
Special Revenue Fund	2,631,328	45,537	2,676,865
Debt Service Fund		10,353	10,353
Food Service Fund	<u>2,005,926</u>	<u>31,469</u>	<u>2,037,395</u>
Total Awards and Assistance	<u>\$ 4,832,911</u>	<u>\$ 28,723,543</u>	<u>\$ 33,556,454</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no federal or state loans outstanding.

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contribution and Post-Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

7. INDIRECT COSTS

The District did not use the 10% di minimus indirect cost rate.

**BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
February 7, 2019

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified, dated
February 7, 2019

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

Identification of major programs:

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

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

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

**BOARD OF EDUCATION
 TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

State Financial Assistance

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

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

Type of auditor's report issued on compliance for major programs: Unmodified, dated
 February 7, 2019

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
<u>18-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u>18-100-034-5120-473</u>	<u>Extraordinary Aid</u>

Section II - Schedule of Financial Statement Findings

None

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

None

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FOR THE YEAR ENDED JUNE 30, 2017:

There were no findings for the year ended June 30, 2017.