

**Comprehensive Annual
Financial Report**

of the

Township of South Brunswick School District

County of Middlesex

South Brunswick, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Township of South Brunswick, Board of Education
Finance Department**

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INTRODUCTORY SECTION

SOUTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS



Jennifer Diszler
Assistant Superintendent for
Curriculum & Instruction

Scott Feder
Superintendent of Schools

David E. Pawlowski
Business Administrator/
Board Secretary

February 22, 2019

Honorable President and
Members of the Board of Education
South Brunswick Township
P.O. Box 181
Monmouth Junction, NJ 08852

Dear Board Members:

The Comprehensive Annual Financial Report of the South Brunswick Township Board of Education for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplemental information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)" and the New Jersey OMB's Circular 15 -08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws

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www.sbschools.org

Attitude Determines Altitude!

and regulations and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and Its Services: South Brunswick Township Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The South Brunswick Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and vocational as well as special education for handicapped youngsters. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal <u>Year</u>	Average Daily Student <u>Enrollment</u>	Increase/ <u>Decrease</u>	Percent <u>Change</u>
2008-09	8,990	145	1.6
2009-10	8,954	(36)	(0.4)
2010-11	9,024	70	0.8
2011-12	9,027	3	0.0
2012-13	8,881	(146)	(1.6)
2013-14	8,774	(107)	(1.2)
2014 -15	8,665	(109)	(1.2)
2015-16	8,755	90	1.0
2016-17	8,786	31	0.4
2017-18	8,744	(42)	(0.5)

The preliminary enrollment projection for the 2017-18 school year is 8,701 students or an increase of 86 students. This includes a projected kindergarten class of 510.

2) Economic Condition and Outlook: South Brunswick property tax assessments rebounded with a slight increase in 2018 (+.847%). This along with manageable increases for health benefits and energy once again allowed the district to provide a budget tax levy increase of \$.06.

The District continues to be proactive in effects to reduce non-instructional costs specifically in the areas of energy, insurance and the reduction of debt in order to maintain a consistent level of educational program offerings. As an example, the Board and Administration refinanced a 2017 Bond Issue saving the district taxpayers.

The continuing economic uncertainty of both our nation and state will make it necessary for us to keenly monitor operations at all levels, most notably financially. The current economic conditions are likely to have a direct impact with respect to the state funding of any future budgets. The District administration will continue to implement budgets with an eye towards reducing expenditures and maximizing revenues wherever possible. Likewise, the Board will continue with its one major goal. That goal is stated as follows:

WHEREAS, the SOUTH BRUNSWICK BOARD OF EDUCATION reaffirms its mission as follows:

The South Brunswick Township Public Schools will prepare students to be lifelong learners, critical thinkers, effective communicators, and wise decision-makers. This will be accomplished through the use of the New Jersey Core Curriculum Content Standards (NJCCS) at all grade levels. The schools will maintain an environment that promotes intellectual challenge, creativity, social and emotional growth, and the healthy physical development of each student; and

WHEREAS, the SOUTH BRUNSWICK BOARD OF EDUCATION is proud of the South Brunswick tradition of furnishing innovative child-centered programs; and

WHEREAS, the SOUTH BRUNSWICK BOARD OF EDUCATION, in order to meet the needs of the children in the community, to enable them to continue their education or training beyond high school, to prepare them to be productive citizens in the 21st century, and in order to fulfill its mission, believes that it should seek to raise the academic achievement level of its students;

NOW, THEREFORE, BE IT RESOLVED that the SOUTH BRUNSWICK BOARD OF EDUCATION hereby establishes that its first priority is high academic performance and achievement for all students in South Brunswick; and

BE IT FURTHER RESOLVED, that the SOUTH BRUNSWICK BOARD OF EDUCATION use objective indicators of student performance to measure the District's progress toward the goal of high academic performance and achievement; and

BE IT FURTHER RESOLVED, that in order to achieve this goal it will be necessary

- for the Board of Education to articulate clearly and consistently this goal to the community,
- to foster widespread community support for this goal,
- to develop action plans at each school, and
- to reallocate and focus resources; and

BE IT FURTHER RESOLVED, that as part of the Superintendent's annual evaluation, the SOUTH BRUNSWICK BOARD OF EDUCATION will consider the District's progress toward the goal of high academic performance and achievement as measured by agreed upon indicators.

All activities for the 2017-2018 school year will continue to focus on achieving this Board goal.

3) Internal Accounting Controls: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that 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 to periodic evaluation by the District management.

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

4) Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects funds. 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2018.

5) Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

6) Debt Administration: The District Finance Committee recommended the refinancing of a 2004 Refunding Bond issue. After receiving approval from the Local Finance Board, the District refinanced Series 2004 Bonds and issued Series 2014 AA + Refunding School Bonds on February 12, 2014. These bonds resulted in a net present value savings of more than \$1.9 million. The Administration continues to monitor the current market conditions with the financial advisor and will look for the appropriate opportunity for significant savings in the future. Similarly the administration has positioned itself well with capital reserve which can be used to offset principal and

opportunity for significant savings in the future. Similarly the administration has positioned itself well with capital reserve which can be used to offset principal and interest payments for bonded projects. District administration is currently monitoring all debt for the possibility of a refunding opportunity which would provide additional tax relief to the South Brunswick community.

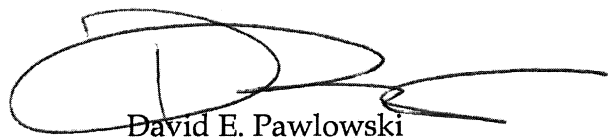
7) Risk Management: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, student accident insurance and fidelity bonds. The District likewise belongs to various consortiums in an effort to spread risk and reduce premium costs.

8) Other Information: Independent Audit - State statute requires an annual audit by Independent Certified Public Accountants or Registered Municipal Accountants. The accounting firm of Suplee, Clooney and Company, CPA was selected by the Board audit committee. In addition to meeting the requirements set forth in state statute, the audit also was designed to meet the requirements of the Single Audit Act as amended and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9) Acknowledgments: We would like to express our appreciation to the members of the South Brunswick 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,


Scott Feder
Interim Superintendent of Schools


David E. Pawlowski
Business Administrator/
Board Secretary

**BOARD OF EDUCATION
TOWNSHIP OF SOUTH BRUNSWICK, COUNTY OF MIDDLESEX**

**CONSULTANTS AND ADVISORS
JUNE 30, 2018**

ARCHITECT

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120 Sanhicon Drive
Trenton, NJ 08618

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Westfield, NJ 07090-2122

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Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

BOND COUNSEL

McManimon & Scotland
Attorneys At Law
One Riverfront Plaza
Newark, NJ 07102

**BOARD OF EDUCATION
TOWNSHIP OF SOUTH BRUNSWICK, COUNTY OF MIDDLESEX
OFFICIAL DEPOSITORIES**

Bank of America
24 Summerfield Blvd.
Dayton, NJ 08810

Brunswick Bank and Trust
527 Ridge Road
Monmouth Junction, NJ 08852

NJ ARM
PFM Asset Management LLC
821 Alexander Road, Suite 110
Princeton, NJ 08540

NJ Cash Management Fund
Department of Treasury
Division of Investment
50 West State Street, 9th Floor
Trenton, NJ 08608

PNC Bank
359 Georges Road
Dayton, NJ 08810

TD Bank North
1 Royal Road, Suite 1
Flemington, NJ 08822

Wells Fargo Bank
3510 Route 27
Kendall Park, NJ 08831

**SOUTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION
SOUTH BRUNSWICK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Harry J. Delgado, President	2019
Dr. Stephen F. Parker, Vice President	2018
Mrs. Azra Baig	2019
Mr. Patrick Del Piano	2020
Mrs. Joyce Mehta	2019
Mr. Barry Nathanson	2018
Mr. Deven M. Patel	2020
Mr. Arthur L. Robinson	2020
Mr. Peter St. Vincent	2018

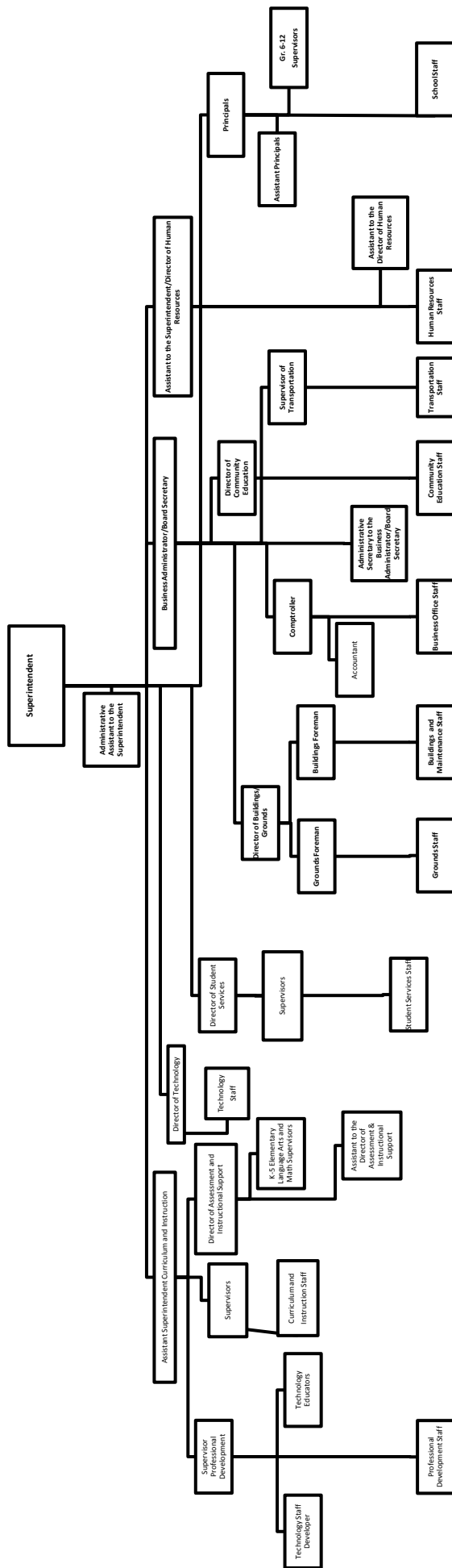
Other Officials

Mr. Scott Feder, Superintendent of Schools

Ms. Jennifer K. Diszler, Assistant Superintendent for
Curriculum, Instruction and Administration.

Mrs. Kimberly Maloy-White, Assistant Superintendent for
Human Resources

Mr. David Pawlowski, Business Administrator/Board Secretary



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of South Brunswick School District
County of Middlesex
Monmouth Junction, New Jersey 08852

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 7 to the basic financial statements, during the fiscal year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 are 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is 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 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 combining and individual fund financial statements, and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2019 on our consideration of the Township of South Brunswick School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the 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 District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 22, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

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

The Management's Discussion and Analysis of the Township of South Brunswick School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2018. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A.

Financial Highlights

In the District-wide Financial Statements:

- Net position of Governmental Activities increased \$4,401,479.
- Net position of the Business-type Activities decreased by \$92,454.

In the Major Fund Financial Statements:

- Governmental fund expenditures exceed revenues by \$7,375,249.
- Among governmental funds, the General Fund's fund balance increased \$5,625,104.
- In fiscal year 2018 the District implemented GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Prior year information has not been restated.

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

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

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Major Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include the Children's Community Enrichment, Summer Institute and Food Services programs.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

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

District-wide Financial Statements

The District-wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The District charges fees to help it cover the costs of certain services it provided. The children's enrichment, summer institute and food service accounts are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

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

Fund Financial Statements (Continued)

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the position belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis of the District as a Whole

Table 1 below reflects the District's net position as a whole for the Fiscal years 2018 and 2017.

TABLE 1
NET POSITION

	<u>FY2018</u>	<u>FY2017</u>
ASSETS		
Current & Other Assets	\$44,286,178.00	\$51,807,716.00
Capital Assets	<u>145,125,999.00</u>	<u>137,149,854.00</u>
TOTAL ASSETS	<u>189,412,177.00</u>	<u>188,957,570.00</u>
DEFERRED OUTFLOWS		
Related to pensions	<u>18,535,108.00</u>	<u>23,564,528.00</u>
TOTAL DEFERRED OUTFLOWS	<u>18,535,108.00</u>	<u>23,564,528.00</u>
LIABILITIES		
Other Liabilities	9,754,279.00	10,161,646.00
Long-Term Liabilities	<u>136,604,109.00</u>	<u>156,295,457.00</u>
TOTAL LIABILITIES	<u>146,358,388.00</u>	<u>166,457,103.00</u>
DEFERRED INFLOWS		
Gain on Refunding of Long-Term Del	2,532,555.00	2,677,531.00
Related to pensions	<u>11,359,853.00</u>	<u>2,677,531.00</u>
TOTAL DEFERRED INFLOWS	<u>13,892,408.00</u>	<u>2,677,531.00</u>
NET POSITION		
Net investment in capital assets	65,715,708.00	56,105,398.00
Restricted	31,610,121.00	11,021,293.00
Unrestricted (Deficit)	<u>(49,629,340.00)</u>	<u>(23,739,227.00)</u>
TOTAL NET POSITION	<u><u>\$47,696,489.00</u></u>	<u><u>\$43,387,464.00</u></u>

The District's combined net position was \$47,696,489 on June 30, 2018. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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UNAUDITED**

Table 2 shows changes in net position for Fiscal Years 2018 and 2017.

TABLE 2
CHANGES IN NET POSITION

	<u>FY2018</u>	<u>FY2017</u>
REVENUES		
Program Revenues:		
Charges for Services	\$5,579,874.00	\$5,891,985.00
Operating Grants & Contributions	59,930,724.00	52,401,609.00
General Revenues:		
Property Taxes	112,681,231.00	109,970,957.00
Grants & Entitlements	17,465,314.00	17,448,163.00
Other	1,831,233.00	910,433.00
Total Revenue	<u>197,488,376.00</u>	<u>186,623,147.00</u>
EXPENSES		
Instruction	111,227,874.00	105,852,969.00
Pupils and Instructional Staff	24,837,664.00	24,671,021.00
General & School Administration, Central Services & Technology	19,624,713.00	21,001,112.00
Maintenance	16,149,013.00	15,834,096.00
Transportation	12,097,902.00	11,523,842.00
Interest on Long-Term Debt	2,055,141.00	786,086.00
Other	194,044.00	187,843.00
Charter School	263,708.00	251,948.00
Business Type	6,729,292.00	6,797,577.00
Total Expense	<u>193,179,351.00</u>	<u>186,906,494.00</u>
Disposal of Capital Assets (Net)	-	(79,167.00)
Change in Net Position	4,309,025.00	(362,514.00)
Net Position - July 1,	<u>\$43,387,464.00</u>	<u>43,749,978.00</u>
Net Position - June 30,	<u><u>\$47,696,489.00</u></u>	<u><u>43,387,464.00</u></u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Both revenues and expenses decreased mainly as a result of the district recognizing a smaller on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
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Sources of Revenue for Fiscal Year 2018

In the District-wide Financial Statements, the District's total revenue for the 2017-2018 school year was \$197,488,376 as reflected in Table 3 below. Property taxes accounted for 57.06 percent of the total revenue with the other 42.94 percent consisting of federal & state aid, charges for service, operating grants & contributions, and miscellaneous sources. Table 3 below summarizes these revenues for Fiscal Years 2018 and 2017.

TABLE 3
DISTRICT-WIDE REVENUES

	<u>FY2018</u>		<u>FY2017</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$112,681,231.00	57.06%	\$109,970,957.00	58.93%
Federal & State Grants not Restricted	17,465,314.00	8.84%	17,448,163.00	9.35%
Miscellaneous Income	1,831,233.00	0.93%	910,433.00	0.49%
Charges for Services	5,579,874.00	2.83%	5,891,985.00	3.16%
Operating Grants & Contributions	<u>59,930,724.00</u>	<u>30.35%</u>	<u>52,401,609.00</u>	<u>28.08%</u>
	<u>\$197,488,376.00</u>	<u>100.00%</u>	<u>\$186,623,147.00</u>	<u>100.00%</u>

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
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Expenses for the Fiscal Year 2018

The total expenditures for the 2017-2018 fiscal year for all programs and services were \$193,179,351. Table 4 below summarizes these program costs.

TABLE 4
DISTRICT-WIDE EXPENSES

	<u>FY2018</u>		<u>FY2017</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$111,227,874.00	57.58%	\$105,852,969.00	56.63%
Pupils and Instructional Staff	24,837,664.00	12.86%	24,671,021.00	13.20%
General & School Administration, Central Services & Technology	19,624,713.00	10.16%	21,001,112.00	11.24%
Maintenance	16,149,013.00	8.36%	15,834,096.00	8.47%
Transportation	12,097,902.00	6.26%	11,523,842.00	6.17%
Interest on Long-Term Debt	2,055,141.00	1.06%	786,086.00	0.42%
Other	194,044.00	0.10%	187,843.00	0.10%
Charter School	263,708.00	0.14%	251,948.00	0.13%
Business Type	6,729,292.00	3.48%	6,797,577.00	3.64%
	<u>\$193,179,351.00</u>	<u>100.00%</u>	<u>\$186,906,494.00</u>	<u>100.00%</u>

The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through eight, which accounts for approximately 69 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in all six school buildings. Maintenance and Operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the GASB entity-wide reporting model; expenses therefore include \$5,505,047 for depreciation.

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of District activities. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

TABLE 5
NET COST OF SERVICE

	Total Cost of Services <u>FY2018</u>	Total Cost of Services <u>FY2017</u>	Net Cost of Services <u>FY2018</u>	Net Cost of Services <u>FY2017</u>
Instruction	\$111,227,874.00	\$105,852,969.00	\$66,720,362.00	\$67,145,106.00
Pupils and Instructional Staff	24,837,664.00	24,671,021.00	16,819,032.00	17,728,342.00
General & School Administration, Central Services & Technology	19,624,713.00	21,001,112.00	15,396,672.00	17,398,282.00
Maintenance	16,149,013.00	15,834,096.00	16,133,328.00	15,834,096.00
Transportation	12,097,902.00	11,523,842.00	11,318,227.00	10,762,304.00
Interest on Long-Term Debt	2,055,141.00	786,086.00	730,719.00	(569,250.00)
Other	194,044.00	187,843.00	175,549.00	187,843.00
Charter School	263,708.00	251,948.00	263,708.00	251,948.00
Business Type	<u>6,729,292.00</u>	<u>6,797,577.00</u>	<u>92,661.00</u>	<u>(125,771.00)</u>
	<u><u>\$193,179,351.00</u></u>	<u><u>\$186,906,494.00</u></u>	<u><u>\$127,650,258.00</u></u>	<u><u>\$128,612,900.00</u></u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, revisions were made by the District to the annual operating budget. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts. In addition, the following revision is noteworthy:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

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

Capital Assets

During the fiscal year 2017-2018 the District's capital acquisitions exceeded depreciation expense, therefore capital assets net of depreciation increased by \$7,976,145. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

TABLE 6
CAPITAL ASSETS (NET OF DEPRECIATION) AT JUNE 30,

	<u>FY2018</u>	<u>FY2017</u>
Land	\$8,571,736.00	\$8,571,736.00
Construction in Progress	14,369,497.00	1,201,679.00
Site Improvements	3,744,585.00	4,056,730.00
Building Improvements	114,481,410.00	118,896,923.00
Machinery Equipment	<u>3,958,771.00</u>	<u>4,422,786.00</u>
	<u>\$145,125,999.00</u>	<u>\$137,149,854.00</u>

Debt Administration

At June 30, 2018, the District had \$136,542,701 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

TABLE 7
LONG-TERM DEBT AT JUNE 30,

	<u>FY2018</u>	<u>FY2017</u>
Bonds Payable	\$76,075,000.00	\$82,365,000.00
Capital Leases Payable	1,437,871.00	985,443.00
Compensated Absences	2,436,263.00	2,585,710.00
Net Pension Liability	<u>56,593,567.00</u>	<u>70,280,777.00</u>
	<u>\$136,542,701.00</u>	<u>\$156,216,930.00</u>

**TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
MONMOUTH JUNCTION, NEW JERSEY**

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

For the Future

The South Brunswick School District is in sound financial condition; however, the fiscal condition of New Jersey continues to provide some level of concern which could ultimately impact the local tax payers. Additional concerns are the requirements of S1701 that the free appropriations fund balance kept at or below 2% and the need to remain within a continually restrictive CAP limit in spite of the increasing costs of employee benefits and other non-instructional fixed costs.

The District is proud of its community support and will continue to proactively face the challenges to provide staff appropriate, instructional supplies, equipment and the facilities associated with increasing enrollment. A priority of South Brunswick Township Schools is the implementation of staff development for non-tenured teachers. This group currently represents approximately 20% of the total teaching force, specific development plans include the dissemination of instructional strategies to meet the State standards of Excellent Educators for New Jersey (EE4NJ).

The District is in the second year of construction of an Energy Savings Improvement Plan that will provide energy efficiencies across the district. The largest ESIP in the state at the time the 27 million dollar grant will provide all new HVAC systems, LED lighting, re-commissioning of older equipment, and solar energy at every district location. Savings from the grant will be earmarked for bond payments.

