

**BRANCBURG TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual  
Financial Report**

**of the**

**Branchburg Township School District**

**Branchburg, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Branchburg Township School District Board of Education**

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INTRODUCTORY SECTION  
(UNAUDITED)



# **BRANCHBURG TOWNSHIP SCHOOL DISTRICT**

*"Excellence in Education"*

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

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

November 8, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Branchburg Township School District (District) for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The Branchburg Township School District provides a full range of educational services for pupils in grades Kindergarten through 8. Resident pupils in grades 9-12 attend Somerville High School on a tuition basis. The K-8 programs include regular, special education and enrichment instruction which offer a wide range of opportunities for pupils of varying abilities. The District also offers a pre-K special education program that accepts up to 19 parent paid regular education students.

The District had K-8 enrollment of 1,439 students during the 2018-2019 school year – an increase of 4 students from the previous school year.

**K - 8 ENROLLMENT**

<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2006-07	1,950	(0.45%)
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)
2012-13	1,696	(2.36%)
2013-14	1,636	(3.54%)
2014-15	1,563	(4.46%)
2015-16	1,465	(6.26%)
2016-17	1,460	(0.34%)
2017-18	1,435	(0.41%)
2018-19	1,439	0.28%

In addition to the K-8 enrollment, the District had 657 students in 2018-2019 who attended Somerville High School as well as out of district special education placements for which the District pays tuition.

For the 2018-19 school year, the District was configured as follows:

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

2. 2018-2019 MAJOR INITIATIVES:

The vision of Branchburg Township School District is “Excellence in Education.” The mission of the Branchburg Township School District is to inspire our children to learn, think, grow, and excel in life. In pursuit of this vision and mission, our major initiatives for the 2018-2019 school term are outlined below, along with highlights of our resulting accomplishments.

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

*To this end, we worked to:*

- Standardize the reporting of student progress through a revised standards-based progress report for all pre-K to grade 5 students,
- Expand the opportunities for student directed learning experiences, and
- Fine-tuned our RTI program to enable targeted learning for struggling students.

2. *Integrate a program of social-emotional learning into all schools and all grades, supporting a common language in grades K-8.*

*To this end, we*

- Taught and adopted the Sandy Hook Promise in grades 4 through 8.
- Provided targeted teaching to students on accepting differences and the value of classroom communities.
- Provided opportunities for staff to gain deeper levels of knowledge through professional development in the social-emotional learning domains.

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

*To this end, we*

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

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

*To this end, we*

- Continued to actively use on-line platforms and social media to communicate the events of the District to all stakeholders

- Developed and submitted fiscally responsible building and department budgets that reinforced the goals of the District and that were aligned with current conditions.

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

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

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by a vote of the Board of Education. Annual appropriations budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year ended June 30, 2019 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2019.

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

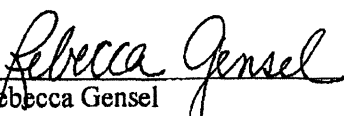
6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”, Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

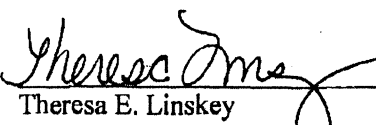
7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in the Statistical Section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

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

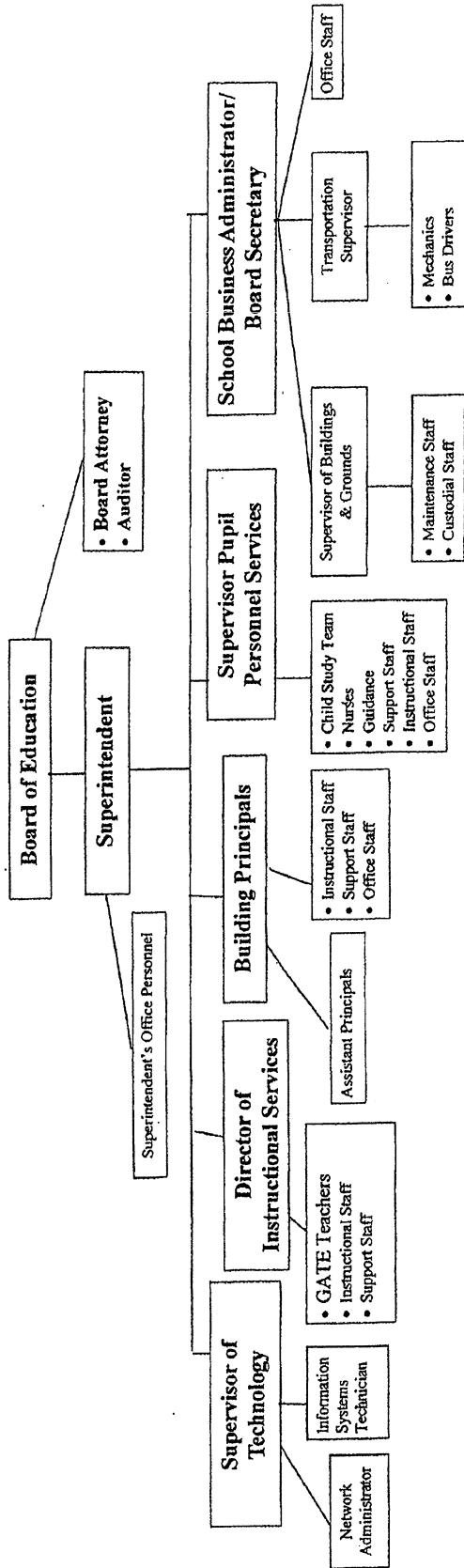
9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Branchburg Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