In conclusion, the South Brunswick Township School District has committed itself to financial excellence for many years as evidenced by its AA+ bond rating. In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound and prudent fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management Office

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 Mr. David Pawlowski, Business Administrator at the South Brunswick Township Board of Education, PO Box 181, Monmouth Junction, NJ 08852.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2018.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$36,251,510.00	\$4,225,507.00	\$40,477,017.00
Cash on hand with fiscal agent	716,755.00		716,755.00
Receivables, net	1,256,280.00	69,184.00	1,325,464.00
Prepaid expenses	209.00	11,286.00	11,495.00
Inventory		68,662.00	68,662.00
Interfund receivable	357,273.00		357,273.00
Restricted assets:			
Restricted cash and cash equivalents	1,329,512.00		1,329,512.00
Capital assets:			
Land and construction in progress	22,941,233.00		22,941,233.00
Other capital assets, net of depreciation	122,071,610.00	113,156.00	122,184,766.00
Total Assets	184,924,382.00	4,487,795.00	189,412,177.00
 DEFERRED OUTFLOW OF RESOURCES:			
Pension Related	18,535,108.00		18,535,108.00
Total Deferred Outflow of Resources	18,535,108.00		18,535,108.00
 LIABILITIES:			
Accounts payable	6,182,253.00	221,615.00	6,403,868.00
Interfund payables		331,740.00	331,740.00
Payable to state government	37,887.00		37,887.00
Unearned revenue	413,103.00	1,274,474.00	1,687,577.00
Other	78,326.00		78,326.00
Accrued liability to pay Workers Compensation Claims	151,754.00		151,754.00
Accrued interest on bonds	1,063,127.00		1,063,127.00
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	7,569,309.00		7,569,309.00
Due beyond one year:			
Compensated absences payable	2,436,263.00	61,408.00	2,497,671.00
Bonds and capital leases payable	69,943,562.00		69,943,562.00
Net Pension Liability	56,593,567.00		56,593,567.00
Total liabilities	144,469,151.00	1,889,237.00	146,358,388.00
 DEFERRED INFLOW OF RESOURCES:			
Pension Related	11,359,853.00		11,359,853.00
Gain on Refunding of Long-Term Debt	2,532,555.00		2,532,555.00
Total Deferred Inflow of Resources	13,892,408.00		13,892,408.00
 NET POSITION:			
Net investment in capital assets	65,602,552.00	113,156.00	65,715,708.00
Restricted for:			
Capital projects fund	23,033,375.00		23,033,375.00
Debt service fund (deficit)	(807,828.00)		(807,828.00)
Other purposes	9,384,574.00		9,384,574.00
Unrestricted (deficit)	(52,114,742.00)	2,485,402.00	(49,629,340.00)
Total net position	\$45,097,931.00	\$2,598,558.00	\$47,696,489.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

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

Functions/Programs	Expenses	Indirect Expense Allocation	Programs Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 39,783,380.00	\$ 41,718,795.00	\$	27,420,786.00	\$	(54,081,389.00)
Special	12,262,954.00	10,427,194.00		14,783,531.00	(7,906,617.00)	(7,906,617.00)
Other Instruction	3,574,192.00	3,461,359.00		2,303,195.00	(4,732,356.00)	(4,732,356.00)
Support services:						
Tuition	4,972,518.00			901,515.00	(4,071,003.00)	(4,071,003.00)
Student and instruction related services	11,079,613.00	8,785,533.00		7,117,117.00	(12,748,029.00)	(12,748,029.00)
General administrative services	1,882,608.00	256,208.00			(2,138,816.00)	(2,138,816.00)
School administrative services	6,077,433.00	6,348,147.00		4,228,041.00	(8,197,539.00)	(8,197,539.00)
Central services	1,876,237.00	529,012.00			(2,405,249.00)	(2,405,249.00)
Administration information technology	938,221.00	1,716,847.00			(2,655,068.00)	(2,655,068.00)
Plant operations and maintenance	12,891,262.00	3,257,751.00		15,685.00	(16,133,328.00)	(16,133,328.00)
Pupil transportation	9,004,632.00	3,093,270.00		779,675.00	(11,318,227.00)	(11,318,227.00)
Allocated benefits	1,994,381.00	(72,094,688.00)			(175,549.00)	(175,549.00)
Unallocated benefits	72,270,237.00				(263,708.00)	(263,708.00)
Charter Schools	263,708.00				(730,719.00)	(730,719.00)
Interest on Long-Term Debt	2,055,141.00			1,324,422.00		
Unallocated depreciation	5,505,047.00	(5,505,047.00)				
Total governmental activities	186,431,564.00			58,873,967.00	(127,557,597.00)	(127,557,597.00)
Business-type activities						
Food Service	3,367,950.00			2,394,489.00	83,296.00	83,296.00
Summer Institute	184,152.00			270.00	(183,882.00)	(183,882.00)
Children's Community Enrichment	3,177,190.00			3,185,115.00	7,925.00	7,925.00
Total business-type activities	6,729,292.00			5,579,874.00	(92,661.00)	(92,661.00)
Total primary government	\$ 193,160,856.00	\$	\$ 5,579,874.00	\$ 59,930,724.00	\$ (92,661.00)	\$ (127,650,258.00)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net					105,761,383.00	105,761,383.00
Taxes levied for debt service					6,919,848.00	6,919,848.00
Federal and state aid not restricted					17,465,314.00	17,465,314.00
Miscellaneous income					1,831,026.00	1,831,233.00
Disposal of capital asset (net)					(18,495.00)	(18,495.00)
Total general revenues and special items					131,959,076.00	131,959,283.00
Change in net position					4,401,479.00	4,309,025.00
Net Position - beginning					40,696,452.00	43,387,464.00
Net Position ending					45,097,931.00	47,696,489.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

MAJOR FUND FINANCIAL STATEMENTS

The individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by the fund type.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
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>
ASSETS:					
Cash and cash equivalents	\$ 17,383,518.00	\$ 721,302.00	\$ 17,891,391.00	\$ 255,299.00	\$ 36,251,510.00
Cash, Capital Reserve	1,329,512.00				1,329,512.00
Cash on hand with Fiscal Agents	716,755.00				716,755.00
Prepaid expenses	209.00				209.00
Due from other funds	382,029.00				382,029.00
Receivables from other governments	<u>1,240,501.00</u>	<u>15,779.00</u>			<u>1,256,280.00</u>
Total assets	<u>\$ 21,052,524.00</u>	<u>\$ 737,081.00</u>	<u>\$ 17,891,391.00</u>	<u>\$ 255,299.00</u>	<u>\$ 39,936,295.00</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 1,952,416.00	\$ 268,882.00	\$ 1,720,719.00		\$ 3,942,017.00
Interfund payables	5,038.00	19,718.00			24,756.00
Payable to state government		37,887.00			37,887.00
Unearned revenue	637,644.00	410,594.00			1,048,238.00
Other	78,326.00				78,326.00
Accrued liability to pay Workers Compensation Claims	<u>151,754.00</u>				<u>151,754.00</u>
Total liabilities	<u>2,825,178.00</u>	<u>737,081.00</u>	<u>1,720,719.00</u>		<u>5,282,978.00</u>
Fund balances:					
Restricted for:					
Excess surplus	3,672,699.00				3,672,699.00
Excess surplus - designated for subsequent years expenditures	3,711,875.00				3,711,875.00
Maintenance reserve account	1,300,000.00				1,300,000.00
Capital reserve account	6,862,703.00				6,862,703.00
Emergency reserve account	700,000.00				700,000.00
Debt service			416,196.00	255,299.00	671,495.00
Capital projects (deficit)			(123,291.00)		(123,291.00)
Committed to:					
Encumbrances			15,877,767.00		15,877,767.00
Assigned to:					
Encumbrances	1,122,012.00				1,122,012.00
Unassigned	<u>858,057.00</u>				<u>858,057.00</u>
Total fund balances	<u>18,227,346.00</u>		<u>16,170,672.00</u>	<u>255,299.00</u>	<u>34,653,317.00</u>
Total liabilities and fund balances	<u>\$ 21,052,524.00</u>	<u>\$ 737,081.00</u>	<u>\$ 17,891,391.00</u>	<u>\$ 255,299.00</u>	<u>\$ 39,936,295.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Total Fund Balances (Brought Forward)		\$34,653,317.00
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$256,061,877.00	
Accumulated Depreciation	<u>(111,049,034.00)</u>	145,012,843.00
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Compensated Absences	(2,436,263.00)	
Bonds Payable	(76,075,000.00)	
Capital Leases (Net of Unexpended Proceeds)	(802,736.00)	
Net Pension Liability	<u>(56,593,567.00)</u>	(135,907,566.00)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related		18,535,108.00
Deferred Inflows:		
Pension related	(11,359,853.00)	
Gain on Refunding Bonds	<u>(2,532,555.00)</u>	(13,892,408.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related	(2,240,236.00)	
Accrued Interest Payable	<u>(1,063,127.00)</u>	<u>(3,303,363.00)</u>
Net Position of Governmental Activities		<u><u>\$45,097,931.00</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$105,761,383.00			\$6,919,848.00	\$112,681,231.00
Tuition	173,128.00				173,128.00
Interest on capital reserve	2,667.00				2,667.00
Miscellaneous	304,182.00	\$50,896.00	\$60,080.00	34.00	415,192.00
Total revenues - local sources	106,241,360.00	50,896.00	60,080.00	6,919,882.00	113,272,218.00
State sources	42,346,958.00	419,567.00		1,324,422.00	44,090,947.00
Federal sources	52,345.00	2,554,740.00			2,607,085.00
Total revenues	148,640,663.00	3,025,203.00	60,080.00	8,244,304.00	159,970,250.00
EXPENDITURES:					
Current expense:					
Regular instruction	39,783,380.00				39,783,380.00
Special instruction	10,121,582.00	2,141,372.00			12,262,954.00
Other Instruction	3,594,193.00				3,594,193.00
Support services:					
Tuition	4,972,518.00				4,972,518.00
Student and instruction related services	10,195,782.00	883,831.00			11,079,613.00
General administrative services	1,882,608.00				1,882,608.00
School administrative services	6,077,433.00				6,077,433.00
Central services	1,876,237.00				1,876,237.00
Administration information technology	938,221.00				938,221.00
Plant operations and maintenance	12,891,262.00				12,891,262.00
Pupil transportation	9,273,721.00				9,273,721.00
Allocated benefits	1,994,381.00				1,994,381.00
Unallocated benefits	40,005,692.00				40,005,692.00
Charter Schools	263,708.00				263,708.00
Debt Service:					
Principal				6,290,000.00	6,290,000.00
Interest				1,954,270.00	1,954,270.00
Capital outlay	418,185.00		13,184,441.00		13,602,626.00
Total expenditures	144,288,903.00	3,025,203.00	13,184,441.00	8,244,270.00	168,742,817.00
Excess (deficiency) of revenues over (under) expenditures	4,351,760.00		(13,124,361.00)	34.00	(8,772,567.00)
Other financing sources (uses):					
Transfers in/(out)	(123,974.00)		123,974.00		
Prior year cancelations	1,290,935.00				1,290,935.00
Assets acquired under capital leases (non-budgeted)	106,383.00				106,383.00
Total other financing sources (uses)	1,273,344.00		123,974.00		1,397,318.00
Net change in fund balances	5,625,104.00		(13,000,387.00)	34.00	(7,375,249.00)
Fund balances, July 1, 2017	12,602,242.00	-0-	29,171,059.00	255,265.00	42,028,566.00
Fund balances, June 30, 2018	\$18,227,346.00	\$-0-	\$16,170,672.00	\$255,299.00	\$34,653,317.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2)		(\$7,375,249.00)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period</p>		
Depreciation expense		(5,505,047.00)
Capital outlays	\$13,602,626.00	
Assets not capitalized	<u>(108,446.00)</u>	
		13,494,180.00
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net positions and is not reported in the statement of activities.</p>		
Payment of bonds payable		6,290,000.00
Payment of capital lease payable		289,090.00
<p>Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net positions.</p>		
Capital lease proceeds		(106,383.00)
Deferred amortization on issuance of refunding bonds		144,976.00
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		(137,401.00)
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District pension contributions	2,252,212.00	
Less: Pension expense	<u>(5,075,851.00)</u>	
		(2,823,639.00)
<p>In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net positions will differ from the change in fund balance by the cost of the position removed (-).</p>		
		(18,495.00)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-). When the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).</p>		
Increase in Compensated Absences		<u>149,447.00</u>
Change in net positions of governmental activities		<u>\$4,401,479.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

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

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>TOTAL</u>
	<u>CHILDRENS' COMMUNITY ENRICHMENT FUND</u>	<u>SUMMER INSTITUTE</u>	<u>FOOD SERVICE FUND</u>	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$2,595,545.00	\$602,754.00	\$1,027,208.00	\$4,225,507.00
Accounts receivable - other	2,221.00		8,204.00	10,425.00
Interfund Receivable			6,617.00	6,617.00
Intergovernmental receivables:				
State			2,223.00	2,223.00
Federal			49,919.00	49,919.00
Inventories			68,662.00	68,662.00
Prepaid expenses	11,286.00			11,286.00
Total current assets	<u>2,609,052.00</u>	<u>602,754.00</u>	<u>1,162,833.00</u>	<u>4,374,639.00</u>
Noncurrent assets:				
Furniture, machinery and equipment	265,095.00	4,200.00	1,450,261.00	1,719,556.00
Less accumulated depreciation	<u>(256,283.00)</u>	<u>(400.00)</u>	<u>(1,349,717.00)</u>	<u>(1,606,400.00)</u>
Total noncurrent assets	<u>8,812.00</u>	<u>3,800.00</u>	<u>100,544.00</u>	<u>113,156.00</u>
Total assets	<u>2,617,864.00</u>	<u>606,554.00</u>	<u>1,263,377.00</u>	<u>4,487,795.00</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	7,032.00	2,850.00	211,733.00	221,615.00
Interfund payable	331,740.00			331,740.00
Unearned revenue	884,461.00	321,750.00	68,263.00	1,274,474.00
Compensated absences	<u>61,408.00</u>			<u>61,408.00</u>
Total current liabilities	<u>1,284,641.00</u>	<u>324,600.00</u>	<u>279,996.00</u>	<u>1,889,237.00</u>
Total liabilities	<u>1,284,641.00</u>	<u>324,600.00</u>	<u>279,996.00</u>	<u>1,889,237.00</u>
NET POSITION:				
Net investment in capital assets	8,812.00	3,800.00	100,544.00	113,156.00
Unrestricted	<u>1,324,411.00</u>	<u>278,154.00</u>	<u>882,837.00</u>	<u>2,485,402.00</u>
Total net position	<u>\$1,333,223.00</u>	<u>\$281,954.00</u>	<u>\$983,381.00</u>	<u>\$2,598,558.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	CHILDRENS' COMMUNITY ENRICHMENT FUND	SUMMER INSTITUTE	FOOD SERVICE FUND	
OPERATING REVENUES:				
Charges for services:				
Daily sales - Reimbursable Programs			\$1,467,027.00	\$1,467,027.00
Daily sales - Non-Reimbursable Programs			927,462.00	927,462.00
Program fees	\$3,185,115.00	\$270.00		3,185,385.00
Total operating revenues	3,185,115.00	270.00	2,394,489.00	5,579,874.00
OPERATING EXPENSES:				
Salaries	1,818,886.00	146,148.00	1,109,011.00	3,074,045.00
Employee Benefits	797,607.00		377,592.00	1,175,199.00
Other Purchase Service (Administrative Expenses)	285,837.00		235,329.00	521,166.00
General Supplies	273,741.00	37,604.00	101,690.00	413,035.00
Depreciation	1,119.00	400.00	22,027.00	23,546.00
Cost of sales - reimbursable programs			1,100,624.00	1,100,624.00
Cost of sales - non-reimbursable programs			421,677.00	421,677.00
Total operating expenses	3,177,190.00	184,152.00	3,367,950.00	6,729,292.00
Operating income (loss)	7,925.00	(183,882.00)	(973,461.00)	(1,149,418.00)
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program			32,275.00	32,275.00
Federal Sources:				
National School Lunch Program			619,781.00	619,781.00
National School Breakfast Program			84,352.00	84,352.00
National food distribution commodities			320,349.00	320,349.00
Interest on Investments			207.00	207.00
Total nonoperating revenues			1,056,964.00	1,056,964.00
Income/(loss) before contributions and transfers	7,925.00	(183,882.00)	83,503.00	(92,454.00)
Capital Contributions and Operating Transfers				
Operating Transfers	(465,836.00)	465,836.00		
Total Capital Contributions and Operating Transfers	(465,836.00)	465,836.00		
Change in net position	(457,911.00)	281,954.00	83,503.00	(92,454.00)
Total net position - beginning of the year	1,791,134.00		899,878.00	2,691,012.00
Total net position - end of the year	\$1,333,223.00	\$281,954.00	\$983,381.00	\$2,598,558.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	CHILDRENS' COMMUNITY ENRICHMENT FUND	SUMMER INSTITUTE	FOOD SERVICE FUND	
Cash flows from operating activities:				
Receipts from customers	\$3,161,891.00	\$322,020.00	\$2,476,161.00	\$5,960,072.00
Payments to employees	(1,818,886.00)	(146,148.00)	(1,109,011.00)	(3,074,045.00)
Payments to employee benefits	(814,726.00)		(377,592.00)	(1,192,318.00)
Payments to suppliers	(984,781.00)	(34,754.00)	(1,538,799.00)	(2,558,334.00)
Net cash provided by (used for) operating activities	<u>(456,502.00)</u>	<u>141,118.00</u>	<u>(549,241.00)</u>	<u>(864,625.00)</u>
Cash flows from noncapital financing activities:				
State Sources			32,275.00	32,275.00
Federal Sources			704,133.00	704,133.00
Interfund Activity	(226,844.00)		(7,041.00)	(233,885.00)
Operating subsidies and transfers to other funds	(465,836.00)	465,836.00		
Net cash provided by noncapital financing activities:	<u>(692,680.00)</u>	<u>465,836.00</u>	<u>729,367.00</u>	<u>502,523.00</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets		(4,200.00)	(24,852.00)	(29,052.00)
Net cash provided by (used for) capital and related financing activities		<u>(4,200.00)</u>	<u>(24,852.00)</u>	<u>(29,052.00)</u>
Cash flows from investing activities:				
Interest			207.00	207.00
Net cash provided by (used for) investing activities			<u>207.00</u>	<u>207.00</u>
Net increase (decrease) in cash and cash equivalents	(1,149,182.00)	602,754.00	155,481.00	(390,947.00)
Cash and cash equivalents, July 1, 2017	3,744,727.00		871,727.00	4,616,454.00
Cash and cash equivalents, June 30, 2018	<u>\$2,595,545.00</u>	<u>\$602,754.00</u>	<u>\$1,027,208.00</u>	<u>\$4,225,507.00</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$7,925.00	(\$183,882.00)	(\$973,461.00)	(\$1,149,418.00)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,119.00	400.00	22,027.00	23,546.00
Federal commodities			320,349.00	320,349.00
Change in assets and liabilities:				
(Increase) decrease in accounts receivable - other	(720.00)		104,569.00	103,849.00
(Increase) decrease in inventories			(327.00)	(327.00)
(Increase) decrease in prepaid expenses	5,783.00			5,783.00
Increase (decrease) in accounts payable	(430,986.00)	2,850.00	499.00	(427,637.00)
Increase (decrease) in unearned revenue	(22,504.00)	321,750.00	(22,897.00)	276,349.00
Increase (decrease) in compensated absences	(17,119.00)			(17,119.00)
	<u>(464,427.00)</u>	<u>325,000.00</u>	<u>424,220.00</u>	<u>284,793.00</u>
Net cash provided by (used for) operating activities	<u>(\$456,502.00)</u>	<u>\$141,118.00</u>	<u>(\$549,241.00)</u>	<u>(\$864,625.00)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Fund</u>	<u>Private Purpose Award Fund</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$197,929.00	\$30,914.00	\$1,357,076.00
Intrafund receivable	38,266.00		
	<u>236,195.00</u>	<u>30,914.00</u>	<u>1,357,076.00</u>
Total Assets			
LIABILITIES:			
Accounts payable	19,093.00		
Interfund payable			32,150.00
Intrafunds payable			38,266.00
Payroll deductions and withholdings			858,109.00
Net Payroll			14,768.00
Due to student groups			413,783.00
	<u>19,093.00</u>	<u>30,914.00</u>	<u>1,357,076.00</u>
Total Liabilities			
NET POSITION:			
Held in trust for unemployment claims	217,102.00		
Held in trust for awards and other purposes		30,914.00	
	<u>\$217,102.00</u>	<u>\$30,914.00</u>	<u>\$-0-</u>
Total Net Position			

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Private Purpose Award Funds</u>	<u>Unemployment Compensation Fund</u>
ADDITIONS:		
Contributions:		
Plan Members		\$125,510.00
Other	\$5,000.00	
Total contributions	<u>5,000.00</u>	<u>125,510.00</u>
Investment earnings:		
Interest	64.00	490.00
Net investment earnings	<u>64.00</u>	<u>490.00</u>
Total additions	<u>5,064.00</u>	<u>126,000.00</u>
DEDUCTIONS:		
Awards granted	5,000.00	
Unemployment claims		175,137.00
Total deductions	<u>5,000.00</u>	<u>175,137.00</u>
Change in net assets	64.00	(49,137.00)
Net position beginning of year	<u>30,850.00</u>	<u>266,239.00</u>
Net position end of year	<u><u>\$30,914.00</u></u>	<u><u>\$217,102.00</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of South Brunswick School District (the "District") have been prepared in conformity with U.S. Generally Accepted Accounting Principles (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 more significant of the Board's accounting policies are described below.

Reporting Entity

The Township of South Brunswick School District is a Type II District located in Middlesex County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, intermediate schools and a high school. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-wide 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 overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal 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. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category - governmental, proprietary, and fiduciary. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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 which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles 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; in certain instances approval by the County Superintendent of Schools may be required.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of principal and interest on debt issued to finance major property acquisition, construction and improvement programs.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations, Summer Institute and the Childrens' Community Enrichment programs. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Proprietary Funds:	
Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds 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.

Private Purpose Trust Funds – These trust funds are used to account for assets donated by individuals that will provide for the payment of awards and other purposes.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Districtwide, Proprietary, and Fiduciary Fund Financial Statements

The Districtwide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Val Orem (Property) Taxes are susceptible to accrual as 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 monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transactions 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 totaled \$784,152.00, representing an additional appropriation of fund balance of \$360,178 and withdrawals from the Maintenance and Capital Reserve of \$300,000 and \$123,974 respectively.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of deferred State Aid payments for budgetary purposes only and the accounting treatment of encumbrances in the special revenue fund as described 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 records.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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 assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund and capital projects 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated on the probability the employee will, in the future meet required conditions to receive a cash payment at termination. Salary-related payments for the employer's share of social security and medicare taxes are included.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year. Compensated absences are a reconciling item between the fund level and district-wide presentations

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund 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 funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Subsequent Year's Expenditures as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions (Continued)

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

Revenues – Exchange and Nonexchange Transactions

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

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

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

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect 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. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

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

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

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

In the Governmental Fund Financial Statements, the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to refunding debt and deferred amounts related to pension.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District considers petty cash, change funds, cash in banks, deposits in the New Jersey Asset and Rebate Management Program and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), 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 the deposits to the governmental unit.

The Township of South Brunswick School District had the following cash and cash equivalents at June 30, 2018.

<u>Fund Type</u>	<u>Bank Balance</u>	<u>N.J. Asset and Rebate Management</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
			<u>Additions</u>	<u>Deletions</u>	
Governmental	\$8,729,294.00	\$29,860,239.00	\$47,729.00	\$1,056,240.00	\$37,581,022.00
Proprietary	4,225,507.00				4,225,507.00
Fiduciary	<u>1,743,351.00</u>	<u>74,081.00</u>	<u>28,301.00</u>	<u>259,814.00</u>	<u>1,585,919.00</u>
	<u>\$14,698,152.00</u>	<u>\$29,934,320.00</u>	<u>\$76,030.00</u>	<u>\$1,316,054.00</u>	<u>\$43,392,448.00</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2018, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000.00 was covered by Federal Depository Insurance and \$14,448,152.00 was covered by NJ GUDPA. The New Jersey Asset and Rebate Management Program (NJARM) is an investment pool and is not insured by either FDIC or GUDPA.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2018 the District has \$29,934,320.00 on deposit with the New Jersey Asset and Rebate Management Program. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of the Investment Council of the NJARM, the District is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 8,571,736.00	\$	\$	\$ 8,571,736.00
Construction in Progress	<u>1,201,679.00</u>	<u>13,167,818.00</u>	<u></u>	<u>14,369,497.00</u>
Total Capital assets not being depreciated	<u>9,773,415.00</u>	<u>13,167,818.00</u>	<u></u>	<u>22,941,233.00</u>
Site Improvements	7,405,251.00			7,405,251.00
Building and Building Improvements	208,176,400.00	11,825.00		208,188,225.00
Machinery and Equipment	<u>18,528,757.00</u>	<u>314,540.00</u>	<u>1,316,129.00</u>	<u>17,527,168.00</u>
Totals as historical cost	<u>234,110,408.00</u>	<u>326,365.00</u>	<u>1,316,129.00</u>	<u>233,120,644.00</u>
Total Gross assets (Memo only)	<u>\$ 243,883,823.00</u>	<u>\$ 13,494,183.00</u>	<u>\$ 1,316,129.00</u>	<u>\$ 256,061,877.00</u>
Less: Accumulated Depreciation for:				
Site Improvements	\$ (3,348,521.00)	\$ (312,145.00)	\$	\$ (3,660,666.00)
Building and Building Improvements	(89,279,477.00)	(4,427,338.00)		(93,706,815.00)
Machinery and Equipment	<u>(14,213,620.00)</u>	<u>(765,564.00)</u>	<u>(1,297,631.00)</u>	<u>(13,681,553.00)</u>
Total depreciation	<u>(106,841,618.00)</u>	<u>(5,505,047.00)</u>	<u>(1,297,631.00)</u>	<u>(111,049,034.00)</u>
Total Capital assets being depreciated net of accumulated depreciation	<u>127,268,790.00</u>	<u>(5,178,682.00)</u>	<u>18,498.00</u>	<u>122,071,610.00</u>
Governmental activities capital assets, net	<u>\$ 137,042,205.00</u>	<u>\$ 7,989,136.00</u>	<u>\$ 18,498.00</u>	<u>\$ 145,012,843.00</u>
Business-type activities:				
Equipment	\$ 1,690,504.00	\$ 29,052.00	\$	\$ 1,719,556.00
Less: Accumulated Depreciation	<u>(1,582,855.00)</u>	<u>(23,545.00)</u>	<u></u>	<u>(1,606,400.00)</u>
Proprietary fund capital assets, net	<u>\$ 107,649.00</u>	<u>\$ 5,507.00</u>	<u>\$</u>	<u>\$ 113,156.00</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 3: CHANGE IN CAPITAL ASSETS

Depreciation Expense was charged to governmental expenses as follows:

Instruction:		
Regular	\$	3,440,426.00
Special		501,291.00
Other		256,934.00
Support Services:		
General Administrative Services		165,732.00
School Administrative Services		45,603.00
Pupil Transportation		309,042.00
Plant Operations & Maintenance		610,470.00
Unallocated		<u>175,549.00</u>
	\$	<u><u>5,505,047.00</u></u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2018, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2018:

	<u>Bonds</u>	<u>Capital</u>	<u>Net</u>	<u>Compensated</u>	
	<u>Payable</u>	<u>Leases</u>	<u>Pension</u>	<u>Absences</u>	<u>Total</u>
		<u>Payable</u>	<u>Liability</u>	<u>Payable</u>	
Balance June 30, 2017	\$ 82,365,000.00	\$ 985,443.00	\$ 70,280,777.00	\$ 2,585,710.00	\$ 156,216,930.00
Additions	<u>82,365,000.00</u>	<u>741,518.00</u>	<u>70,280,777.00</u>	<u>2,585,710.00</u>	<u>741,518.00</u>
Deletions	<u>6,290,000.00</u>	<u>1,726,961.00</u>	<u>13,687,210.00</u>	<u>149,447.00</u>	<u>156,958,448.00</u>
Balance June 30, 2018	<u>\$ 76,075,000.00</u>	<u>\$ 1,437,871.00</u>	<u>\$ 56,593,567.00</u>	<u>\$ 2,436,263.00</u>	<u>\$ 136,542,701.00</u>
Amounts due within one year	<u>\$ 7,305,000.00</u>	<u>264,309.00</u>			

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

The annual requirements to amortize all debt outstanding as of June 30, 2018, with interest payments on issued debt, are as follows:

Fiscal Year Ended		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
<u>June 30,</u>						
2019	\$	7,305,000.00	\$	2,914,275.00	\$	10,219,275.00
2020		7,395,000.00		2,673,675.00		10,068,675.00
2021		7,040,000.00		2,414,375.00		9,454,375.00
2022		7,120,000.00		2,143,275.00		9,263,275.00
2023		7,240,000.00		1,852,125.00		9,092,125.00
2024		7,060,000.00		1,547,450.00		8,607,450.00
2025		7,180,000.00		1,244,750.00		8,424,750.00
2026		2,465,000.00		1,033,250.00		3,498,250.00
2027		2,595,000.00		912,700.00		3,507,700.00
2028		2,715,000.00		788,425.00		3,503,425.00
2029		2,835,000.00		662,100.00		3,497,100.00
2030		1,255,000.00		573,175.00		1,828,175.00
2031		1,350,000.00		521,075.00		1,871,075.00
2032		1,450,000.00		465,075.00		1,915,075.00
2033		1,555,000.00		406,787.50		1,961,787.50
2034		1,660,000.00		345,850.00		2,005,850.00
2035		1,775,000.00		278,700.00		2,053,700.00
2036		1,895,000.00		205,300.00		2,100,300.00
2037		2,025,000.00		126,900.00		2,151,900.00
2038		2,160,000.00		43,200.00		2,203,200.00
		<u>\$ 76,075,000.00</u>		<u>\$ 21,152,462.50</u>		<u>\$ 97,227,462.50</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2018</u>	<u>Bonds Authorized But Not Issued</u>
\$29,525,000.00 in School Bonds (2012 Series) dated March 7, 2012, due in remaining annual installments ranging between \$2,585,000.00 and \$2,625,000.00 beginning June 30, 2012 and ending June 30, 2025 with interest from 2.00% to 4.00%	\$18,205,000.00	-0-
\$36,330,000.00 in Refunding Bonds (2014 Series) dated January 2014, due in remaining annual installments ranging between \$1,245,000.00 and \$1,675,000.00 beginning August 1, 2015 and ending August 1, 2028 with interest from 3.00% to 5.00%	16,230,000.00	-0-
\$10,785,000.00 in School Energy Savings Bonds dated November 22, 2016, due in remaining annual installments ranging between \$280,000.00 and \$800,000.00 beginning August 1, 2018 and ending August 1, 2037 with interest from 3.00% to 5.00%	10,785,000.00	-0-
\$15,180,000.00 in School Energy Savings Bonds dated April 5, 2017, due in remaining annual installments ranging between \$360,000.00 and \$1,360,000.00 beginning August 1, 2018 and ending August 1, 2037 with interest from 3.00% to 4.00%	15,675,000.00	-0-
\$15,775,000.00 in Refunding School Bonds dated April 5, 2017, due in remaining annual installments ranging between \$100,000.00 and \$2,275,000.00 beginning August 1, 2017 and ending August 1, 2024 with interest from 2.00% to 4.00%	15,180,000.00	-0-
	<u>\$76,075,000.00</u>	<u>\$0.00</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing school buses and Musical Instruments totaling \$1,823,082.00 under capital leases. This capital leases are for terms of three to six years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ended <u>June 30,</u>	Governmental <u>Funds</u>
2019	\$ 300,743
2020	280,588
2021	326,632
2022	267,813
2023	<u>379,724</u>
Total Minimum Lease Payments	1,555,500
Less: Amount Representing Interest	<u>117,629</u>
 Present Value of Lease Payments	 <u><u>\$ 1,437,871</u></u>

OPERATING LEASES

The District has three commitments to lease technology equipment under an operating lease, two that expire on September 15, 2019 and one that expires on September 15, 2020. The total operating lease payments made during the year ended June 30, 2018 were \$302,492. Future minimum lease payments are as follows:

Fiscal Year Ended <u>June 30,</u>	Governmental <u>Funds</u>
2019	\$ 306,689
2020	306,689
2021	<u>103,073</u>
Total Minimum Lease Payments	<u><u>\$ 716,450</u></u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the District are covered by the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which 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 each system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on line at www.state.nj.us/treasury/pensions.

Teachers' Pension and Annuity Fund (TPAF) The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both 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 TPAF (i.e. the State of new Jersey makes the employer contribution on behalf of public school districts.

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2018	\$2,278,184.00	100.00%	\$2,278,184.00
2017	\$2,117,376.00	100.00%	\$2,117,376.00
2016	\$1,996,930.00	100.00%	\$1,996,930.00

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2018	\$8,025,207.00	100.00%	\$8,025,207.00
2017	\$5,742,113.00	100.00%	\$5,742,113.00
2016	\$4,235,882.00	100.00%	\$4,235,882.00

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2018, 2017 and 2016, the State of New Jersey reimbursed the District \$4,163,181, \$4,026,025 and \$4,051,737 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$56,593,567.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.2431162057 percent, which was an increase of 0.0058184915 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$5,082,364.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

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 Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	-	\$1,332,583.00
Changes of assumptions	\$11,359,853.00	11,401,653.00
Net difference between projected and actual earnings on pension plan investments	-	385,364.00
Changes in proportion and differences between District contributions and proportionate share of contributions	-	3,175,272.00
District contributions subsequent to the measurement date	<hr/>	<hr/> 2,240,236.00
	<hr/> <u>\$11,359,853.00</u>	<hr/> <u>\$18,535,108.00</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$2,240,236.00 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, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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</u> <u>June 30</u>	<u>Amount</u>
2019	\$2,326,105.00
2020	3,004,262.00
2021	1,961,089.00
2022	(1,286,620.00)
2023	<u>(1,069,817.00)</u>
	<u><u>\$4,935,019.00</u></u>

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

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.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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).

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 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</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%
US 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 estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

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 State employer contributed 40% of the actuarially determined contributions and the local employer 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.

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:

	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$70,208,160.00	\$59,593,567.00	\$45,250,923.00

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). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

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, 2018 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$356,668,168</u>
	<u><u>\$356,668,168</u></u>

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. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .5289959857% which was a decrease of .0000668391 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$24,708,165 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rate

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.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and June 30, 2016 respectively) 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.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

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 following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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 estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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

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

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 Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	142,331
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>\$366,078</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2018 was as follows:

Nonemployer OPEB Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$282,397,683.00</u>
	<u><u>\$282,397,683.00</u></u>

The Total Nonemployer OPEB Liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017.

The Total Nonemployer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2018, the District recognized on-behalf post-employment expense and revenue of \$18,422,179.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2017 measurement date.

At June 30, 2017, the District's proportion was 0.5264700141 percent, which was an increase of .0010983551 from its proportion measured as of June 30, 2016.

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, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15%	2.10-8.98%
	Based on years of Service	Based on Age	Based of Age
Thereafter	2.00-5.45%	3.15-5.15%	3.10-9.98
	Based on years of Service	Based on Age	Based of Age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-Retirement 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.

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

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (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% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond 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.

Changes in the Total Nonemployer OPEB Liability

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2016 to June 30, 2017:

Balance at 6/30/16		\$303,831,804
Changes for the year:		
Service cost	\$13,327,133	
Interest	8,949,884	
Changes in assumptions or other inputs	(37,411,061)	
Benefit payments	(6,540,930)	
Contributions from Members	240,853	
Net change in OPEB Liability	(21,434,121)	(21,434,121)
Balance at 6/30/17		\$282,397,683

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

The following presents the total nonemployer OPEB liability associated with the District 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		
	<u>1.00% Decrease (2.58%)</u>	<u>At Discount Rate (3.58)</u>	<u>1.00% Increase (4.58%)</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$335,226,424	\$282,397,683	\$240,493,424

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 respectively, calculated using the healthcare trend 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		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$232,244,795	\$282,397,683	\$349,000,128

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions	\$33,398,042.00	-
Changes in proportion	-	\$501,919.00
	<u>\$33,398,042.00</u>	<u>\$501,919.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

Year Ended	<u>Amount</u>
<u>June 30,</u>	
2019	(\$3,810,394)
2020	(\$3,810,394)
2021	(\$3,810,394)
2022	(\$3,810,394)
2023	(\$3,810,394)
Total Thereafter	<u>(\$13,844,153)</u>
	<u>(\$32,896,123)</u>

In accordance with GASBS No. 75, the District's 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 in the financial statements.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

NOTE 8: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2017-2018 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the commercial coverage in any of the past three years. 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 has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table on the following page is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal</u> <u>Year</u>	<u>Interest</u> <u>Earnings</u>	<u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017-18	\$ 490.00	\$ 125,510.00	\$ 175,137.00	\$ 217,102.00
2016-17	219.00	125,062.00	170,109.00	266,239.00
2015-16	326.00	123,906.00	137,944.00	311,067.00

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 11: COMPENSATED ABSENCES

District employees earn sick leave per the terms of the various labor agreements negotiated by the Board. Unused sick leave may be carried forward without limitation and upon retirement from the District those employees who have completed 15 years of service in the District, will receive payment for accumulated unused sick leave at rates and percentages in accordance with the various agreements.

Twelve month District employees are entitled to accumulate vacation time, the carryover of which is unlimited for non-unit employees and limited for members of the administrative unit, and will be paid upon separation from service at the District.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net assets. As of June 30, 2018, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$2,436,263.00.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018 a liability existed for compensated absences in the proprietary funds of \$61,408.00.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 12: FUND BALANCE APPROPRIATED

General Fund – The table below reflects the District’s Fund Balance at June 30, 2018 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized.

	<u>Budgetary</u> <u>Basis</u>	<u>Adjustment</u>		<u>GAAP</u> <u>Basis</u>
Restricted for:				
Excess surplus:				
Designated for subsequent				
years expenditures	\$ 3,711,875.00	\$	\$	3,711,875.00
Current year	3,672,699.00			3,672,699.00
Maintenance reserve	1,300,000.00			1,300,000.00
Capital reserve	6,862,703.00			6,862,703.00
Emergency reserve	700,000.00			700,000.00
Assigned to:				
Encumbrances	1,122,012.00			1,122,012.00
Unassigned	<u>3,151,531.00</u>	<u>(2,293,474.00)</u>		<u>858,057.00</u>
	<u>\$ 20,520,820.00</u>	<u>\$ (2,293,474.00)</u>	<u>\$</u>	<u>18,227,346.00</u>

Debt Service Fund – Of the \$255,299.00 in Debt Service Fund fund balance at June 30, 2018, \$255,299.00 is restricted for future debt service.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

The Restricted Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

General Fund Expenditures Fiscal Year Ended June 30, 2018	\$144,288,903
Add:	
Transfer from Capital Reserve to Capital Projects Fund	123,974
Less:	
Assets acquired under Capital Leases	106,383
On-behalf TPAF Pension and Social Security Reimbursement	<u>17,703,172</u>
Adjusted General Fund Expenditures	\$126,603,322
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2017-18 General Fund Expenditures	\$2,532,066
Add: Allowable Adjustments	<u>619,465</u>
Maximum Unreserved/Undesignated Fund Balance	\$3,151,531
Actual Unreserved/Undesignated Fund Balance	<u>6,824,230</u>
Excess Surplus	<u>\$3,672,699</u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 382,029.00	\$ 5,038.00
Special Revenue Fund		19,718.00
Proprietary Fund	6,617.00	331,740.00
Fiduciary Fund		32,150.00
	\$ 388,646.00	\$ 388,646.00

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of South Brunswick Board of Education on October 2, 2000 in the amount of \$10.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

Beginning balance, July 1, 2017		\$2,934,011.00
Increased by:		
Board Approved	\$4,050,000.00	
Interest earned	<u>2,666.00</u>	
		<u>4,052,666.00</u>
		6,986,677.00
Withdrawals:		
Budgeted		<u>123,974.00</u>
Ending balance, June 30, 2018		<u><u>\$6,862,703.00</u></u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the District in the amount of \$600,000.00 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with EFCFA (N.J.S.A. 18A:7G-9). The passage of S1701 also impacts deposits into maintenance reserve. EFCFA requires that upon the district completion of school facilities project, the district must submit a plan for the maintenance of that facility. The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 year is as follows:

Beginning balance, July 1, 2017		\$600,000.00
Increased by:		
Board Resolution	<u>1,000,000.00</u>	
		\$1,600,000.00
Withdrawals:		
Budgeted		<u>300,000.00</u>
Ending balance, June 30, 2018		<u><u>\$1,300,000.00</u></u>

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 17: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Township of South Brunswick Board of Education for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both.

The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

During the Fiscal Year ended June 30, 2018 the District has the following activity in the Emergency Reserve Account:

Beginning balance, July 1, 2017 and	
June 30, 2018	<u><u>\$700,000.00</u></u>

NOTE 18: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the Board does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2018.

Township of South Brunswick School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 19: INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food and Supplies	<u>\$68,662.00</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 20: 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. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. 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.