  
\_\_\_\_\_  
Rebecca Gensel  
Superintendent of Schools

  
\_\_\_\_\_  
Theresa E. Linskey  
Business Administrator/Board  
Secretary

*Branchburg Township School District*  
**1110 ORGANIZATIONAL CHART**





**BRANCBURG TOWNSHIP SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2019**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Theresa Joyce, President	January 2022
Catherine Curcio, Vice President	January 2021
Zoltan Ambrus	January 2020
Laura DePrado	January 2022
Kristen Fabriczi	January 2022
Noah Horowitz	January 2021
Olga Phelps	January 2020
Keerti Purohit	January 2020
Charles Tuma	January 2021

**OTHER OFFICIALS**

**TITLE**

Rebecca Gensel	Superintendent of Schools
Theresa Linskey	School Business Administrator/Board Secretary
David Rubin, Esq.	Board Attorney
Tina Neely	Director of Student Services
Jennifer Anderson	Director of Curriculum
Matthew Barbosa	Principal, Branchburg Central Middle School
Frank Altmire	Principal, Stony Brook School
Dee Shober	Principal, Whiton Elementary School

**BRANCBURG TOWNSHIP SCHOOL DISTRICT**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

(No Architect of Record)

**ATTORNEY**

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

**AUDIT FIRM**

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

**BOND COUNSEL**

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

**FINANCIAL ADVISOR**

Phoenix Advisors  
4 West Park Street  
Bordentown, New Jersey 08505

**OFFICIAL DEPOSITORY**

TD Bank  
Milltown Road  
Bridgewater, New Jersey 08807

FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District, in the County of Somerset, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness 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.

November 8, 2019  
Mt. Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

This section of the Branchburg Township School District's (the "District's") annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

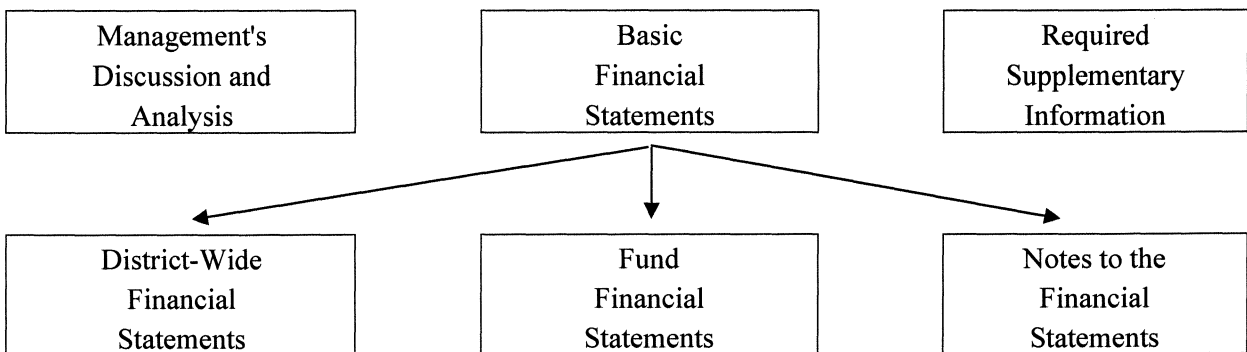
**Overview of the Financial Statements**

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

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

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

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





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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

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

**Figure A-2**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**District-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Fund Financial Statements**