NOTE 21: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through February 22, 2019 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Revenues from local sources:					
Local tax levy	\$ 105,761,383.00	\$	\$ 105,761,383.00	\$ 105,761,383.00	\$ (152,839.00)
Tuition from individuals	235,000.00		235,000.00	82,161.00	90,967.00
Tuition from LEAs within state				77,310.00	77,310.00
Rents and Royalties				226,872.00	(337,150.00)
Unrestricted miscellaneous revenues	550,000.00	14,022.00	564,022.00	2,667.00	2,667.00
Interest earned on capital reserve funds					
Subtotal- Revenues from Local Sources	106,546,383.00	14,022.00	106,560,405.00	106,241,360.00	(319,045.00)
Revenues from state sources:					
Categorical Transportation aid	711,504.00		711,504.00	711,504.00	
Extraordinary aid	350,000.00		350,000.00	901,515.00	551,515.00
Categorical special education aid	5,479,892.00		5,479,892.00	5,479,892.00	
Equalization aid	17,015,512.00		17,015,512.00	17,015,512.00	
Categorical security aid	183,321.00		183,321.00	183,321.00	
PARCC readiness aid	87,450.00		87,450.00	87,450.00	
Per Pupil Growth Aid	87,450.00		87,450.00	87,450.00	
Professional Learning Community Aid	86,150.00		86,150.00	86,150.00	
Other state aids				67,950.00	67,950.00
State Reimbursement for Lead Testing of Drinking Water				15,685.00	15,685.00
Reimbursed TPAF social security contributions (non-budgeted)				4,163,181.00	4,163,181.00
On-Behalf TPAF - Non-contributory Insurance (non-budgeted)				194,752.00	194,752.00
On-Behalf TPAF - Long-Term Disability (non-budgeted)				10,936.00	10,936.00
On-behalf TPAF post retirement medical (non-budgeted)				5,309,096.00	5,309,096.00
On-behalf TPAF pension contributions (non-budgeted)				8,025,207.00	8,025,207.00
Total - state sources	24,001,279.00		24,001,279.00	42,339,601.00	18,338,322.00
Revenues from federal sources:					
Medicaid Reimbursement	99,895.00		99,895.00	52,345.00	(47,550.00)
SUBTOTAL - Revenues from federal sources	99,895.00		99,895.00	52,345.00	(47,550.00)
Total Operating Budget	130,647,557.00	14,022.00	130,661,579.00	148,633,306.00	17,971,727.00
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	2,669,185.00	(267,208.00)	2,401,977.00	2,252,728.00	149,249.00
Grades 1-5	13,596,475.00	(73,574.00)	13,522,901.00	13,206,400.00	316,501.00
Grades 6-8	10,540,327.00	(371,803.00)	10,168,524.00	10,119,217.00	49,307.00
Grades 9-12	13,180,298.00	(281,864.00)	12,898,434.00	12,840,281.00	58,153.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - Undistributed Instruction:					
Other Salaries for Instruction	280,737.00	(19,416.00)	261,321.00	241,502.00	19,819.00
Purchased Professional Educational Services	16,500.00		16,500.00	11,220.00	5,280.00
Purchased Technical Services	49,795.00	(49,795.00)			
Other Purchased Services (400-500 series)	410,287.00	8,025.00	418,312.00	313,086.00	105,226.00
General Supplies	953,613.00	(147,050.00)	806,563.00	695,561.00	111,002.00
Textbooks	239,355.00	(131,400.00)	107,955.00	102,520.00	5,435.00
Other Objects	2,475.00	(1,610.00)	865.00	865.00	
Total Regular Programs	41,939,047.00	(1,335,695.00)	40,603,352.00	39,783,380.00	819,972.00
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	965,927.00	56,817.00	1,022,744.00	995,147.00	27,597.00
Other Salaries for Instruction	337,731.00	(27,292.00)	310,439.00	307,926.00	2,513.00
General Supplies	3,550.00	2,744.00	6,294.00	4,830.00	1,464.00
Total Learning and/or Language Disabilities	1,307,208.00	32,269.00	1,339,477.00	1,307,903.00	31,574.00
Auditory Impairments:					
Purchased Professional- Educational Services	24,000.00	(24,000.00)			
Total Auditory Impairments	24,000.00	(24,000.00)			
Behavioral Disabilities:					
Salaries of Teachers	67,980.00	(67,980.00)			
Total Behavioral Disabilities	67,980.00	(67,980.00)			
Multiple Disabilities:					
Salaries of Teachers	185,675.00	(86,709.00)	98,966.00	97,526.00	1,440.00
Other Salaries for Instruction	205,446.00	19,640.00	225,086.00	224,862.00	224.00
General Supplies	1,050.00	181.00	1,231.00	1,230.00	1.00
Total Multiple Disabilities	392,171.00	(66,888.00)	325,283.00	323,618.00	1,665.00
Resource Room/ Resource Center:					
Salaries of Teachers	5,368,100.00	(172,035.00)	5,196,065.00	5,191,738.00	4,327.00
Other Salaries for Instruction	834,866.00	(80,350.00)	754,516.00	748,231.00	6,285.00
General Supplies	15,184.00	(4,600.00)	10,584.00	10,164.00	420.00
Total Resource Room/ Resource Center	6,218,150.00	(256,985.00)	5,961,165.00	5,950,133.00	11,032.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Autism:					
Salaries of Teachers	750,126.00	14,717.00	764,843.00	760,295.00	4,548.00
Other Salaries for Instruction	608,358.00	273,224.00	881,582.00	880,329.00	1,253.00
General Supplies	4,675.00	275.00	4,950.00	4,573.00	377.00
Total Autism	1,363,159.00	288,216.00	1,651,375.00	1,645,197.00	6,178.00
Preschool Disabilities - Part Time:					
Salaries of Teachers	78,193.00	950.00	79,143.00	78,758.00	385.00
Other Salaries for Instruction	53,400.00	(53,400.00)			
General Supplies	6,825.00	(5,075.00)	1,750.00	1,348.00	402.00
Total Preschool Disabilities - Part Time	138,418.00	(57,525.00)	80,893.00	80,106.00	787.00
Preschool Disabilities - Full Time:					
Salaries of Teachers	551,976.00	(52,167.00)	499,809.00	497,692.00	2,117.00
Other Salaries for Instruction	239,593.00	(80,441.00)	159,152.00	155,427.00	3,725.00
Total Preschool Disabilities - Full Time	791,569.00	(132,608.00)	658,961.00	653,119.00	5,842.00
Home Instruction:					
Salaries of Teachers	40,000.00	43,704.00	83,704.00	83,307.00	397.00
Other Salaries for Instruction	15,000.00	(8,254.00)	6,746.00	2,349.00	4,397.00
Purchased Professional- Educational Services	109,950.00	(31,444.00)	78,506.00	75,850.00	2,656.00
Total Home Instruction	164,950.00	4,006.00	168,956.00	161,506.00	7,450.00
Total Special Education - Instruction	10,467,605.00	(281,495.00)	10,186,110.00	10,121,582.00	64,528.00
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,934,100.00	93,500.00	2,027,600.00	1,973,488.00	54,112.00
Other Salaries for Instruction	15,250.00	(15,250.00)			
General Supplies	3,000.00	(3,000.00)			
Total Basic Skills/Remedial - Instruction	1,952,350.00	75,250.00	2,027,600.00	1,973,488.00	54,112.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Bilingual education - Instruction:					
Salaries of Teachers	300,386.00	7,725.00	308,111.00	304,667.00	3,444.00
General Supplies	2,200.00	(1,400.00)	800.00	606.00	194.00
Total Bilingual Education - Instruction	302,586.00	6,325.00	308,911.00	305,273.00	3,638.00
School Sponsored Co/Extra Curricular Activities - Instruction:					
Salaries	230,000.00	(16,500.00)	213,500.00	180,679.00	32,821.00
Purchased Services (300-500 series)	37,029.00	8,046.00	45,075.00	33,170.00	11,905.00
Supplies and Materials	31,965.00	(8,264.00)	23,701.00	18,303.00	5,398.00
Other Objects	4,050.00	55.00	4,105.00	3,672.00	433.00
Total School Sponsored Co/Extra Curricular Activities - Instruction	303,044.00	(16,663.00)	286,381.00	235,824.00	50,557.00
School Sponsored Athletics - Instruction:					
Salaries	735,000.00	57,619.00	792,619.00	792,036.00	583.00
Purchased Services (300-500 series)	100,280.00	(10,365.00)	89,915.00	83,727.00	6,188.00
Supplies and Materials	162,692.00	(40,127.00)	122,565.00	121,087.00	1,478.00
Other Objects	6,020.00	245.00	6,265.00	6,265.00	
Transfers to Cover Deficit (Agency Funds)	84,400.00	(8,500.00)	75,900.00	75,327.00	573.00
Total School Sponsored Athletics - Instruction	1,088,392.00	(1,128.00)	1,087,264.00	1,078,442.00	8,822.00
Community Services Programs/Operations					
Salaries	5,000.00	(5,000.00)			
Supplies and Materials		5,000.00	5,000.00	1,166.00	3,834.00
Total Community Services Programs/Operations	5,000.00	5,000.00	5,000.00	1,166.00	3,834.00
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the State - Regular	51,688.00	47,810.00	99,498.00	99,183.00	315.00
Tuition to other LEAs within the State - Special	116,861.00	49,724.00	166,585.00	151,387.00	15,198.00
Tuition to CSSD & Regular Day Schools	217,500.00	321,714.00	539,214.00	372,033.00	167,181.00
Tuition to Private Schools for the Disabled W/ State	4,503,490.00	(56,134.00)	4,447,356.00	4,103,978.00	343,378.00
Tuition - State Facilities	96,918.00	22,504.00	119,422.00	119,422.00	
Tuition - Other	125,128.00	1,387.00	126,515.00	126,515.00	
Total Undistributed Expenditures - Instruction	5,111,585.00	387,005.00	5,498,590.00	4,972,518.00	526,072.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expenditures - Attendance & Social Work:					
Salaries	71,400.00		71,400.00	69,832.00	1,568.00
Total Undistributed Expenditures - Attendance & Social Work	71,400.00		71,400.00	69,832.00	1,568.00
Undistributed Expenditures - Health Services:					
Salaries	1,283,449.00	(127,942.00)	1,155,507.00	1,155,312.00	195.00
Purchased Professional and Technical Services	222,095.00	70,483.00	292,578.00	277,604.00	14,974.00
Other Purchased Services (400-500 series)	6,250.00	(6,250.00)			
Supplies and Materials	49,329.00	(2,162.00)	47,167.00	35,266.00	11,901.00
Total Undistributed Expenditures - Health Services	1,561,123.00	(65,871.00)	1,495,252.00	1,468,182.00	27,070.00
Undistributed Expend. - Speech, OT, PT & Related Services:					
Salaries	921,638.00	(14,053.00)	907,585.00	898,302.00	9,283.00
Purchased Professional - Educational Services	244,761.00	(51,861.00)	192,900.00	167,505.00	25,395.00
Supplies and materials	39,818.00	9,755.00	49,573.00	47,391.00	2,182.00
Total Undistributed Expend. - Speech, OT, PT & Related Services	1,206,217.00	(56,159.00)	1,150,058.00	1,113,198.00	36,860.00
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	1,986,994.00	(10,697.00)	1,976,297.00	1,951,250.00	25,047.00
Purchased Professional - Educational Services	20,000.00	(20,000.00)			
Other Purchased Professional & Technical Services	5,433.00	4,347.00	9,780.00	2,590.00	7,190.00
Other Purchased Services (400-500 series)	34,265.00	4,830.00	39,095.00	39,045.00	50.00
Supplies and Materials	69,305.00	3,479.00	72,784.00	55,788.00	16,996.00
Total Undistributed Expenditures - Guidance	2,115,997.00	(18,041.00)	2,097,956.00	2,048,673.00	49,283.00
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	2,733,809.00	(343,769.00)	2,390,040.00	2,357,797.00	32,243.00
Salaries of Secretarial and Clerical Assistants	176,459.00	(9,500.00)	166,959.00	166,471.00	488.00
Other Purchased Professional & Technical Services	449,505.00	52,300.00	501,805.00	485,812.00	15,993.00
Miscellaneous Purchased Services (400-500 series o/than resid. cost)	1,125.00	(1,125.00)			
Supplies and Materials	97,806.00	(32,497.00)	65,309.00	64,164.00	1,145.00
Total Undistributed Expenditures - Child Study Teams	3,458,704.00	(334,591.00)	3,124,113.00	3,074,244.00	49,869.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expenditures - Improvement of Instr. Serv.					
Salaries of Supervisors of Instruction	567,713.00	92,862.00	660,575.00	538,688.00	121,887.00
Other Salaries		30,865.00	30,865.00	27,905.00	2,960.00
Purchased Professionals - Educational Services	23,940.00	(10,000.00)	13,940.00	4,175.00	9,765.00
Other Purchased Services (400-500 series)	28,500.00	(5,000.00)	23,500.00	17,352.00	6,148.00
Supplies and Materials	17,336.00		17,336.00	13,123.00	4,213.00
Total Undistributed Expenditures - Improvement of Instr. Serv.	637,489.00	108,727.00	746,216.00	601,243.00	144,973.00
Undistributed Expend. - Educational Media Serv./School Library:					
Salaries	809,138.00	6,479.00	815,617.00	814,264.00	1,353.00
Purchased Professional and Technical Services	750.00	1,000.00	1,750.00	1,750.00	
Supplies and Materials	196,314.00	(4,833.00)	191,481.00	149,637.00	41,844.00
Total Undistributed Expend. - Educational Media Serv./School Library	1,006,202.00	2,646.00	1,008,848.00	965,651.00	43,197.00
Undistributed Expend.- Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	722,551.00	(90,424.00)	632,127.00	631,408.00	719.00
Salaries of Other Professional Staff	97,615.00		97,615.00	94,137.00	3,478.00
Salaries of Secretarial and Clerical Assistants	65,477.00		65,477.00	65,416.00	61.00
Other Salaries	41,650.00	(15,000.00)	26,650.00	22,050.00	4,600.00
Purchased Professional - Educational Services	50,965.00	(9,325.00)	41,640.00	17,648.00	23,992.00
Other Purchased Services (400-500 series)	15,700.00	12,100.00	27,800.00	10,803.00	16,997.00
Supplies and Materials	14,050.00	3,000.00	17,050.00	11,797.00	5,253.00
Other Objects	2,750.00	(1,250.00)	1,500.00	1,500.00	
Total Undistributed Expend.- Instructional Staff Training Services	1,010,758.00	(100,899.00)	909,859.00	854,759.00	55,100.00
Undistributed Expend.-Support Services-General Administration:					
Salaries	521,477.00	(9,495.00)	511,982.00	473,243.00	38,739.00
Legal Services	120,000.00	(10,000.00)	110,000.00	89,432.00	20,568.00
Audit Fees	44,500.00		44,500.00	44,375.00	125.00
Other Purchased Professional Services	44,900.00	(7,985.00)	36,915.00	26,509.00	10,406.00
Purchased Technical Services	4,600.00	3,836.00	8,436.00	7,501.00	935.00
Communications/Telephone	485,300.00	113,087.00	598,387.00	575,681.00	22,706.00
BOE Other Purch Serv	6,500.00		6,500.00	1,846.00	4,654.00
Misc. Purchased Services (400-500 series, O/T 530 & 585)	636,681.00	(38,294.00)	598,387.00	583,233.00	15,154.00
General Supplies	47,748.00	5,277.00	53,025.00	46,794.00	6,231.00
Miscellaneous Expenditures	6,100.00	(2,626.00)	3,474.00	2,071.00	1,403.00
BOE Membership Dues and Fees	40,600.00		40,600.00	31,923.00	8,677.00
Total Undistributed Expend.-Support Services-General Administration	1,958,406.00	53,800.00	2,012,206.00	1,882,608.00	129,598.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expend.-Support Services- School Administration:					
Salaries of Principals/Assistant Principals	2,950,000.00	128,363.00	3,078,363.00	2,885,045.00	193,318.00
Salaries of Other Professional Staff	720,252.00	(12,168.00)	708,084.00	708,083.00	1.00
Salaries of Secretarial and Clerical Assistants	2,459,500.00	(87,549.00)	2,371,951.00	2,371,897.00	54.00
Unused Vacation Payment to Terminated/Retired Staff		21,095.00	21,095.00	21,094.00	1.00
Other Purchased Services (400-500 series)	106,664.00	(1,680.00)	104,984.00	59,560.00	45,424.00
Supplies and Materials	11,651.00	4,064.00	15,715.00	14,074.00	1,641.00
Other Objects	17,467.00	6,568.00	24,035.00	17,680.00	6,355.00
Total Undistributed Expend.-Support Services- School Administration	6,265,534.00	58,693.00	6,324,227.00	6,077,433.00	246,794.00
Undistributed Expend. - Central Services					
Salaries	1,677,216.00	14,869.00	1,692,085.00	1,692,071.00	14.00
Unused Vacation Payment to Terminated/Retired Staff		18,378.00	18,378.00	18,377.00	1.00
Purchased Professional Services	7,700.00	660.00	8,360.00	8,360.00	
Purchased Technical Services	226,714.00	99,775.00	326,489.00	122,309.00	204,180.00
Miscellaneous Purchased Services (400-500 series, O/T 594)	40,450.00	(891.00)	39,559.00	32,135.00	7,424.00
Miscellaneous Expenditures	2,965.00	20.00	2,985.00	2,985.00	
Total Undistributed Expend. - Central Services	1,955,045.00	132,811.00	2,087,856.00	1,876,237.00	211,619.00
Undistributed Expend. - Admin. Info. Technology:					
Salaries	634,000.00	(10,706.00)	623,294.00	623,293.00	1.00
Unused Vacation Payment to Terminated/Retired Staff		18,859.00	18,859.00	18,858.00	1.00
Other Purchased Services (400-500 series)	15,700.00	230,213.00	245,913.00	230,871.00	15,042.00
Supplies and Materials		64,974.00	64,974.00	64,974.00	
Other Objects	2,200.00	(841.00)	1,359.00	225.00	1,134.00
Total Undistributed Expend. - Admin. Info. Technology	651,900.00	302,499.00	954,399.00	938,221.00	16,178.00
Undistributed Expend.-Required Maintenance for School Facilities:					
Salaries	1,372,132.00	(114,389.00)	1,257,743.00	1,249,986.00	7,757.00
Cleaning, Repair and Maintenance Services	896,783.00	(239,562.00)	657,221.00	591,913.00	65,308.00
General Supplies	195,317.00	(138,809.00)	56,508.00	52,382.00	4,126.00
Total Undistributed Expend.-Required Maintenance for School Facilities	2,464,232.00	(492,760.00)	1,971,472.00	1,894,281.00	77,191.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expend.-Custodial Services:					
Salaries	4,503,600.00	29,021.00	4,532,621.00	4,512,320.00	20,301.00
Salaries of Non-Instructional Aides	912,700.00	6,694.00	919,394.00	915,641.00	3,753.00
Unused Vacation Payment to Terminated/Retired Staff		9,948.00	9,948.00	9,948.00	
Purchased Professional and Technical Services	146,038.00	507,284.00	653,322.00	121,406.00	531,916.00
Cleaning, Repair and Maintenance Services	404,974.00	63,206.00	468,180.00	427,449.00	40,731.00
Rental of Land & Bldg. Other than Lease Purch. Agreement	12,000.00	(534.00)	11,466.00	10,952.00	514.00
Other Purchased Property Services	145,000.00	(32,000.00)	113,000.00	112,143.00	857.00
Insurance	467,456.00	(7,290.00)	460,166.00	460,166.00	
Miscellaneous Purchased Services	3,175.00	(2,900.00)	275.00	275.00	
General Supplies	261,220.00	(55,535.00)	205,685.00	202,091.00	3,594.00
Energy (Electricity)	1,894,831.00	(26,000.00)	1,868,831.00	1,846,965.00	21,866.00
Other Objects	24,225.00	6,841.00	31,066.00	30,969.00	97.00
Interest- Energy Savings Improv Prog Bonds	483,169.00	448,825.00	931,994.00	931,994.00	
Total Undistributed Expend.-Custodial Services:	9,258,388.00	947,560.00	10,205,948.00	9,582,319.00	623,629.00
Care and Upkeep of Grounds:					
Salaries	424,076.00	36,099.00	460,175.00	458,394.00	1,781.00
Cleaning, Repair and Maintenance Services	341,960.00	(15,441.00)	326,519.00	40,137.00	286,382.00
General Supplies	113,092.00	174,804.00	287,896.00	282,939.00	4,957.00
Total Care and Upkeep of Grounds	879,128.00	195,462.00	1,074,590.00	781,470.00	293,120.00
Security:					
Purchased Professional and Technical Services	350,000.00		350,000.00	307,984.00	42,016.00
Cleaning, Repair and Maintenance Services	253,243.00	361,095.00	614,338.00	324,466.00	289,872.00
General Supplies	291,000.00	(15,770.00)	275,230.00	742.00	274,488.00
Total Security	894,243.00	345,325.00	1,239,568.00	633,192.00	606,376.00
Total Undistributed Expend.- Oper. & Maintenance of Plant Serv.	13,495,991.00	995,587.00	14,491,578.00	12,891,262.00	1,600,316.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expend.-Student Transportation Services:					
Salaries of Non-Instructional Aides	405,021.00	(30,229.00)	374,792.00	374,225.00	567.00
Salaries for Pupil Transportation (bet. home & school)-Reg	1,294,269.00	(4,752.00)	1,289,517.00	1,288,331.00	1,186.00
Salaries for Pupil Transportation (bet. home & school)-Special Ed.	863,573.00	66,522.00	930,095.00	929,739.00	356.00
Salaries for Pupil Transportation (other than bet. home & school)	284,007.00	35,256.00	319,263.00	317,857.00	1,406.00
Unused Vacation Payment to Terminated/Retired Staff		18,813.00	18,813.00	18,813.00	
Other Purchased Professional and Technical Services	13,500.00	55,274.00	68,774.00	59,075.00	9,699.00
Cleaning, Repair and Maintenance Services	138,162.00	(43,248.00)	94,914.00	89,260.00	5,654.00
Lease Purchase Payments - School Buses	149,976.00	265,194.00	415,170.00	414,920.00	250.00
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	275,000.00	(36,968.00)	238,032.00	237,532.00	500.00
Contracted Services (between home and school) - Vendors	3,034,960.00	(405,087.00)	2,629,873.00	2,629,012.00	861.00
Contracted Services (other than between home and school) - Vendors	250,899.00	(45,960.00)	204,939.00	195,704.00	9,235.00
Contracted Services - Special Ed. Students- Vendors	19,448.00	(2,978.00)	16,470.00	16,118.00	352.00
Contracted Services - Special Ed. Students - Joint Agreements	45,608.00	(10,972.00)	34,636.00	34,616.00	20.00
Contracted Services - Special Ed. Students - Joint Agreements	2,138,552.00	153,971.00	2,292,523.00	2,120,820.00	171,703.00
Miscellaneous Purchased Services - Transportation	52,801.00	3,544.00	56,345.00	54,295.00	2,050.00
General Supplies	188,647.00	28,411.00	217,058.00	204,491.00	12,567.00
Transportation Supplies	217,631.00	69,283.00	286,914.00	286,914.00	
Other Objects	5,900.00	(2,870.00)	3,030.00	1,999.00	1,031.00
Total Undistributed Expend.-Student Transportation Services	9,377,954.00	113,204.00	9,491,158.00	9,273,721.00	217,437.00
Allocated Benefits:					
Student Transportation Services:					
Social Security Contributions	206,689.00	60,131.00	266,820.00	233,546.00	33,274.00
Health Benefits	1,577,686.00	189,310.00	1,766,996.00	1,760,835.00	6,161.00
Total Student Transportation Services	1,784,375.00	249,441.00	2,033,816.00	1,994,381.00	39,435.00
Total Allocated Benefits	1,784,375.00	249,441.00	2,033,816.00	1,994,381.00	39,435.00
Unallocated Benefits:					
Social Security Contributions - Other	1,667,544.00	(17,544.00)	1,650,000.00	1,436,131.00	213,869.00
Other Retirement Contributions - PERS	2,350,000.00	(27,547.00)	2,322,453.00	2,130,466.00	191,987.00
Unemployment Compensation	223,080.00	(221,024.00)	2,056.00	250.00	1,806.00
Workmen's Compensation	525,000.00	333,292.00	858,292.00	527,065.00	331,227.00
Health Benefits	21,729,065.00	(315,482.00)	21,413,583.00	18,084,794.00	3,328,789.00
Tuition Reimbursement	45,000.00	110,000.00	155,000.00	60,559.00	94,441.00
Unused Sick Payment to Terminated/Retired Staff		63,255.00	63,255.00	63,255.00	
Total Unallocated Benefits	26,539,689.00	(75,050.00)	26,464,639.00	22,302,520.00	4,162,119.00
Total Personal Services - Employee	28,324,064.00	174,391.00	28,498,455.00	24,296,901.00	4,201,554.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Reimbursed TPAF social security contributions (non-budgeted)				4,163,181.00	(4,163,181.00)
On-Behalf TPAF - Non-contributory Insurance (non-budgeted)				194,752.00	(194,752.00)
On-Behalf TPAF - Long-Term Disability (non-budgeted)				10,936.00	(10,936.00)
On-behalf TPAF post retirement medical (non-budgeted)				5,309,096.00	(5,309,096.00)
On-behalf TPAF pension contributions (non-budgeted)				8,025,207.00	(8,025,207.00)
TOTAL UNDISTRIBUTED EXPENDITURES	78,208,369.00	1,753,802.00	79,962,171.00	90,107,855.00	(10,145,684.00)
TOTAL GENERAL CURRENT EXPENSE	134,266,393.00	200,396.00	134,466,789.00	143,607,010.00	(9,140,221.00)
CAPITAL OUTLAY:					
EQUIPMENT:					
Grades 1-5	3,990.00		3,990.00	3,990.00	
School - Sponsored and Other Instructional Programs	14,446.00		14,446.00	14,445.00	1.00
Undistributed:					
Undistributed Expenditures - Gen. Admin.	26,925.00		26,925.00	14,644.00	17,689.00
Undistributed Expenditures - School Admin.	6,750.00		6,750.00	6,747.00	3.00
Undistributed Expenditures - Admin. Info. Tech.	134,178.00		134,178.00	133,677.00	501.00
Undist. Expend. - Required Maintenance for School Facilities	30,877.00		30,877.00	19,003.00	11,874.00
Undist. Expend. - Custodial Services	66,488.00		69,163.00	2,675.00	66,488.00
Undist. Expend. - Care & Upkeep of Grounds	190,150.00		190,150.00	11,556.00	178,594.00
TOTAL EQUIPMENT	8,083.00	473,804.00	481,887.00	202,747.00	279,140.00
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	610.00		610.00	610.00	
Assessment for debt Service on SDA funding	108,445.00		108,445.00	108,445.00	
Total Facilities Acquisition and Construction Services	109,055.00		109,055.00	109,055.00	
Assets acquired under capital leases (non-budgeted)				106,383.00	(106,383.00)
TOTAL CAPITAL OUTLAY	117,138.00	473,804.00	590,942.00	418,185.00	172,757.00
Transfer of Funds to Charter Schools	277,188.00		277,188.00	263,708.00	13,480.00
TOTAL EXPENDITURES	134,660,719.00	674,200.00	135,334,919.00	144,288,903.00	(8,953,984.00)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,013,162.00)	(660,178.00)	(4,673,340.00)	4,344,403.00	9,017,743.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other financing sources (use)					
Assets acquired under capital leases (non-budgeted)				106,383.00	106,383.00
Prior year cancellations				1,290,935.00	1,290,935.00
Capital Reserve - transfer to capital projects fund		(123,974.00)	(123,974.00)	(123,974.00)	
Total other financing sources		(123,974.00)	(123,974.00)	1,273,344.00	1,397,318.00
Excess/Deficit of Revenues and other Financing Sources Over Expenditures and Other Expenditures and other Financing Sources	(4,013,162.00)	(784,152.00)	(4,797,314.00)	5,617,747.00	10,415,061.00
Fund Balances, July 1, 2017	14,903,073.00		14,903,073.00	14,903,073.00	
Fund Balances, June 30, 2018	\$ 10,889,911.00	\$ (784,152.00)	\$ 10,105,759.00	\$ 20,520,820.00	\$ 10,415,061.00
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				6,862,703.00	
Maintenance Reserve				1,300,000.00	
Emergency Reserve				700,000.00	
Excess Surplus - Designated for Subsequent Year's Expenditures				3,711,875.00	
Excess Surplus - Current Year				3,672,699.00	
Assigned Fund Balance:					
Year-end Encumbrances				1,122,012.00	
Unassigned Fund Balance				3,151,531.00	
				20,520,820.00	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(2,293,474.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 18,227,346.00	

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State Aid	\$ 382,024.00	\$ 85,982.00	\$ 468,006.00	\$ 428,710.00	\$ (39,296.00)
Federal Aid	2,305,187.00	606,279.00	2,911,466.00	2,561,626.00	(349,840.00)
Local Sources	23,384.00	44,951.00	68,335.00	48,137.00	(20,198.00)
Total Revenues	<u>2,710,595.00</u>	<u>737,212.00</u>	<u>3,447,807.00</u>	<u>3,038,473.00</u>	<u>(409,334.00)</u>
EXPENDITURES:					
Instruction:					
Salaries	615,128.00	(177,745.00)	437,383.00	409,476.00	27,907.00
Purchased Professional and Technical Services	236,028.00	28,448.00	264,476.00	228,124.00	36,352.00
Other Purchased Services (400-500 Series)	1,690,059.00	(183,698.00)	1,506,361.00	1,449,490.00	56,871.00
General Supplies	94,072.00	94,072.00	94,072.00	12,149.00	81,923.00
Textbooks	44,486.00	4,214.00	48,700.00	48,686.00	14.00
Other Objects	40,440.00	(40,440.00)	-	-	-
Total Instruction	<u>2,626,141.00</u>	<u>(275,149.00)</u>	<u>2,350,992.00</u>	<u>2,147,925.00</u>	<u>203,067.00</u>
Support Services:					
Salaries		335,949.00	335,949.00	282,131.00	53,818.00
Personal Services - Employee Benefits		197,397.00	197,397.00	195,334.00	2,063.00
Purchased Professional and Technical Services	20,067.00	123,739.00	143,806.00	135,540.00	8,266.00
Purchased Professional - Educational Services		256,911.00	256,911.00	159,762.00	97,149.00
Other Purchased Services (400-500 Series)	64,387.00	(30,126.00)	34,261.00	13,261.00	21,000.00
Supplies and Materials		127,392.00	127,392.00	103,421.00	23,971.00
Miscellaneous Expenditures		1,099.00	1,099.00	1,099.00	-
Total Support Services	<u>84,454.00</u>	<u>1,012,361.00</u>	<u>1,096,815.00</u>	<u>890,548.00</u>	<u>206,267.00</u>
Total Expenditures	<u>2,710,595.00</u>	<u>737,212.00</u>	<u>3,447,807.00</u>	<u>3,038,473.00</u>	<u>409,334.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A - Explanation of difference 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	\$148,633,306.00	\$3,038,473.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	(13,270.00)
The last State aid payment of the current year is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(2,293,474.00)	
The last State aid payment of the prior year is recognized as revenue under GAAP when the State recognizes the related expense (GASB 33). (This revenue was recognized during the previous fiscal year for budgetary purposes.)	2,300,831.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$148,640,663.00	\$3,025,203.00
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$144,288,903.00	\$3,038,473.00
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	N/A	(13,270.00)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$144,288,903.00	\$3,025,203.00

REQUIRED SUPPLEMENTARY INFORMATION – PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending <u>June 30,</u>	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.2136976308%	\$ 40,841,862	\$ 14,738,222.00	277.12%	48.72%
2014	0.2242481008%	41,985,378	15,472,709.00	271.35%	52.08%
2015	0.2322735987%	52,140,768	15,742,238.00	331.22%	47.92%
2016	0.2372977142%	70,280,777	16,648,652.00	422.14%	40.14%
2017	0.2431162057%	56,593,567	16,175,051.00	349.88%	48.10%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency (<u>Excess</u>)	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 1,610,168	\$ 1,610,168	-0-	\$ 15,472,709.00	10.41%
2015	1,848,669	1,848,669	-0-	15,742,238.00	11.74%
2016	2,007,907	2,007,907	-0-	16,648,652.00	12.06%
2017	2,142,432	2,142,432	-0-	16,175,051.00	13.25%
2018	2,240,236	2,240,236	-0-	16,555,739.00	13.53%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending <u>June 30,</u>	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.5342723927%	-0-	\$ 51,243,930.00	-0-	33.76%
2014	0.5279813744%	-0-	52,775,899.00	-0-	33.64%
2015	0.5208456900%	-0-	54,128,732.00	-0-	28.71%
2016	0.5290628248%	-0-	55,361,507.00	-0-	22.33%
2017	0.5289959857%	-0-	56,248,078.00	-0-	25.41%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.98% to 5.00% as of
June 30, 2017.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.22% to 4.25% as of
June 30, 2017.

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Fiscal Year Ended June <u>30, 2018</u>
Changes for the year:	
Service cost	\$13,327,133
Interest	8,949,884
Changes in assumptions or other inputs	(37,411,061)
Benefit payments	(6,540,930)
Contributions from Members	<u>240,853</u>
Net changes	<u>(21,434,121)</u>
Beginning Balance	\$303,831,804
Ending Balance	<u><u>\$282,397,683</u></u>
Covered Employee Payroll	72,423,129
Total OPEB Liability as a percentage of Covered Employee Payroll	-0-
Change of Benefit Terms:	
No Change in Benefits terms between the June 30, 2016 actuarial valuation and the June 30, 2017 actuarial valuation.	
Change of Assumptions:	
The Discount Rate Changed from 2.85% at the June 30, 2016 measurement date to 3.58% at the 6/30/2017 measurement date.	
Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.	

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

	N.J. NONPUBLIC TEXTBOOK AID N.J. NONPUBLIC CHAPTER 194 L 1979	EXAMINATION AND CLASSIFICATION	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	COMPENSATORY EDUCATION	ENGLISH AS A SECOND LANGUAGE
	N.J. NONPUBLIC HANDICAPPED SERVICES CHAPTER 193, L. 1977	N.J. NONPUBLIC AUXILIARY SERVICES CHAPTER 192, L. 1977				
Revenues:						
State Aid	\$48,686.00	\$22,752.00	\$24,998.00	\$16,652.00	\$48,721.00	\$16,260.00
Federal Aid						
Local Sources						
Total Revenues	48,686.00	22,752.00	24,998.00	16,652.00	48,721.00	16,260.00
Expenditures:						
Instruction:						
Salaries Of Teachers						
Purchased Professional and Technical Services		22,752.00	24,998.00	16,652.00	48,721.00	16,260.00
Other Purchased Services (400-500 Series)						
General Supplies						
Textbooks	48,686.00					
Total Instruction	48,686.00	22,752.00	24,998.00	16,652.00	48,721.00	16,260.00
Support Services:						
Salaries						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services (400-500 Series)						
Supplies and Materials						
Miscellaneous Expenditures						
Total Support Services						
Total Expenditures	\$48,686.00	\$22,752.00	\$24,998.00	\$16,652.00	\$48,721.00	\$16,260.00
Excess (Deficiency) of Revenues Over (Under)						
Expenditures and Other Financing Sources (Uses)						

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

	N.J. AUXILIARY SERVICES CHAPTER 192 L. 1977	N.J. NONPUBLIC NURSING SERVICES AID CHAPTER 226 L. 1991	N.J. NONPUBLIC TECHNOLOGY INITIATIVE AID	N.J. SECURITY AID	FAMILY FRIENDLY CENTERS INITIATIVE 2017-18	MUNICIPAL ALLIANCE GRANTS EPIC 2017-18
Revenues:						
State Aid	\$11,725.00	\$90,576.00	\$32,860.00	\$69,230.00	\$44,817.00	\$1,433.00
Federal Aid						
Local Sources						
Total Revenues	11,725.00	90,576.00	32,860.00	69,230.00	44,817.00	1,433.00
Expenditures:						
Instruction:						
Salaries Of Teachers						
Purchased Professional and Technical Services	11,725.00	86,216.00				800.00
Other Purchased Services (400-500 Series)						
General Supplies						
Textbooks						
Total Instruction	11,725.00	86,216.00				800.00
Support Services:						
Salaries					15,331.00	633.00
Personal Services - Employee Benefits						
Purchased Professional and Technical Services				19,209.00	26,862.00	
Purchased Professional - Educational Services			32,860.00			
Other Purchased Services (400-500 Series)						
Supplies and Materials		4,360.00		50,021.00	1,078.00	
Miscellaneous Expenditures		4,360.00			447.00	
Total Support Services		8,720.00	32,860.00	69,230.00	44,817.00	633.00
Total Expenditures	\$11,725.00	\$90,576.00	\$32,860.00	\$69,230.00	\$44,817.00	\$1,433.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

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

	NCLB: TITLE I, PART A 2017-18	NCLB: TITLE II, PART A 2017-18	NCLB: TITLE III, PART A 2017-18	NCLB: TITLE III, IMMIGRANT 2017-18	NCLB: TITLE IV Part A 2017-18	DISPLACED CHILDREN'S EMERGENCY FUND 2017-18
Revenues:						
State Aid						
Federal Aid	\$499,676.00	\$121,715.00	\$40,710.00	\$22,982.00	\$7,500.00	\$14,875.00
Local Sources						
Total Revenues	\$499,676.00	\$121,715.00	\$40,710.00	22,982.00	7,500.00	14,875.00
Expenditures:						
Instruction:						
Salaries Of Teachers	384,956.00		24,520.00			
Purchased Professional and Technical Services	4,924.00					
Other Purchased Services (400-500 Series)	1,662.00		4,080.00	6,407.00		
General Supplies						
Textbooks						
Total Instruction	391,542.00		28,600.00	6,407.00		
Support Services:						
Salaries		40,710.00		2,880.00		
Personal Services - Employee Benefits	107,836.00	3,114.00	9,165.00	221.00		14,875.00
Purchased Professional and Technical Services		69,363.00	1,406.00	11,200.00	7,500.00	
Other Purchased Services - Educational Services						
Other Purchased Services (400-500 Series)	298.00	8,072.00	1,539.00	2,274.00		
Supplies and Materials		456.00				
Miscellaneous Expenditures						
Total Support Services	108,134.00	121,715.00	12,110.00	16,575.00	7,500.00	14,875.00
Total Expenditures	\$499,676.00	\$121,715.00	\$40,710.00	\$22,982.00	\$7,500.00	\$14,875.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

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

	I.D.E.I.A. PART B, 2017-18	I.D.E.I.A. PART B, PRESCHOOL 2017-18	BOB'S FURNITURE HIGH SCHOOL 2016-17	BOB'S FURNITURE MONMOUTH JUNCTION 2016-17	SOUTH BRUNSWICK EDUCATION FOUNDATION 2016-17	SOUTH BRUNSWICK EDUCATION FOUNDATION 2016-17
Revenues:						
State Aid						
Federal Aid						
Local Sources	\$1,781,395.00	\$72,773.00	\$496.00	\$2,500.00	\$285.00	\$10,070.00
Total Revenues	\$1,781,395.00	72,773.00	496.00	2,500.00	285.00	10,070.00
Expenditures:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Other Purchased Services (400-500 Series)	1,371,793.00	72,773.00				
General Supplies						
Textbooks						
Total Instruction	1,371,793.00	72,773.00				
Support Services:						
Other Salaries	222,577.00					
Personal Services - Employee Benefits	60,123.00					
Purchased Professional and Technical Services						
Purchased Professional - Educational Services	126,902.00					
Other Purchased Services (400-500 Series)						
Supplies and Materials			496.00	2,500.00	285.00	10,070.00
Miscellaneous Expenditures						
Total Support Services	409,602.00		496.00	2,500.00	285.00	10,070.00
Total Expenditures	\$1,781,395.00	\$72,773.00	\$496.00	\$2,500.00	\$285.00	\$10,070.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

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

	Exxon Mobil Education Alliance Program Cambridge 2015-16	New Jersey Schools Insurance Group Safety Grant 2016-17	NEW JERSEY SCHOOLS INSURANCE GROUP SAFETY GRANT 2017-18	TOTAL
Revenues:				
State Aid	\$428.00			\$428,710.00
Federal Aid		\$875.00	\$33,483.00	2,561,626.00
Local Sources				48,137.00
Total Revenues	428.00	875.00	33,483.00	3,038,473.00
Expenditures:				
Instruction:				
Salaries of Teachers				409,476.00
Purchased Professional and Technical Services				228,124.00
Other purchased services				1,449,490.00
General Supplies				12,149.00
Textbooks				48,686.00
Total Instruction				2,147,925.00
Support Services:				
Other Salaries				282,131.00
Personal Services - Employee Benefits				195,334.00
Purchased Professional and Technical Services				135,540.00
Other Purchased Services - Educational Services				159,762.00
Other Purchased Services (400-500 Series)				13,261.00
Supplies and Materials	428.00	875.00	33,483.00	103,421.00
Miscellaneous Expenditures				1,099.00
Total Support Services	428.00	875.00	33,483.00	890,548.00
Total Expenditures	\$428.00	\$875.00	\$33,483.00	\$3,038,473.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				

CAPITAL PROJECTS FUND DETAIL STATEMENTS

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
AS OF JUNE 30, 2018

<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>AUTHORIZED</u>	<u>APPROPRIATIONS RECOGNIZED</u>	<u>PRIOR YEAR</u>	<u>EXPENDITURES TO DATE CURRENT YEAR</u>	<u>(MEMO ONLY) UNEXPENDED PROJECT BALANCE</u>
Bonded Projects						
School Energy Savings Obligation Refunding Bonds	11/22/2016	\$27,300,000.00	\$27,300,000.00	\$1,185,057.00	\$10,778,869.00	\$15,336,074.00
Local Projects:						
High School Roof	FY 2018	2,490,474.00	2,490,474.00		2,405,572.00	84,902.00
Various Security Projects	FY 2018	333,500.00	333,500.00			333,500.00
Totals			<u>\$30,123,974.00</u>	<u>\$1,185,057.00</u>	<u>\$13,184,441.00</u>	<u>\$15,754,476.00</u>
<u>Reconciliation to GAAP:</u>						
					Unexpended project balance	\$15,754,476.00
					Reserve to pay debt	416,196.00
					Unreserved capital fund balance - GAAP	<u>\$16,170,672.00</u>

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	\$123,974.00
Interest on investments	60,080.00
	<hr/>
Total revenues	184,054.00
	<hr/>
Expenditures and Other Financing Uses:	
Construction services	13,184,441.00
	<hr/>
Total expenditures	13,184,441.00
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(13,000,387.00)
Net change in fund balances	(13,000,387.00)
Fund balance - beginning	29,171,059.00
	<hr/>
Fund balance - ending	\$16,170,672.00
	<hr/> <hr/>

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
SCHOOL ENERGY SAVINGS OBLIGATION REFUNDING BONDS, SERIES 1
FOR THE 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:				
Other Financing Sources	\$ 1,335,000.00	\$	\$ 1,335,000.00	\$ 1,335,000.00
Bond proceeds and transfers	<u>25,965,000.00</u>	<u> </u>	<u>25,965,000.00</u>	<u>25,965,000.00</u>
Total revenues	<u>27,300,000.00</u>	<u> </u>	<u>27,300,000.00</u>	<u>27,300,000.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	100,043.00		100,043.00	100,043.00
Construction services	1,083,279.00	10,778,869.00	11,862,148.00	27,072,163.00
Other Expenditures	<u>1,735.00</u>	<u> </u>	<u>1,735.00</u>	<u>127,794.00</u>
Total expenditures	<u>1,185,057.00</u>	<u>10,778,869.00</u>	<u>11,963,926.00</u>	<u>27,300,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 26,114,943.00</u>	<u>\$ (10,778,869.00)</u>	<u>\$ 15,336,074.00</u>	<u>\$</u>
Additional project information:				
Project Number				
Grant Date	N/A			
Bond Authorization Date	11/22/2016 & 4/5/2017			
Bonds Authorized	27,300,000.00			
Bonds Issued	25,965,000.00			
Original Authorized Cost	23,300,000.00			
Additional Authorized Cost	4,000,000.00			
Revised Authorized Cost	27,300,000.00			
Percentage Increase over Original Authorized Cost	17.43%			
Percentage completion	43.70%			
Original target completion date	6/30/2018			
Revised target completion date	6/30/2019			

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL ROOF
FOR THE 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:				
Transfer from Capital Reserve	\$ <u>2,450,000.00</u>	\$ <u>40,474.00</u>	\$ <u>2,490,474.00</u>	\$ <u>2,490,474.00</u>
Total revenues	<u>2,450,000.00</u>	<u>40,474.00</u>	<u>2,490,474.00</u>	<u>2,490,474.00</u>
Expenditures and Other Financing Uses:				
Construction services	<u> </u>	<u>2,405,572.00</u>	<u>2,405,572.00</u>	<u>2,490,474.00</u>
Total expenditures	<u> </u>	<u>2,405,572.00</u>	<u>2,405,572.00</u>	<u>2,490,474.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,450,000.00</u>	<u>\$ (2,365,098.00)</u>	<u>\$ 84,902.00</u>	<u>\$ </u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	2,450,000.00			
Additional Authorized Cost	40,474.00			
Revised Authorized Cost	2,490,474.00			
Percentage Increase over Original Authorized Cost	1.65%			
Percentage completion	96.59%			
Original target completion date	FY2018			
Revised target completion date	FY2019			

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS SECURITY PROJECTS
FOR THE 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:				
Transfer from Capital Reserve	\$ 250,000.00	\$ 83,500.00	\$ 333,500.00	\$ 333,500.00
Total revenues	<u>250,000.00</u>	<u>83,500.00</u>	<u>333,500.00</u>	<u>333,500.00</u>
Expenditures and Other Financing Uses:				
Construction services	_____	_____	_____	333,500.00
Total expenditures	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>333,500.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>250,000.00</u>	\$ <u>83,500.00</u>	\$ <u>333,500.00</u>	\$ _____
Additional project information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		250,000.00		
Additional Authorized Cost		83,500.00		
Revised Authorized Cost		333,500.00		
Percentage Increase over Original Authorized Cost		33.40%		
Percentage completion		0%		
Original target completion date		FY2018		
Revised target completion date		FY2019		

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services within the District.

**Children's Community
Enrichment Fund:** This fund provides for the operation of the Children's Community Enrichment Program provided by the District.

**Summer
Institute Fund:** This fund provides for the operation of the Summer Institute Program provided by the District.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	CHILDRENS' COMMUNITY ENRICHMENT FUND	SUMMER INSTITUTE	FOOD SERVICE FUND	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$2,595,545.00	\$602,754.00	\$1,027,208.00	\$4,225,507.00
Accounts receivable - other	2,221.00		8,204.00	10,425.00
Interfund Receivable			6,617.00	6,617.00
Intergovernmental receivables:				
State			2,223.00	2,223.00
Federal			49,919.00	49,919.00
Inventories			68,662.00	68,662.00
Prepaid expenses	11,286.00			11,286.00
	2,609,052.00	602,754.00	1,162,833.00	4,374,639.00
Total current assets				
Noncurrent assets:				
Furniture, machinery and equipment	265,095.00	4,200.00	1,450,261.00	1,719,556.00
Less accumulated depreciation	(256,283.00)	(400.00)	(1,349,717.00)	(1,606,400.00)
	8,812.00	3,800.00	100,544.00	113,156.00
Total noncurrent assets				
	8,812.00	3,800.00	100,544.00	113,156.00
Total assets	2,617,864.00	606,554.00	1,263,377.00	4,487,795.00
LIABILITIES:				
Current liabilities:				
Accounts payable	7,032.00	2,850.00	211,733.00	221,615.00
Interfund payable	331,740.00			331,740.00
Unearned revenue	884,461.00	321,750.00	68,263.00	1,274,474.00
Compensated absences	61,408.00			61,408.00
	1,284,641.00	324,600.00	279,996.00	1,889,237.00
Total current liabilities				
	1,284,641.00	324,600.00	279,996.00	1,889,237.00
Total liabilities	1,284,641.00	324,600.00	279,996.00	1,889,237.00
NET POSITION:				
Net investment in capital assets	8,812.00	3,800.00	100,544.00	113,156.00
Unrestricted	1,324,411.00	278,154.00	882,837.00	2,485,402.00
	\$1,333,223.00	\$281,954.00	\$983,381.00	\$2,598,558.00
Total net position	\$1,333,223.00	\$281,954.00	\$983,381.00	\$2,598,558.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	CHILDRENS' COMMUNITY ENRICHMENT FUND	SUMMER INSTITUTE	FOOD SERVICE FUND	
OPERATING REVENUES:				
Charges for services:				
Daily sales - Reimbursable Programs			\$1,467,027.00	\$1,467,027.00
Daily sales - Non-Reimbursable Programs			927,462.00	927,462.00
Program fees	\$3,185,115.00	\$270.00		3,185,385.00
Total operating revenues	3,185,115.00	270.00	2,394,489.00	5,579,874.00
OPERATING EXPENSES:				
Salaries	1,818,886.00	146,148.00	1,109,011.00	3,074,045.00
Employee Benefits	797,607.00		377,592.00	1,175,199.00
Other Purchase Service (Administrative Expenses)	285,837.00		235,329.00	521,166.00
General Supplies	273,741.00	37,604.00	101,690.00	413,035.00
Depreciation	1,119.00	400.00	22,027.00	23,546.00
Cost of sales - reimbursable programs			1,100,624.00	1,100,624.00
Cost of sales - non-reimbursable programs			421,677.00	421,677.00
Total operating expenses	3,177,190.00	184,152.00	3,367,950.00	6,729,292.00
Operating income (loss)	7,925.00	(183,882.00)	(973,461.00)	(1,149,418.00)
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program			32,275.00	32,275.00
Federal Sources:				
National School Lunch Program			619,781.00	619,781.00
National School Breakfast Program			84,352.00	84,352.00
National food distribution commodities			320,349.00	320,349.00
Interest on Investments			207.00	207.00
Total nonoperating revenues			1,056,964.00	1,056,964.00
Income/(loss) before contributions and transfers	7,925.00	(183,882.00)	83,503.00	(92,454.00)
Capital Contributions and Operating Transfers				
Operating Transfers	(465,836.00)	465,836.00		
Total Capital Contributions and Operating Transfers	(465,836.00)	465,836.00		
Change in net position	(457,911.00)	281,954.00	83,503.00	(92,454.00)
Total net position - beginning of the year	1,791,134.00		899,878.00	2,691,012.00
Total net position - end of the year	\$1,333,223.00	\$281,954.00	\$983,381.00	\$2,598,558.00

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	CHILDRENS' COMMUNITY ENRICHMENT FUND	SUMMER INSTITUTE	FOOD SERVICE FUND	
Cash flows from operating activities:				
Receipts from customers	\$3,161,891.00	\$322,020.00	\$2,476,161.00	\$5,960,072.00
Payments to employees	(1,818,886.00)	(146,148.00)	(1,109,011.00)	(3,074,045.00)
Payments to employee benefits	(814,726.00)		(377,592.00)	(1,192,318.00)
Payments to suppliers	(984,781.00)	(34,754.00)	(1,538,799.00)	(2,558,334.00)
Net cash provided by (used for) operating activities	(456,502.00)	141,118.00	(549,241.00)	(864,625.00)
Cash flows from noncapital financing activities:				
State Sources			32,275.00	32,275.00
Federal Sources			704,133.00	704,133.00
Interfund Activity	(226,844.00)		(7,041.00)	(233,885.00)
Operating subsidies and transfers to other funds	(465,836.00)	465,836.00		
Net cash provided by noncapital financing activities:	(692,680.00)	465,836.00	729,367.00	502,523.00
Cash flows from capital and related financing activities:				
Purchases of capital assets		(4,200.00)	(24,852.00)	(29,052.00)
Net cash provided by (used for) capital and related financing activities		(4,200.00)	(24,852.00)	(29,052.00)
Cash flows from investing activities:				
Interest			207.00	207.00
Net cash provided by (used for) investing activities			207.00	207.00
Net increase (decrease) in cash and cash equivalents	(1,149,182.00)	602,754.00	155,481.00	(390,947.00)
Cash and cash equivalents, July 1, 2017	3,744,727.00		871,727.00	4,616,454.00
Cash and cash equivalents, June 30, 2018	<u>\$2,595,545.00</u>	<u>\$602,754.00</u>	<u>\$1,027,208.00</u>	<u>\$4,225,507.00</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$7,925.00	(\$183,882.00)	(\$973,461.00)	(\$1,149,418.00)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,119.00	400.00	22,027.00	23,546.00
Federal commodities			320,349.00	320,349.00
Change in assets and liabilities:				
(Increase) decrease in accounts receivable - other	(720.00)		104,569.00	103,849.00
(Increase) decrease in inventories			(327.00)	(327.00)
(Increase) decrease in prepaid expenses	5,783.00			5,783.00
Increase (decrease) in accounts payable	(430,986.00)	2,850.00	499.00	(427,637.00)
Increase (decrease) in unearned revenue	(22,504.00)	321,750.00	(22,897.00)	276,349.00
Increase (decrease) in compensated absences	(17,119.00)			(17,119.00)
	(464,427.00)	325,000.00	424,220.00	284,793.00
Net cash provided by (used for) operating activities	<u>(\$456,502.00)</u>	<u>\$141,118.00</u>	<u>(\$549,241.00)</u>	<u>(\$864,625.00)</u>

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Unemployment Compensation Insurance Fund: This trust fund is used to pay unemployment compensation claims as they arise.

Scholarship Funds: These private purpose funds are used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and income.

Agency Funds are used to account for assets held by the district as an agent for another party:

Student Activity Fund: This agency fund is used to account for student funds held at the schools

Payroll Fund: This agency fund is used to account for the payroll transactions of the school district.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 TRUST AND AGENCY FUNDS
 JUNE 30, 2018

	AGENCY FUNDS		TRUST FUNDS		TOTALS
	STUDENT ACTIVITY	PAYROLL AGENCY	PRIVATE PURPOSE AWARD FUNDS	UNEMPLOYMENT COMPENSATION	
ASSETS:					
Cash and cash equivalents	\$413,783.00	\$943,293.00	\$30,914.00	\$197,929.00	\$1,585,919.00
Intrafunds receivable				38,266.00	38,266.00
Total assets	413,783.00	943,293.00	30,914.00	236,195.00	1,624,185.00
LIABILITIES:					
Accounts Payable				19,093.00	19,093.00
Interfunds Payable		32,150.00			32,150.00
Intrafunds Payable		38,266.00			38,266.00
Payroll deductions and withholdings		858,109.00			858,109.00
Net Payroll		14,768.00			14,768.00
Due to student groups	413,783.00				413,783.00
Total liabilities	413,783.00	943,293.00		19,093.00	1,376,169.00
NET POSITION:					
Held in trust for unemployment claims				217,102.00	217,102.00
Held in Trust for Scholarships			30,914.00		30,914.00
Total net position	\$-0-	\$-0-	\$30,914.00	\$217,102.00	\$248,016.00

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

	PRIVATE PURPOSE AWARD FUNDS CARLTON ROSE	TOTAL	STATE UNEMPLOYMENT COMPENSATION TRUST FUND	TOTAL
ADDITIONS:				
Contributions:				
Plan Members	\$5,000.00	\$5,000.00	\$125,510.00	\$125,510.00
Other	5,000.00	5,000.00	125,510.00	130,510.00
Total contributions	64.00	64.00	490.00	554.00
Investment earnings:	64.00	64.00	490.00	554.00
Interest	64.00	64.00	490.00	554.00
Net investment earnings	5,064.00	5,064.00	126,000.00	131,064.00
Total additions	5,000.00	5,000.00	175,137.00	175,137.00
DEDUCTIONS:				
Awards	5,000.00	5,000.00	175,137.00	180,137.00
Unemployment claims	5,000.00	5,000.00	175,137.00	180,137.00
Total deductions	64.00	64.00	(49,137.00)	(49,073.00)
Change in net assets	30,850.00	30,850.00	266,239.00	402,080.00
Net position beginning of year	\$30,914.00	\$30,914.00	\$217,102.00	\$353,007.00
Net position end of year				

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

	<u>BALANCE</u> <u>JUNE 30, 2017</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
PROGRAMS:				
Brooks Crossing	\$11,059.00	\$29,243.00	\$27,531.00	\$12,771.00
Brunswick Acres	5,631.00	18,759.00	18,027.00	6,363.00
Cambridge	10,392.00	51,657.00	54,173.00	7,876.00
Constable	5,876.00	13,727.00	13,509.00	6,094.00
Greenbrook	2,101.00	3,600.00	3,616.00	2,085.00
Indian Fields	2,588.00	24,371.00	20,545.00	6,414.00
Monmouth Junction	3,697.00	12,083.00	12,650.00	3,130.00
	<u>41,344.00</u>	<u>153,440.00</u>	<u>150,051.00</u>	<u>44,733.00</u>
MIDDLE SCHOOLS:				
Crossroads North	83,893.00	315,270.00	358,228.00	40,935.00
Crossroads South	38,331.00	284,457.00	278,846.00	43,942.00
Crossroads South Athletic	5,217.00	19,015.00	24,230.00	2.00
	<u>127,441.00</u>	<u>618,742.00</u>	<u>661,304.00</u>	<u>84,879.00</u>
HIGH SCHOOL AND ATHLETIC FUND				
High School	274,727.00	578,684.00	569,241.00	284,170.00
Athletic Fund	25.00	100,178.00	100,202.00	1.00
	<u>274,752.00</u>	<u>678,862.00</u>	<u>669,443.00</u>	<u>284,171.00</u>
Total all schools	<u><u>\$443,537.00</u></u>	<u><u>\$1,451,044.00</u></u>	<u><u>\$1,480,798.00</u></u>	<u><u>\$413,783.00</u></u>

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and cash equivalents	<u>\$758,814.00</u>	<u>\$137,863,049.00</u>	<u>\$137,678,570.00</u>	<u>\$943,293.00</u>
Total assets	<u><u>758,814.00</u></u>	<u><u>137,863,049.00</u></u>	<u><u>137,678,570.00</u></u>	<u><u>943,293.00</u></u>
LIABILITIES:				
Payroll deductions and withholdings	704,109.00	91,202,641.00	91,048,641.00	858,109.00
Net payroll	22,825.00	46,621,354.00	46,629,411.00	14,768.00
Interfunds payable	31,880.00	788.00	518.00	32,150.00
Intrafund payable	<u> </u>	<u>38,266.00</u>	<u> </u>	<u>38,266.00</u>
Total liabilities	<u><u>\$758,814.00</u></u>	<u><u>\$137,863,049.00</u></u>	<u><u>\$137,678,570.00</u></u>	<u><u>\$943,293.00</u></u>

LONG-TERM LIABILITY SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under serial bonds and capital leases.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES DATE	RATE OF INTEREST	BALANCE	
					JUNE 30, 2017	JUNE 30, 2018
Refunding School Bonds, Series May 10, 2007AA	5/10/2007	\$36,330,000.00			\$2,330,000.00	\$2,330,000.00
Refunding School Bonds, Series March, 2012	3/7/2012	29,525,000.00	12/01/2018 12/01/2019 12/01/2020 12/01/2021 12/01/2022 12/01/2023 12/01/2024	3.000% 2.000% 3.000% 3.000% 4.000% 4.000% 4.000%		
Refunding School Bonds, Series March, 2014	01/28/2014	\$19,890,000.00	08/01/2018 08/01/2019 08/01/2020 08/01/2021 08/01/2022 08/01/2023 08/01/2024 08/01/2025 08/01/2026 08/01/2027 08/01/2028	4.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% Variable	20,820,000.00	2,615,000.00
					17,475,000.00	1,245,000.00
						\$18,205,000.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	RETIRE	BALANCE
			DATE	AMOUNT		JUNE 30, 2017	JUNE 30, 2018	JUNE 30, 2018
School Energy Savings Obligation Refunding Bonds Series 1	11/22/2016	10,785,000.00	08/01/2018	715,000.00	3.000%			
			08/01/2019	760,000.00	3.000%			
			08/01/2020	485,000.00	4.000%			
			08/01/2021	500,000.00	4.000%			
			08/01/2022	545,000.00	5.000%			
			08/01/2023	280,000.00	5.000%			
			08/01/2024	310,000.00	5.000%			
			08/01/2025	340,000.00	5.000%			
			08/01/2026	375,000.00	5.000%			
			08/01/2027	405,000.00	4.000%			
			08/01/2028	435,000.00	4.000%			
			08/01/2029	470,000.00	4.000%			
			08/01/2030	505,000.00	4.000%			
			08/01/2031	545,000.00	4.000%			
			08/01/2032	580,000.00	3.375%			
			08/01/2033	620,000.00	3.500%			
			08/01/2034	660,000.00	4.000%			
08/01/2035	705,000.00	4.000%						
08/01/2036	750,000.00	4.000%						
08/01/2037	800,000.00	4.000%						
						10,785,000.00		10,785,000.00
Refunding School Bonds, Series April, 2017	4/5/2017	15,775,000.00	08/01/2018	2,275,000.00	3.000%			
			08/01/2019	2,255,000.00	4.000%			
			08/01/2020	2,255,000.00	4.000%			
			08/01/2021	2,240,000.00	4.000%			
			08/01/2022	2,230,000.00	4.000%			
			08/01/2023	2,215,000.00	4.000%			
			08/01/2024	2,205,000.00	4.000%			

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES DATE	AMOUNT	RATE OF INTEREST	BALANCE JUNE 30, 2017	RETIRED	BALANCE JUNE 30, 2018
School Energy Savings Obligation Refunding Bonds Series 2	4/5/2017	15,180,000.00	08/01/2018	430,000.00	3.000%			
			08/01/2019	470,000.00	4.000%			
			08/01/2020	360,000.00	4.000%			
			08/01/2021	400,000.00	4.000%			
			08/01/2022	440,000.00	4.000%			
			08/01/2023	480,000.00	4.000%			
			08/01/2024	525,000.00	4.000%			
			08/01/2025	570,000.00	4.000%			
			08/01/2026	620,000.00	4.000%			
			08/01/2027	670,000.00	4.000%			
			08/01/2028	725,000.00	4.000%			
			08/01/2029	785,000.00	4.000%			
			08/01/2030	845,000.00	4.000%			
			08/01/2031	905,000.00	4.000%			
			08/01/2032	975,000.00	4.000%			
			08/01/2033	1,040,000.00	4.000%			
			08/01/2034	1,115,000.00	4.000%			
		08/01/2035	1,190,000.00	4.000%				
		08/01/2036	1,275,000.00	4.000%				
		08/01/2037	1,360,000.00	4.000%				
						15,180,000.00		15,180,000.00
						\$82,365,000.00	\$6,290,000.00	\$76,075,000.00

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 YEAR ENDED JUNE 30, 2018

SERIES	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE PAYABLE	BALANCE JUNE 30, 2017	INTEREST		BALANCE JUNE 30, 2018
			PRINCIPAL	INTEREST			INCREASE	DECREASE	
Buses	8/15/2015	5 Years	\$ 262,312.00	\$ 16,946.00	1.910%	220,679.00	\$	\$ 42,427.00	178,252.00
Buses	7/15/2016	6 Years	227,337.00	12,529.00	1.919%	193,004.00		30,629.00	162,375.00
Musical Instruments	6/16/2017	3 Years	60,000.00	486.00	1.563%	39,845.00		20,001.00	19,844.00
Buses	6/16/2017	6 Years	531,915.00	32,353.00	1.943%	531,915.00		78,382.00	453,533.00
Buses	9/11/2017	6 Years	106,383.00	13,722.65	4.271%		106,383.00	17,077.00	89,306.00
Buses	5/16/2018	6 Years	635,135.00	58,277.00	3.174%		635,135.00	100,574.00	534,561.00
						\$ 985,443.00	\$ 741,518.00	\$ 289,090.00	\$ 1,437,871.00

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

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFER</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Local sources:					
Local tax levy	\$6,919,848.00		\$6,919,848.00	\$6,919,848.00	
Interest				34.00	\$34.00
State sources:					
Debt service aid type II	1,324,422.00		1,324,422.00	1,324,422.00	
Total revenues	8,244,270.00		8,244,270.00	8,244,304.00	34.00
EXPENDITURES:					
Regular debt service:					
Interest	1,954,270.00		1,954,270.00	1,954,270.00	
Redemption of principal	6,290,000.00		6,290,000.00	6,290,000.00	
Total regular debt service-expenditures	8,244,270.00		8,244,270.00	8,244,270.00	
Excess (deficiency) of revenues over (under) expenditures				34.00	34.00
Fund balance, July 1	255,265.00		255,265.00	255,265.00	
Fund balance, June 30	\$255,265.00		\$255,265.00	\$255,299.00	\$34.00

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STATISTICAL SECTION (UNAUDITED)

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</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-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 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 to 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.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$65,602,552.00	\$55,997,749.00	\$74,053,037.00	\$72,559,828.00	\$63,335,360.00	\$61,939,623.00	\$59,184,894.00	\$53,701,638.00	\$50,803,355.00	\$47,499,772.00
Restricted	31,610,121.00	11,021,293.00	11,850,660.00	9,679,852.00	18,028,320.00	18,114,140.00	14,830,961.00	10,763,604.00	8,801,160.00	10,601,882.00
Unrestricted (deficit)	(52,114,742.00)	(26,322,590.00)	(44,717,639.00)	(41,238,967.00)	(704,915.00)	(435,232.00)	818,707.00	(175,759.00)	(1,448,693.00)	(1,622,719.00)
Total governmental activities net position	\$45,097,931.00	\$40,696,452.00	\$41,186,058.00	\$41,000,713.00	\$80,658,765.00	\$79,618,531.00	\$74,834,562.00	\$64,289,483.00	\$58,155,822.00	\$56,478,935.00
Business-type activities										
Net investment in capital assets	\$113,156.00	\$107,649.00	\$137,951.00	\$122,790.00	\$166,939.00	\$162,138.00	\$217,859.00	\$277,941.00	\$338,914.00	\$397,696.00
Unrestricted	2,485,402.00	2,583,363.00	2,425,969.00	2,034,584.00	1,708,336.00	1,558,011.00	1,492,474.00	1,335,956.00	1,031,964.00	870,107.00
Total business-type activities net position	\$2,598,558.00	\$2,691,012.00	\$2,563,920.00	\$2,157,374.00	\$1,875,275.00	\$1,720,149.00	\$1,710,333.00	\$1,613,897.00	\$1,370,878.00	\$1,267,803.00
District-wide										
Net investment in capital assets	\$65,715,708.00	\$56,105,398.00	\$74,190,988.00	\$72,682,618.00	\$63,502,299.00	\$62,101,761.00	\$59,402,753.00	\$53,979,579.00	\$51,142,269.00	\$47,897,468.00
Restricted	31,610,121.00	11,021,293.00	11,850,660.00	9,679,852.00	18,028,320.00	18,114,140.00	14,830,961.00	10,763,604.00	8,801,160.00	10,601,882.00
Unrestricted (deficit)	(49,629,340.00)	(23,739,227.00)	(42,291,670.00)	(39,204,383.00)	(1,003,421.00)	(1,122,779.00)	2,311,181.00	1,160,197.00	(416,729.00)	(752,612.00)
Total district net position	\$47,696,489.00	\$43,387,464.00	\$43,749,978.00	\$43,158,087.00	\$82,534,040.00	\$81,338,680.00	\$76,544,895.00	\$65,903,380.00	\$59,526,700.00	\$57,746,738.00

Source: CAFR Schedule A-1

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental activities										
Instruction										
Regular	\$81,502,175.00	\$77,106,795.00	\$70,009,925.00	\$65,349,633.00	\$57,089,429.00	\$56,388,709.00	\$54,274,563.98	\$53,582,917.00	\$55,324,209.00	\$52,927,826.00
Special education	22,690,148.00	21,987,609.00	19,939,165.00	18,337,767.00	16,173,614.00	16,736,400.00	15,690,117.97	15,736,205.00	15,330,283.00	13,910,000.00
Other instruction	7,035,551.00	6,758,565.00	6,085,671.00	5,120,602.00	4,780,803.00	5,031,682.00	4,660,805.32	5,025,305.00	5,480,477.00	5,650,838.00
Support Services:										
Tuition	4,972,518.00	4,856,485.00	4,379,014.00	4,596,453.00	4,043,405.00	4,032,629.00	3,717,704.00	3,063,861.00	3,291,372.00	3,478,852.00
Student & instruction related services	19,865,146.00	19,814,536.00	17,662,613.00	15,784,938.00	13,666,162.00	13,637,027.00	13,280,083.52	13,714,791.00	14,617,892.00	13,376,777.00
General administrative services	2,138,816.00	1,993,856.00	1,934,737.00	2,100,853.00	2,032,432.00	2,476,323.00	2,198,166.47	2,165,141.00	2,140,518.00	1,944,739.00
School administrative services	12,425,590.00	12,129,984.00	11,024,492.00	9,520,212.00	7,868,748.00	7,571,650.00	7,224,606.72	7,372,351.00	8,054,434.00	8,408,878.00
Central services/Admin. Info. Technology	5,060,317.01	6,877,273.00	4,918,855.00	3,839,734.00	3,484,647.00	3,217,634.00	2,685,982.88	3,141,657.00	3,185,959.00	3,252,071.00
Plant operations and maintenance	16,149,013.00	15,834,096.00	15,864,246.00	17,627,912.00	17,888,955.00	15,772,832.00	14,619,495.15	15,004,769.00	15,623,182.00	15,597,729.00
Student transportation services	12,097,902.00	11,523,842.00	10,370,724.00	10,052,915.00	9,458,443.00	9,392,979.00	9,072,200.00	8,758,253.00	9,032,115.00	9,519,703.00
Charter School	263,708.00	251,948.00	185,023.00	152,946.00	45,484.00	3,329,820.00	1,974,788.00	4,350,662.00	4,491,377.00	4,915,994.00
Interest on long-term debt	2,065,141.00	786,086.00	2,544,801.00	2,786,792.00	3,705,394.00	13,696.00	631,015.00	75,180.00	84,507.00	84,507.00
Unallocated amortization	175,549.00	187,843.00				156,667.00	167,526.00	166,572.00	161,947.00	149,380.00
Unallocated depreciation										
Total governmental activities expenses	\$186,431,564.00	\$180,108,918.00	\$164,919,266.00	\$155,270,656.00	\$140,235,516.00	\$137,758,048.00	\$130,197,035.01	\$132,149,464.00	\$136,808,945.00	\$133,217,294.00
Business-type activities:										
Food Service	3,367,950.00	3,294,927.00	3,375,527.00	2,892,570.00	3,076,896.00	3,029,707.00	3,086,700.00	3,002,383.00	3,029,761.00	3,025,529.00
Summer Institute	184,152.00									
Community School	3,177,190.00	3,502,650.00	3,572,359.00	3,176,960.00	3,005,176.00	3,156,861.00	2,987,076.00	2,859,573.00	2,828,871.00	2,906,767.00
Total business-type activities expense	6,729,292.00	6,797,577.00	6,947,886.00	6,069,530.00	6,082,072.00	6,186,568.00	6,073,776.00	5,861,956.00	5,858,632.00	5,932,296.00
Total district expenses	\$193,160,856.00	\$186,906,495.00	\$171,867,152.00	\$161,340,186.00	\$146,317,588.00	\$143,944,616.00	\$136,270,811.01	\$138,011,420.00	\$142,667,577.00	\$139,149,590.00
PROGRAM REVENUES										
Governmental activities:										
Charges for services	58,873,967.00	51,370,246.00	40,451,427.00	27,457,672.00	13,215,645.00	15,647,550.00	13,606,423.00	12,815,269.00	13,454,115.00	11,191,706.00
Operating grants and contributions	58,873,967.00	51,370,246.00	40,451,427.00	27,457,672.00	13,215,645.00	15,647,550.00	13,606,423.00	12,815,269.00	13,454,115.00	11,191,706.00
Total governmental activities program revenues										
Business-type activities:										
Charges for services	2,394,489.00	2,410,790.00	2,456,620.00	2,289,107.00	2,348,256.00	2,354,301.00	2,431,521.00	2,439,185.00	2,343,255.00	2,430,407.00
Food Service	270.00									
Summer Institute	3,185,115.00	3,481,195.00	3,893,325.00	3,229,617.00	3,108,230.00	3,057,546.00	2,988,787.00	2,980,654.00	2,917,341.00	2,897,842.00
Community School	1,056,757.00	1,031,363.00	1,003,276.00	832,294.00	773,774.00	782,788.00	746,386.00	682,680.00	695,897.00	561,885.00
Operating grants and contributions	6,636,631.00	6,923,348.00	7,353,221.00	6,351,018.00	6,236,260.00	6,194,635.00	6,168,674.00	6,102,695.00	5,956,493.00	5,949,934.00
Total business-type activities program revenues	\$65,510,598.00	\$58,293,594.00	\$47,804,648.00	\$33,808,690.00	\$19,457,905.00	\$21,842,185.00	\$19,775,097.00	\$18,917,968.00	\$19,410,608.00	\$17,141,640.00
NET (EXPENSE)/REVENUE										
Governmental activities	(127,557,597.00)	(\$128,738,672.00)	(\$124,467,839.00)	(\$127,812,984.00)	(\$127,019,871.00)	(\$122,110,498.00)	(\$116,590,612.01)	(\$119,334,195.00)	(\$123,354,830.00)	(\$122,025,588.00)
Business-type activities	(92,661.00)	125,771.00	405,335.00	281,488.00	154,188.00	8,067.00	94,898.00	240,743.00	97,861.00	17,638.00
Total district-wide net expense	(\$127,650,258.00)	(\$128,612,901.00)	(\$124,062,504.00)	(\$127,531,496.00)	(\$126,865,683.00)	(\$122,102,431.00)	(\$116,495,714.01)	(\$119,093,452.00)	(\$123,256,969.00)	(\$122,007,950.00)

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$105,761,383.00	\$103,055,614.00	\$101,034,916.00	\$98,149,466.00	\$96,224,967.00	\$86,244,567.00	\$95,307,567.00	\$95,730,875.00	\$96,009,320.00	\$93,923,003.00
Taxes levied for debt service	6,919,848.00	6,915,343.00	5,877,540.00	6,065,300.00	7,227,248.00	6,411,373.00	8,623,643.00	8,200,335.00	7,921,890.00	7,357,742.00
Unrestricted grants and contributions	17,465,314.00	17,448,163.00	17,340,327.00	24,088,658.00	24,082,291.00	23,666,809.00	22,719,409.00	20,972,954.00	20,407,798.00	22,790,844.00
Disposal of capital assets	(18,495.00)	(79,167.00)	(58,866.00)	-	-	-	-	-	-	(7,232.00)
Miscellaneous income	1,831,026.00	909,112.00	459,287.00	693,371.00	525,599.00	571,719.00	485,072.00	663,256.00	682,799.00	1,939,945.00
Total governmental activities	137,959,076.00	128,249,065.00	124,653,184.00	128,996,795.00	128,060,105.00	126,894,468.00	127,135,691.00	125,567,420.00	125,031,717.00	126,004,302.00
Business-type activities:										
Miscellaneous Income	207.00	1,321.00	1,211.00	611.00	938.00	1,749.00	1,538.00	2,276.00	5,214.00	18,709.00
Total business-type activities	207.00	1,321.00	1,211.00	611.00	938.00	1,749.00	1,538.00	2,276.00	5,214.00	18,709.00
Total district-wide	\$131,959,283.00	\$128,250,386.00	\$124,654,395.00	\$128,997,406.00	\$128,061,043.00	\$126,896,217.00	\$127,137,229.00	\$125,569,696.00	\$125,036,931.00	\$126,023,011.00
CHANGE IN NET POSITION										
Governmental activities	\$4,401,479.00	(\$489,606.00)	\$185,345.00	\$1,183,811.00	\$1,040,234.00	\$4,783,870.00	\$10,545,078.99	\$6,233,225.00	\$1,676,887.00	\$3,978,714.00
Business-type activities	(92,454.00)	127,092.00	406,546.00	282,099.00	155,126.00	9,816.00	96,436.00	243,019.00	103,075.00	36,347.00
Total district	\$4,309,025.00	(\$362,514.00)	\$591,891.00	\$1,465,910.00	\$1,195,360.00	\$4,793,786.00	\$10,641,514.99	\$6,476,244.00	\$1,779,962.00	\$4,015,061.00

Source: CAFR Schedule A-2

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$16,247,277.00	\$11,691,754.00	\$12,687,485.00	\$10,504,920.00	\$18,111,529.00	\$18,740,711.00	\$15,489,127.00	\$11,518,631.00	\$10,560,233.00	\$12,698,193.00
Committed	-	-	200,000.00	750,000.00	740,107.00					
Assigned	1,122,012.00	267,294.00	173,004.00	434,976.00	388,470.00	1,924,628.00	2,224,133.00	944,812.00	582,386.00	578,304.00
Unassigned	858,057.00	643,194.00	628,552.00	660,428.00	466,091.00	157,028.00	563,064.00	2,079,263.00		
Total general fund	\$18,227,346.00	\$12,602,242.00	\$13,689,041.00	\$12,350,324.00	\$19,706,197.00	\$20,822,367.00	\$18,276,324.00	\$14,542,706.00	\$11,142,619.00	\$13,276,497.00
All Other Governmental Funds										
Restricted	\$548,204.00	\$5,238,783.00	\$31.00	\$338,796.00	\$1,008,847.00	\$1,842,988.00	\$1,855,254.00	\$1,854,566.00	1,901,195.00	\$3,403,996.00
Committed	15,877,767.00	24,187,541.00	338,796.00	747,130.00	850,000.00				17,885.00	175,586.00
Total all other governmental funds	\$16,425,971.00	\$29,426,324.00	\$338,827.00	\$1,085,926.00	\$1,858,847.00	\$1,842,988.00	\$1,855,254.00	\$1,854,566.00	\$1,919,080.00	\$3,579,582.00

Source: CAFR Schedule B-1

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax levy	\$112,681,231.00	\$109,970,957.00	\$106,912,466.00	\$104,214,766.00	\$103,452,215.00	\$102,655,940.00	\$103,931,210.00	\$103,931,210.00	\$103,931,210.00	\$101,280,745.00
Tuition charges		20,956.00		2,779.00	884.00	182,930.00	160,806.00	153,913.00	204,312.00	232,797.00
Transportation fees from other LEA's							13,260.00	36,728.00	61,845.00	
Interest on capital reserve							2,417.00	3,807.00	7,662.00	33,174.00
Miscellaneous	590,987.00	901,722.00	510,291.00	718,749.00	541,311.00	415,916.00	362,586.00	513,572.00	464,984.00	807,509.00
State sources	44,090,947.00	41,048,268.00	38,928,959.00	36,855,164.00	34,858,844.00	36,758,370.00	32,845,725.00	30,495,285.00	27,196,844.00	32,480,011.00
Federal sources	2,607,085.00	2,446,818.00	2,822,235.00	2,311,992.00	2,422,496.00	2,519,297.00	3,426,110.00	3,248,174.00	6,618,975.00	2,371,199.00
Total revenue	159,970,250.00	154,388,721.00	149,173,941.00	144,103,450.00	141,275,750.00	142,552,024.00	140,742,114.00	138,382,689.00	138,465,832.00	137,205,435.00
Expenditures										
Instruction										
Regular instruction	38,783,380.00	39,588,706.00	38,763,627.00	38,289,755.00	37,799,391.00	36,857,469.00	36,489,446.00	36,089,629.00	38,713,723.00	38,436,785.00
Special education instruction	12,262,854.00	12,393,538.00	12,536,596.00	12,089,012.00	11,985,425.00	11,990,075.00	11,392,639.00	11,655,826.00	11,619,698.00	10,603,437.00
Other instruction	3,594,193.00	3,569,342.00	3,664,192.00	3,304,865.00	3,469,093.00	3,681,066.00	3,359,749.00	3,617,176.00	4,077,578.00	4,272,283.00
Support Services:										
Tuition	4,972,518.00	4,856,485.00	4,379,014.00	4,596,453.00	4,043,405.00	4,032,629.00	3,717,704.00	3,083,661.00	3,291,372.00	3,478,852.00
Student & instruction related services	11,079,613.00	11,514,479.00	10,971,833.00	10,231,447.00	9,897,463.00	9,684,711.00	9,663,915.00	10,219,368.00	11,139,795.00	10,265,697.00
General administrative services	1,892,608.00	1,652,811.00	1,794,079.00	1,776,422.00	1,771,556.00	1,736,341.00	1,654,451.00	1,657,549.00	1,692,227.00	1,476,644.00
School Administrative services	6,077,433.00	6,041,216.00	6,128,984.00	5,812,975.00	5,458,890.00	5,043,308.00	4,943,041.00	5,037,118.00	5,775,201.00	6,159,683.00
Central services/Administration	2,814,458.00	2,800,804.00	2,566,720.00	2,426,991.00	2,517,907.00	2,389,952.00	2,113,804.00	2,322,087.00	2,356,302.00	2,349,904.00
Information Technology	12,891,262.00	12,129,338.00	13,425,453.00	13,108,562.00	14,659,792.00	12,809,395.00	12,123,404.00	12,479,103.00	13,242,465.00	13,981,974.00
Plant operations and maintenance	9,273,721.00	8,820,637.00	8,488,606.00	8,261,749.00	7,961,425.00	7,849,043.00	7,574,093.00	7,234,223.00	7,786,687.00	8,225,898.00
Student transportation services	1,994,381.00	1,816,593.00	1,750,920.00	1,677,965.00	1,497,018.00	1,405,811.00	1,298,620.00	1,320,627.00	1,288,456.00	1,168,049.00
Allocated employee benefits	40,005,692.00	37,489,146.00	33,927,315.00	32,293,143.00	30,384,806.00	31,366,217.00	29,513,867.00	27,996,415.00	27,238,535.00	24,319,390.00
Unallocated employee benefits	13,602,626.00	3,575,405.00	2,259,436.00	10,282,325.00	2,967,282.00	3,465,804.00	2,942,434.00	2,588,355.00	4,141,843.00	2,296,984.00
Capital outlay	263,708.00	251,948.00	185,023.00	152,945.00	45,484.00					
Charter School										
Debt service:										
Principal	6,290,000.00	6,125,000.00	5,030,000.00	5,095,000.00	4,765,000.00	4,515,000.00	6,595,000.00	5,350,000.00	5,285,000.00	5,200,000.00
Interest and other charges	1,954,270.00	2,484,475.00	2,710,525.00	2,886,635.00	3,170,270.00	3,361,420.00	3,625,941.00	4,396,415.00	4,631,340.00	4,867,390.00
Total expenditures	168,742,817.00	155,119,923.00	148,582,323.00	152,232,244.00	142,394,207.00	140,098,241.00	137,007,803.00	134,947,552.00	142,280,212.00	137,104,970.00
Excess (Deficiency) of revenues over (under) expenditures	(8,772,567.00)	(731,202.00)	591,618.00	(8,128,794.00)	(1,118,457.00)	2,543,783.00	3,794,306.00	3,435,137.00	(3,794,380.00)	100,465.00
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds	106,383.00	1,081,564.00								
Premium on sale of bonds		41,740,000.00			19,890,000.00					
Cost of issuance		(3,198,603.00)			(2,907,383.00)					
Payment to refunded bonds escrow agent		(289,468.00)			(183,751.00)					
Prior year cancellations		(16,998,798.00)			(22,595,486.00)					
State aid receivable canceled	1,290,935.00					(10,006.00)				
Non-Allowable program income										(945.00)
Administrative cost transfer										(500.00)
Total other financing sources (uses)	1,397,318.00	(28,731,901.00)			18,146.00	(10,006.00)				(1,445.00)
Net change in fund balances	(\$7,375,249.00)	\$28,000,895.00	\$591,618.00	(\$5,128,794.00)	(\$1,100,311.00)	\$2,533,777.00	\$3,794,306.00	\$3,435,137.00	(\$3,794,380.00)	\$99,020.00
Debt service as a percentage of noncapital expenditures	5.31%	5.68%	5.29%	5.62%	5.69%	5.77%	7.62%	7.36%	7.18%	7.47%

Source: CAFR Schedule E-2

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest On</u> <u>Investments</u>	<u>Rental</u> <u>Income</u>	<u>Transportation</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
2018	\$ 173,128.00	\$ 2,667.00	\$ 77,310.00		\$ 226,872.00	\$ 479,977.00
2017	289,960.00	34,013.00	76,603.00	\$ 20,956.00	226,566.00	648,098.00
2016	271,238.00	18,997.00	78,050.00		90,951.00	459,236.00
2015	269,532.00	3,947.00	90,070.00	2,779.00	327,024.43	693,352.43
2014	255,677.00	13,088.19	87,220.00	884.00	168,729.81	525,599.00
2013	182,930.00	16,373.00	92,176.00	16,796.00	263,444.00	571,719.00
2012	160,806.00	17,946.00	105,932.00	13,260.00	187,128.00	485,072.00
2011	153,913.00	31,959.00	82,006.00	36,728.00	355,316.00	659,922.00
2010	204,312.00	84,760.00	106,474.00	61,845.00	281,412.00	738,803.00
2009	155,165.00	333,974.00	103,646.00		167,581.00	760,366.00

Source: District Records

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		2018			2009			
	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>
	Forsgate Industrial Complex	\$ 113,126,400	1	3.006%	Forsgate Industrial Complex	\$ 150,881,100	1	3.831%
	Dow Jones & Company, Inc.	47,500,000	2	1.262%	Dow Jones & Company	59,239,700	2	1.504%
	Royal Oaks Apartments, LLC	29,460,200	3	0.783%	AMB Property Corporation	52,114,700	3	1.323%
	Windsor South Ridge LLC	28,392,000	4	0.754%	Dalew/Wyeth-Ayerst	39,149,600	4	0.994%
	Heller SBIP, LLC.	26,526,400	5	0.705%	Allianz Life Insurance Co. of No. A	33,865,700	5	0.860%
	Middlesex Industrial Developers	23,834,600	6	0.633%	Royal Oaks Apartments, LLC	33,121,000	6	0.841%
	CNJ Company IV, LLC	23,207,900	7	0.617%	Heller SBIP, LLC	31,719,300	7	0.805%
	KTR NJ I, LLC	22,296,600	8	0.592%	Windsor Associates	29,072,700	8	0.738%
	Haddad Docks Corner, LLC	21,085,100	9	0.560%	CNJ Company IV, LLC	27,435,600	9	0.697%
	South Brunswick Manor, Inc.	20,070,200	10	0.533%	Eight Fifty Three-M, LLC	23,565,100	10	0.598%
	Total	\$ 355,499,400		9.446%		\$ 480,164,500		12.192%

Source: Municipal Tax Assessor

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY.
 UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2018	\$80,825,100	\$2,475,693,900	\$14,175,100	\$1,811,800	\$284,554,900	\$810,800,800	\$88,993,700	\$6,783,915	\$3,763,639,215	\$3.025	\$8,806,505,626
2017	94,053,400	2,420,513,000	15,098,700	1,822,900	285,216,100	776,204,600	88,984,200	6,662,532	3,688,555,432	3.019	8,677,593,421
2016	95,056,600	2,377,216,400	14,981,700	1,969,600	272,150,800	784,435,300	88,984,200	6,523,012	3,641,317,612	2.979	8,732,176,528
2015	91,042,100	2,367,054,100	15,101,900	2,090,700	283,762,500	768,957,900	88,730,000	7,125,716	3,623,864,916	2.914	7,959,290,393
2014	80,498,700	2,342,837,800	15,232,300	2,222,600	283,769,300	780,846,100	88,730,000	7,119,252	3,601,256,052	2.884	7,832,222,819
2013	88,869,200	2,332,156,400	14,747,300	4,449,100	288,138,600	786,931,400	88,730,000	8,109,311	3,612,131,311	2.853	7,675,587,146
2012	94,341,800	2,337,963,300	14,712,800	4,562,400	292,082,700	778,848,400	88,866,600	9,211,459	3,620,589,459	2.853	8,143,476,066
2011	99,029,100	2,340,318,000	14,562,400	4,675,400	289,115,800	863,449,400	89,544,200	9,957,747	3,710,652,047	2.802	8,196,713,159
2010	112,477,300	2,362,994,700	15,500,500	4,770,100	294,634,000	983,555,200	93,962,200	9,957,747	3,877,851,747	2.680	8,346,646,033
2009	134,221,800	2,345,564,300	15,712,000	4,730,300	304,457,400	1,031,629,200	93,542,200	8,967,022	3,938,824,222	2.605	8,341,432,067

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Calendar Year Ended June 30,	South Brunswick Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	South Brunswick Township	Middlesex County	Fire District 1	
2018	\$2.839	\$0.186	\$3.025	\$0.962	\$0.930	\$0.083	\$5.136
2017	2.829	0.190	3.019	0.953	0.938	0.082	5.127
2016	2.815	0.164	2.979	0.937	0.941	0.082	5.066
2015	2.744	0.170	2.914	0.921	0.874	0.080	4.892
2014	2.683	0.201	2.884	0.884	0.866	0.078	4.812
2013	2.675	0.178	2.853	0.862	0.813	0.076	4.696
2012	2.616	0.237	2.853	0.837	0.801	0.074	4.657
2011	2.581	0.221	2.802	0.837	0.743	0.072	4.544
2010	2.476	0.204	2.680	0.760	0.641	0.079	4.249
2009	2.416	0.189	2.605	0.709	0.627	0.076	4.102

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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 calcu

- 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.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2018	\$112,681,231	\$112,681,231	100.00%	
2017	109,970,957	109,970,957	100.00%	
2016	106,912,456	106,912,456	100.00%	
2015	104,214,766	104,214,766	100.00%	
2014	103,452,215	103,452,215	100.00%	
2013	102,655,940	102,655,940	100.00%	
2012	103,931,210	103,931,210	100.00%	
2011	103,931,210	103,931,210	100.00%	
2010	103,931,210	103,931,210	100.00%	
2009	101,280,745	101,280,745	100.00%	

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

Note: 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.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	Percentage of Personal <u>Income (a)</u>	<u>Per Capita (a)</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2018	\$ 76,075,000	\$ 1,437,871	\$ 77,512,871	*	\$ 1,665
2017	82,365,000	985,443	83,350,443	0.07%	1,817
2016	63,405,000	-	63,405,000	0.09%	1,392
2015	68,435,000	-	68,435,000	0.08%	1,511
2014	73,530,000	-	73,530,000	0.07%	1,640
2013	80,522,000	-	80,522,000	0.07%	1,809
2012	85,037,000	-	85,037,000	0.06%	1,931
2011	93,187,000	-	93,187,000	0.05%	2,138
2010	98,537,000	-	98,537,000	0.05%	2,388
2009	103,822,000	1,011,115	104,833,115	0.05%	2,564

Source: District CAFR Schedules I-1, I-2

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

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

* - Not available at time of audit

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30.</u>	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
2018	\$ 76,075,000	-0-	\$ 76,075,000	2.066%	\$ 1,634
2017	82,365,000	-0-	82,365,000	2.266%	1,795
2016	63,405,000	-0-	63,405,000	1.753%	1,392
2015	68,435,000	-0-	68,435,000	1.904%	1,511
2014	73,530,000	-0-	73,530,000	2.040%	1,640
2013	80,522,000	-0-	80,522,000	2.230%	1,809
2012	85,037,000	-0-	85,037,000	2.298%	1,931
2011	93,187,000	-0-	93,187,000	2.409%	2,138
2010	98,537,000	-0-	98,537,000	2.507%	2,388
2009	103,822,000	-0-	103,822,000	2.720%	2,539

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

(a) See Exhibit NJ J-6 for property tax data.

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

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
South Brunswick Township	\$47,884,635	100.00%	\$47,884,635
Other debt			
Middlesex County	690,097,707	8.2000%	56,565,531
Stony Brook Regional Sewerage Authority	24,968,394	40.4500%	10,099,715
Middlesex County Utilities Authority	316,105,043	8.5200%	26,932,150
Subtotal, overlapping debt			\$141,482,031
South Brunswick School District Direct Debt			76,075,000
Total direct and overlapping debt			<u>\$217,557,031</u>

Source: Township of South Brunswick Chief Financial Officer, Middlesex County Treasurer's Office and Middlesex County Utilities Authority.

(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.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Calendar Year 2017:

Equalized Valuation Basis

Calendar Year	
2017	\$ 8,630,785,045
2016	8,530,379,254
2015	8,673,235,492
	<u>\$ 25,834,399,791</u>
Average Equalized Valuation of Taxable Property	\$ 8,611,466,597
Debt Limit (4% of average equalization value)	344,458,664
Total Net Debt Applicable to Limit	<u>82,365,000</u>
Legal Debt Margin	<u>\$ 262,093,664</u>

	Fiscal Year Ending June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$344,458,664	\$334,634,822	\$325,406,277	\$312,082,956	\$317,811,649	\$327,222,546	\$337,683,821	\$337,166,565	\$334,440,100	\$327,290,196
Total Net Debt Applicable To Limit	82,365,000	63,405,000	68,435,000	73,530,000	80,522,000	85,037,000	93,187,000	98,537,000	103,822,000	109,022,000
Legal Debt Margin	<u>\$262,093,664</u>	<u>\$271,229,822</u>	<u>\$256,971,277</u>	<u>\$238,552,956</u>	<u>\$237,289,649</u>	<u>\$242,185,546</u>	<u>\$244,496,821</u>	<u>\$238,629,565</u>	<u>\$230,618,100</u>	<u>\$218,268,196</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	23.91%	18.95%	21.03%	23.56%	25.34%	25.99%	27.60%	29.23%	31.04%	33.31%

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 N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
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>
2018	46,561	*	*	3.40%
2017	45,879 \$	2,568,306,420 \$	55,980	3.80%
2016	45,536	2,463,360,992	54,097	4.00%
2015	45,292	2,358,399,732	52,071	5.00%
2014	44,840	2,276,840,680	50,777	6.10%
2013	44,507	2,356,601,143	52,949	6.80%
2012	44,035	2,226,101,355	50,553	6.80%
2011	43,579	2,059,107,750	47,250	7.20%
2010	41,257	1,898,564,626	46,018	7.10%
2009	40,887	1,955,584,323	47,829	3.20%

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 published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

* - Not available at time of audit.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
 UNAUDITED

Employer	2018			2009		
	# of Employees	Rank (Optional)	Percentage of Total Employment	# of Employees	Rank (Optional)	Percentage of Total Employment
Dow Jones	1,500	1	6.20%	1322	1	5.95%
South Brunswick Board of Education	1,318	2	5.45%	414	2	1.86%
Wakefern Food	581	3	2.40%	200	3	0.90%
Coca Cola	510	4	2.11%	182	4	0.82%
South Brunswick Township	459	5	1.90%	170	5	0.76%
Aurilife Pharma	381	6	1.57%	150	6	0.67%
Williams Sonoma	322	7	1.33%	120	7	0.54%
Bloomberg	210	8	0.87%	115	8	0.52%
Miele	200	9	0.83%	100	9	0.45%
High Grade Beverage	200	10	0.83%	90	10	0.40%
	5,681		23.48%	1,541		6.93%

Source: Municipal Records, Wikipedia

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 UNAUDITED

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	579	584	639	637	627	613	597	594	673.7	680.7
Special education	158	138	215	206	204	201	195	195	196.2	196.2
Support Services:										
Student & instruction related services	108	119	74	69	70	68	55	80	87	88.8
General administrative services	83	84	30	32	31	31	27	27	25	30.6
School administrative services	92	61	97	96	96	98	98	98	110.5	118.1
Central services	15	9	7	6	6	6	6	9	8	9.0
Plant operations and maintenance	104	112	113	110	114	114	96	103	117.6	119.6
Pupil transportation	67	60	75	75	74	71	70	81	81	81.0
Total	1,206	1,167	1,249	1,231	1,222	1,202	1,144	1,187	1,299	1,324

Source: District Personnel Records

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2018	8,818	146,895,921	16,659	0.88%	737	1:12	1:11	1:13	8,745	8,400	0.01%	96.05%
2017	8,656	142,935,043	16,513	5.51%	722	1:12	1:11	1:13	8,744	8,382	0.51%	95.86%
2016	8,855	138,582,362	15,650	1.67%	733	1:12	1:11	1:13	8,700	8,380	0.52%	96.32%
2015	8,703	133,968,284	15,393	1.06%	729	1:12	1:12	1:12	8,655	8,345	-1.54%	96.42%
2014	8,633	131,491,655	15,231	5.00%	710	1:12	1:11	1:13	8,790	8,475	-1.04%	96.42%
2013	8,870	128,666,017	14,506	5.39%	709	1:13	1:12	1:13	8,882	8,529	-1.61%	96.03%
2012	8,998	123,844,433	13,764	1.60%	694	1:13	1:12	1:13	9,027	8,672	0.03%	96.07%
2011	9,051	122,612,782	13,547	-5.27%	749	1:12	1:12	1:13	9,024	8,642	0.78%	95.77%
2010	8,966	128,222,029	14,301	2.69%	783	1:13	1:11	1:12	8,954	8,572	-0.40%	95.73%
2009	8,957	124,738,596	13,926	-2.60%	785	1:13	1:11	1:12	8,990	8,599	1.64%	95.65%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(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).

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION - LAST TEN FISCAL YEARS
UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Elementary										
Brooks Crossing (2002)										
Square Feet	82,104	82,104	82,104	82,104	82,104	82,104	82,104	82,104	82,104	82,104
Capacity (students)	853	853	853	853	853	853	853	853	853	853
Enrollment	815	841	804	827	791	759	725	725	651	600
Brooks Crossing at Deans(1929)										
Square Feet	28,110	28,110	28,110	28,110	28,110	28,110	28,110	28,110	28,110	28,110
Capacity (students)	*	*	*	*	*	*	*	*	*	*
Enrollment										
Brunswick Acres (1975)										
Square Feet	63,258	63,258	63,258	63,258	63,258	63,258	63,258	63,258	63,258	63,258
Capacity (students)	641	641	641	641	641	641	641	641	641	641
Enrollment ^a	540	556	539	558	556	530	518	518	524	539
Cambridge										
Square Feet	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500
Capacity (students)	637	637	637	637	637	637	637	637	637	637
Enrollment	546	571	567	558	530	591	548	548	517	530
Constable										
Square Feet	70,973	70,973	70,973	70,973	70,973	70,973	70,973	70,973	70,973	70,973
Capacity (students)	681	681	681	681	681	681	681	681	681	681
Enrollment	596	568	564	529	525	507	462	462	468	472
Greenbrook										
Square Feet	64,312	64,312	64,312	64,312	64,312	64,312	64,312	64,312	64,312	64,312
Capacity (students)	667	667	667	667	667	667	667	667	667	667
Enrollment	479	462	470	459	456	444	424	424	424	408
Indian Fields(1992)										
Square Feet	82,450	82,450	82,450	82,450	82,450	82,450	82,450	82,450	82,450	82,450
Capacity (students)	824	824	824	824	824	824	824	824	824	824
Enrollment	711	680	660	628	609	588	596	596	661	698
Indian Fields at Dayton(1928)										
Square Feet	23,350	23,350	23,350	23,350	23,350	23,350	23,350	23,350	23,350	23,350
Capacity (students)	*	*	*	*	*	*	*	*	*	*
Enrollment										
Monmouth Junction										
Square Feet	48,625	48,625	48,625	48,625	48,625	48,625	48,625	48,625	48,625	48,625
Capacity (students)	506	506	506	506	506	506	506	506	506	506
Enrollment	363	385	422	401	375	369	355	355	343	334

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION - LAST TEN FISCAL YEARS
UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Middle School</u>										
Crossroads North(1967)										
Square Feet	142,849	142,849	142,849	142,849	142,849	142,849	142,849	142,849	142,849	142,849
Capacity (students)	900	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Enrollment	898	1,011	1,062	1,096	1,049	1,059	1,017	1,017	1,004	1,046
Crossroads South(1959)										
Square Feet	197,710	197,710	197,710	197,710	197,710	197,710	197,710	197,710	197,710	197,710
Capacity (students)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	1,219	1,153	1,113	1,108	1,086	1,054	1,139	1,139	1,143	1,145
<u>High School</u>										
South Brunswick High School(1997)										
Square Feet	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000
Capacity (students)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Enrollment	2,657	2,739	2,840	2,834	2,857	2,895	2,919	2,919	2,921	2,965
<u>Other</u>										
Maintenance Annex										
Square Feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Board of Education Administration Building										
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
* - Enrollments are included in the Administrative Base School										
Number of Schools at June 30, 2018	8,824	8,966	7,928	7,890	7,748	7,742	7,564	7,564	7,513	8,737

Elementary = 9
Middle School = 2
High School = 1
Other = 2
Source: District records, ASSA
Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

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

School Facilities	Project # (s)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Brooks Crossing Elementary	N/A	103,653	103,037	104,555	136,566	198,732	149,878	120,008	64,855	107,180	83,025
Brunswick Acres Elementary	N/A	81,869	78,634	97,429	104,223	113,388	110,643	138,936	124,023	178,829	153,380
Cambridge Elementary	N/A	113,445	66,109	188,101	128,100	189,322	136,507	111,219	97,425	112,943	151,871
Constable Elementary	N/A	91,987	92,457	119,040	128,623	195,984	132,182	115,664	85,910	107,471	114,562
Indian Fields @ Dayton Elementary	N/A	9,550	10,252	1,877	12,296	74,550	43,429	18,560	14,340	42,904	49,569
Brooks Crossing @ Deans Elementary	N/A	10,912	9,530	25,487	24,818	48,650	40,230	25,139	33,163	12,221	23,565
Greenbrook Elementary	N/A	110,377	112,734	111,189	104,236	132,837	147,715	122,934	95,827	125,484	133,547
Indian Fields Elementary	N/A	99,467	97,110	135,305	129,504	230,987	118,511	131,805	95,394	135,777	130,707
Monmouth Junction Elementary	N/A	90,289	91,596	85,342	91,616	110,157	128,200	115,616	89,987	104,385	149,855
Crossroads North Middle	N/A	183,522	225,247	306,886	323,491	488,719	320,861	264,039	179,222	241,876	341,324
Crossroads South Middle	N/A	207,660	222,788	207,154	248,183	1,272,008	445,568	322,721	247,930	298,850	408,287
High School	N/A	445,532	527,435	366,184	486,537	905,731	859,802	745,730	653,673	613,980	741,759
Total School Facilities		1,548,263	1,636,930	1,748,550	1,918,193	3,961,064	2,633,526	2,232,371	1,781,747	2,081,900	2,491,452
Other Facilities		346,018	575,050	736,127	701,071	73,553	74,327	60,786	48,799	67,709	176,224
Grand Total		1,894,281	2,211,980	2,484,677	2,619,264	4,034,616	2,707,853	2,293,157	1,830,546	2,149,609	2,667,676

Source District Records

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

<u>Type</u>	<u>Coverage</u>	<u>Deductible</u>	<u>Carrier</u>	<u>Policy #</u>
<u>Property</u>			NJSIG	P808AI
Blanket, building and contents	\$423,154,416			
Extra expense per occurrence	\$50,000,000			
EDP	\$1,250,000			
Demolition/Increased cost of construction per occurrence	\$25,000,000			
Deductible		\$5,000		
Flood per occurrence	\$75,000,000			
<u>School Board Legal</u>			NJSIG	E808AI
Coverage A - Limit of liability	\$11,000,000	\$20,000		
Coverage B - Limit of liability	\$100,000/\$300,000			
<u>Catastrophe Access</u>			Fireman's Fund	SHX00024605248
Limit of liability - Group Limit	\$50,000,000			
<u>Environmental Impairment Liability</u>			Beazley	W1BF08170201
Limit of liability - Each Loss	\$1,000,000	\$10,000		
First Party Personal Property	\$100,000			
<u>Commercial Liability</u>			NJSIG	P808AI
Bodily Injury & Property Damage	\$11,000,000			
Premises Medical Payments	\$10,000/\$5,000			
Fire Legal Liability	\$11,000,000			
Employee Benefit Cov	\$11,000,000			
<u>Crime</u>			NJSIG	P808AI
Money & Securities-inside	\$50,000			
Money & Securities-outside	\$50,000			
Faithful Performance	\$500,000			
Depositors Forgery	\$500,000			
<u>Builders Risk Property Coverage</u>				

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
INSURANCE SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

<u>Type</u>	<u>Coverage</u>	<u>Deductible</u>	<u>Carrier</u>	<u>Policy #</u>
<u>Business Auto</u>			NJSIG	P808AI
Bodily Injury & Property Damage	\$11,000,000			
Personal Injury Protection	Statutory			
Medical Payments (PIP)	\$10,000			
Uninsured/Underinsured	\$15,000/\$30,000/\$5,000			
Comprehensive Deductible		\$1,000		
Collision Deductible		\$1,000		
<u>Compulsory Student Accident</u>			Bollinger	MCB5858701
Limit of Liability	\$5,000,000			
<u>Bonds</u>			Selective	B1177206
Board Secretary/Business Administrator	\$525,000			
<u>Workers' Compensation</u>			NJSIG	W808AI
Section II	\$2,000,000			

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Township of South Brunswick School District
County of Middlesex
Monmouth Junction, New Jersey 08852

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 in compliance with audit requirements as prescribed by the Office of School Finance, 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 South Brunswick School District, in the County of Middlesex, State of New Jersey (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2019.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

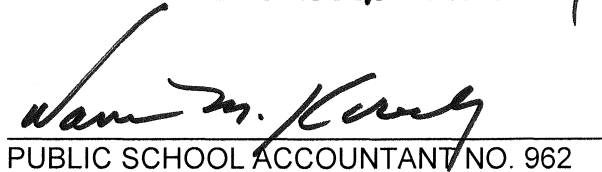
Compliance and Other Matters

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 22, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Township of South Brunswick School District
County of Middlesex
South Brunswick, New Jersey 08852

Report on Compliance for Each Major Federal and State Program

We have audited the Township of South Brunswick School District's, in the County of Middlesex, State of New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 22, 2019

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

FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2018	
				FROM	TO						(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
General Fund												
93.778	1805NJ5MAP	N/A	\$52,345.00	7/1/17	6/30/18	\$	\$52,345.00	(52,345.00)	\$	\$	\$	\$
U.S. Department of Health and Human Services												
Passed Through State Department of Education												
Medicaid Assistance Program (SEMI)												
Total U.S. Department of Health and Human Services												
Special Revenue Funds												
U.S. Department of Education												
Passed-Through State Department of Education:												
N.C.L.B.												
84.010A	S010A180030	NCLB-4860-18	\$533,320.00	7/1/17	6/30/18	\$	\$533,320.00	(499,875.00)	\$	\$	\$	\$33,644.00
84.010A	S010A170030	NCLB-4860-17	534,407.00	7/1/16	6/30/17	(170,283.00)	170,283.00					
84.367A	S367A180029	NCLB-4860-18	159,944.00	7/1/17	6/30/18		159,944.00	(121,715.00)				38,229.00
84.367A	S367A170029	NCLB-4860-17	136,033.00	7/1/16	6/30/17	(20,486.00)	20,486.00					
84.365A	S365A180030	NCLB-4860-18	65,558.00	7/1/17	6/30/18		65,558.00	(40,710.00)				24,848.00
84.365A	S365A170030	NCLB-4860-17	53,240.00	7/1/16	6/30/17	(12,187.00)	12,187.00					
84.365A	S365A170030	NCLB-4860-17	24,854.00	7/1/16	6/30/17	(105.00)	105.00					
84.365A	S365A180030	NCLB-4860-18	34,932.00	7/1/17	6/30/18		34,932.00	(22,982.00)				11,950.00
84.424A	S424A180031	NCLB-4860-18	10,000.00	7/1/17	6/30/18		10,000.00	(7,500.00)				2,500.00
Total N.C.L.B.												
I.D.E.A. Part B, Special Education Cluster:												
84.027	H027A180100	FT-4860-18	2,017,854.00	7/1/17	6/30/18		2,017,854.00	(1,791,395.00)				236,459.00
84.027	H027A170100	FT-4860-17	1,923,130.00	7/1/16	6/30/17	(327,559.00)	327,559.00					
84.173	H173A180114	PS-4860-18	74,983.00	7/1/17	6/30/18		74,983.00	(72,773.00)				2,210.00
84.173	H173A170114	PS-4860-17	65,174.00	7/1/16	6/30/17	(12,541.00)	12,541.00					
Total I.D.E.A. Part B, Special Education Cluster												
Emergency Impact Aid:												
84.938C			14,875.00	7/1/17	6/30/18			(14,875.00)			(14,875.00)	
Displaced Children's Emergency Fund												
Total U.S. Department of Education												
Enterprise Funds												
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
Child Nutrition Cluster:												
10.555	181NJ304N1089	N/A	320,349.00	7/1/17	6/30/18		313,682.00	(301,913.00)				11,769.00
10.555	171NJ304N1089	N/A	265,425.00	7/1/16	6/30/17	18,436.00		(18,436.00)				
10.553	181NJ304N1089	N/A	84,352.00	7/1/17	6/30/18		77,354.00	(84,352.00)			(6,998.00)	
10.553	171NJ304N1089	N/A	77,184.00	7/1/16	6/30/17	(7,116.00)	7,116.00					
10.555	181NJ304N1089	N/A	619,780.00	7/1/17	6/30/18		576,860.00	(619,781.00)			(42,921.00)	
10.555	171NJ304N1089	N/A	629,401.00	7/1/16	6/30/17	(46,010.00)	46,010.00					
Total U.S. Department of Agriculture												
Total Federal Financial Assistance												

See accompanying notes to schedules of financial assistance.

TOWNSHIP OF SOUTH BRUNSWICK SCHOOL DISTRICT
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		BALANCE AT JUNE 30, 2017			CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2018		MEMO	
			FROM	TO	(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE
General Funds:															
State Aid Cluster:															
Special Education Aid	18-495-034-5120-089	5,479,892	7/1/17	6/30/18	\$	\$	\$	\$	(5,479,892.00)			\$	(531,397.00)	\$	(5,479,892.00)
Security Aid	18-495-034-5120-084	163,371	6/30/17	6/30/18					(163,371.00)				(17,777.00)		(163,371.00)
PARCC	18-495-034-5120-088	17,409,500	7/1/17	6/30/18				15,167,000	(17,409,500.00)				(1,667,000.00)		(17,409,500.00)
PARCC Readiness	18-495-034-5120-098	87,450	7/1/17	6/30/18				78,970.00	(87,450.00)				(8,480.00)		(87,450.00)
Professional Learning Community Aid	18-495-034-5120-101	86,150	7/1/17	6/30/18				77,796.00	(86,150.00)				(8,354.00)		(86,150.00)
Per Pupil Growth Aid	18-495-034-5120-097	87,450	7/1/17	6/30/18				78,970.00	(87,450.00)				(8,480.00)		(87,450.00)
Total State Aid Cluster		711,504						20,715,296.00	(22,939,735.00)				(2,224,439.00)		(22,939,735.00)
Transportation Aid	18-495-034-5120-014	711,504	7/1/17	6/30/18				642,599.00	(711,504.00)				(68,995.00)		(711,504.00)
Nonpublic Transportation Aid	18-495-034-5120-014	67,950	7/1/17	6/30/18				58,116.00	(67,950.00)						(67,950.00)
Nonpublic Transportation Aid	17-495-034-5120-014	58,116	7/1/16	6/30/17	(58,116.00)										
Extraordinary Aid	17-495-034-5120-044	66,122	7/1/16	6/30/17	(66,122.00)			661,224.00							
Lead Testing for Schools Aid	18-495-034-5120-104	15,685	7/1/17	6/30/18					(901,515.00)						(901,515.00)
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	8,025,207	7/1/17	6/30/18				15,685.00	(15,685.00)						(15,685.00)
On-Behalf TPAF Long Term Disability Insurance	18-495-034-5094-004	10,936	7/1/17	6/30/18				8,025,207.00	(8,025,207.00)						(8,025,207.00)
On-Behalf TPAF Non-contributory Insurance	18-495-034-5094-004	194,752	7/1/17	6/30/18				194,752.00	(194,752.00)						(194,752.00)
On-Behalf TPAF Post-Retirement Medical	18-495-034-5094-001	5,309,096	7/1/17	6/30/18				5,309,096.00	(5,309,096.00)						(5,309,096.00)
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	4,163,181	7/1/16	6/30/17	(206,802.00)			206,802.00							(206,802.00)
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	4,163,181	7/1/17	6/30/18				4,163,181.00	(4,163,181.00)						(4,163,181.00)
Total General Fund		925,142			(925,142.00)			40,001,894.00	(42,339,601.00)				(2,293,474.00)		(42,339,601.00)
Special Revenue Funds:															
N.J. Non-Public Aid:															
Handicapped Services:															
Connective Speech	18-100-034-5120-066	33,034	7/1/17	6/30/18				33,034.00	(24,988.00)						(24,988.00)
Exam and Classification	17-100-034-5120-066	28,461	7/1/16	6/30/17				28,461.00	(22,792.00)						(22,792.00)
Supplemental Instruction	18-100-034-5120-066	23,789	7/1/17	6/30/18				23,789.00	(16,652.00)						(16,652.00)
Auxiliary Services:															
Compensatory Education	17-100-034-5120-067	92,267	7/1/16	6/30/17				39,415.00	(48,721.00)						(48,721.00)
Compensatory Education	18-100-034-5120-067	66,438	7/1/17	6/30/18				16,260.00	(16,260.00)						(16,260.00)
E.S.L.	17-100-034-5120-067	16,443	7/1/16	6/30/17				4,567.00	(4,567.00)						(4,567.00)
Transportation	18-100-034-5120-067	11,725	7/1/17	6/30/18				11,725.00	(11,725.00)						(11,725.00)
Nonpublic Technology Aid	17-100-034-5120-373	23,608	7/1/16	6/30/17				131.00	(32,893.00)						(32,893.00)
Nonpublic Technology Aid	18-100-034-5120-373	32,893	7/1/17	6/30/18				32,893.00	(32,893.00)						(32,893.00)
Nonpublic Notebook Aid	17-100-034-5120-373	46,307	7/1/16	6/30/17				803.00	(48,686.00)						(48,686.00)
Nonpublic Notebook Aid	18-100-034-5120-364	46,307	7/1/17	6/30/18				48,700.00	(48,686.00)						(48,686.00)
Nonpublic Security Aid	18-100-034-5120-509	70,050	7/1/17	6/30/18				70,050.00	(69,230.00)						(69,230.00)
Nonpublic Security Aid	17-100-034-5120-509	47,450	7/1/16	6/30/17				1,463.00	(1,463.00)						(1,463.00)
Nonpublic Security Aid	18-100-034-5120-070	90,598	7/1/17	6/30/18				90,598.00	(90,576.00)						(90,576.00)
Nonpublic Nursing Services	17-100-034-5120-070	85,410	7/1/16	6/30/17				40.00							(40.00)
Nonpublic Nursing Services	18-100-034-5120-070	2,375	1/1/16	12/31/17				261.00							(261.00)
Municipal Alliance Grants:															
Every Parent Influences Children	N/A	2,425	1/1/18	12/31/18				561.00	(1,433.00)						(1,433.00)
Every Parent Influences Children	N/A														
Passed Through Department of Children and Family Services:															
Community Partnerships:															
Family Friendly Centers Initiative	18-100-016-1630-024	45,463	7/1/17	6/30/18				397.00	(4,833.00)						(4,436.00)
Family Friendly Centers Initiative	17-100-016-1630-024	45,463	7/1/16	6/30/17				(397.00)							(397.00)
Total Enterprise Fund					(261.00)			465,599.00	(429,710.00)				(872.00)		(429,710.00)
Debt Service Fund:															
Debt Service Aid - Type II	18-495-034-5120-075	1,324,422	7/1/17	6/30/18				1,324,422.00	(1,324,422.00)						(1,324,422.00)
Total Debt Service Fund								1,324,422.00	(1,324,422.00)						(1,324,422.00)
Enterprise Fund:															
National School Lunch Program (State Share)	17-100-010-3350-023	31,045	7/1/16	6/30/17				4,893.00	(32,275.00)						(32,275.00)
National School Lunch Program (State Share)	18-100-010-3350-023	32,275	7/1/17	6/30/18				30,052.00	(32,275.00)						(32,275.00)
Total Enterprise Fund					(4,893.00)			34,945.00	(32,275.00)						(32,275.00)
Total State Financial Assistance					(930,236.00)			41,826,769.00	(44,125,008.00)				(972,580.00)		(44,125,008.00)
Less: On-Behalf amounts not utilized for determination of Major Programs:															
On-Behalf Pension Contribution	18-495-034-5094-002	8,025,207	7/1/17	6/30/18				8,025,207.00	(8,025,207.00)						(8,025,207.00)
On-Behalf TPAF Non-contributory Insurance	18-495-034-5094-004	194,752	7/1/17	6/30/18				194,752.00	(194,752.00)						(194,752.00)
On-Behalf TPAF Post-Retirement Medical	18-495-034-5094-001	5,309,096	7/1/17	6/30/18				5,309,096.00	(5,309,096.00)						(5,309,096.00)
Total State Financial Assistance Subject to Single Audit								28,286,769.00	(30,656,017.00)				(2,293,474.00)		(30,656,017.00)

See accompanying notes to schedules of financial assistance.

Township of South Brunswick School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of South Brunswick School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions 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 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 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 schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas 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:22-44.2.

Township of South Brunswick School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,357.00 for the general fund and (\$13,270.00) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$52,345.00	\$42,346,958.00	\$42,399,303.00
Special Revenue Fund	2,554,740.00	419,567.00	2,974,307.00
Debt Service Fund		1,324,422.00	1,324,422.00
Food Service Fund	1,024,482.00	32,275.00	1,056,757.00
Total Awards & Financial Assistance	<u>\$3,631,567.00</u>	<u>\$44,123,222.00</u>	<u>\$47,754,789.00</u>

NOTE 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.

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security contributions represent 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.

Township of South Brunswick School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>Grant Number</u>
Title I	84.010
IDEA Part B	84.027
IDEA Preschool	84.173

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination: | |
| | Type A Federal Program Threshold > \$750,000.00 | |
| | Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under OMB Uniform Guidance? | Yes |

Township of South Brunswick School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (a) Material weakness identified? No
 - (a) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Special Education Aid	495-034-5120-089
Equalization Aid	495-034-5120-078
Security Aid	495-034-5120-084
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101
PARCC Readiness	495-034-5120-098

- (5) Program Threshold Determination:
 - Type A State Program Threshold > \$917,551.00
 - Type B State Program Threshold <= \$917,551.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Township of South Brunswick School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Township of South Brunswick School District

Schedule of Prior Year Audit Findings

Not Applicable