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

**Notes to the Basic Financial Statements**

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

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

*Net Position.* The District's combined net position was \$17,394,222 on June 30, 2019, \$2,217,387 or 14.61% more than the year before (See Figure A-3). Net position from governmental activities increased \$2,207,952 and net position from business-type activities increased \$9,435 (See Figure A-4). Net investment in capital assets increased \$1,750,028, restricted net position increased \$64,483 and unrestricted net position increased \$402,876.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	
Current and Other Assets	\$ 10,385,828	\$ 10,269,503	\$ 207,103	\$ 195,568	\$ 10,592,931	\$ 10,465,071	
Capital Assets, Net	36,584,940	36,082,171	47,562	47,878	36,632,502	36,130,049	
Total Assets	46,970,768	46,351,674	254,665	243,446	47,225,433	46,595,120	1.35%
Deferred Outflows of Resources	2,417,018	2,825,561			2,417,018	2,825,561	-14.46%
Other Liabilities	736,884	865,411	22,783	20,999	759,667	886,410	
Long-Term Liabilities	28,497,757	30,922,909			28,497,757	30,922,909	
Total Liabilities	29,234,641	31,788,320	22,783	20,999	29,257,424	31,809,319	-8.02%
Deferred Inflows of Resources	2,990,805	2,434,527			2,990,805	2,434,527	22.85%
Net Position:							
Net Investment in Capital Assets	18,047,697	16,297,353	47,562	47,878	18,095,259	16,345,231	
Restricted	7,253,119	7,188,636			7,253,119	7,188,636	
Unrestricted/(Deficit)	(8,138,476)	(8,531,601)	184,320	174,569	(7,954,156)	(8,357,032)	
Total Net Position	\$ 17,162,340	\$ 14,954,388	\$ 231,882	\$ 222,447	\$ 17,394,222	\$ 15,176,835	14.61%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

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

*Changes in net position.* The District's *combined* net position increased by \$2,217,387, or 14.61%, over the course of the fiscal year. Net investment in capital assets increased \$1,750,028 due to a \$1,285,000 reduction in bonded debt from current year maturities and \$2,321,842 in capital additions (net of deletions) (\$2,317,690 from governmental and \$4,152 from business-type activities) offset by \$1,819,389 in depreciation (\$1,814,921 from governmental and \$4,468 from business-type activities) and a decrease in deferred amount on refunding of \$37,425. Restricted net position increased by \$64,483 due to an increase in the capital reserve of \$77,194 offset by a decrease in the reserve for debt service of \$12,711. The \$402,876 increase in unrestricted net position is due primarily to an increase in year-end encumbrances, a decrease in accrued interest payable, an increase in unexpended budget balances as well as a decrease in the net pension liability offset by a decrease in deferred outflows related to pensions and an increase in deferred inflows related to pensions (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	
Revenue:							
Program Revenue:							
Charges for Services	\$ 172,206	\$ 140,303	\$ 544,508	\$ 540,541	\$ 716,714	\$ 680,844	
Operating Grants/Contributions	11,400,304	13,178,050	118,069	117,903	11,518,373	13,295,953	
General Revenue:							
Property Taxes	42,662,881	42,160,737			42,662,881	42,160,737	
Unrestricted Federal/State Aid	294,851	353,564			294,851	353,564	
Other	423,859	238,822	56,579	18,226	480,438	257,048	
Total Revenue	<u>54,954,101</u>	<u>56,071,476</u>	<u>719,156</u>	<u>676,670</u>	<u>55,673,257</u>	<u>56,748,146</u>	-1.89%
Expenses:							
Instruction	22,276,348	23,204,212			22,276,348	23,204,212	
Pupil and Instruction Services	17,894,554	18,553,703			17,894,554	18,553,703	
Administrative and Business	3,686,037	4,010,467			3,686,037	4,010,467	
Maintenance and Operations	2,433,608	2,558,894			2,433,608	2,558,894	
Transportation	4,298,042	2,923,879			4,298,042	2,923,879	
Other	2,157,560	2,166,005	709,721	713,950	2,867,281	2,879,955	
Total Expenses	<u>52,746,149</u>	<u>53,417,160</u>	<u>709,721</u>	<u>713,950</u>	<u>53,455,870</u>	<u>54,131,110</u>	-1.25%
Change in Net Position	<u>\$2,207,952</u>	<u>\$2,654,316</u>	<u>\$ 9,435</u>	<u>\$ (37,280)</u>	<u>\$2,217,387</u>	<u>\$2,617,036</u>	-15.27%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Governmental Activities**

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

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

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5  
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2018/2019	2017/2018	2018/2019	2017/2018
Instruction	\$ 22,276,348	\$ 23,204,212	\$ 14,358,554	\$ 14,084,072
Pupil and Instruction Services	17,894,554	18,553,703	16,461,904	16,714,273
Administration and Business	3,686,037	4,010,467	2,863,932	2,963,750
Maintenance and Operations	2,433,608	2,558,894	2,234,719	2,314,900
Transportation	4,298,042	2,923,879	3,096,970	1,855,807
Other	2,157,560	2,166,005	2,157,560	2,166,005
	<u>\$ 52,746,149</u>	<u>\$ 53,417,160</u>	<u>\$ 41,173,639</u>	<u>\$ 40,098,807</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Business-Type Activities**

- Net position from the District's business-type activities (Food Service program) increased \$9,435 as a result of an increase in interest revenue. (Refer to Figure A-4).

**Financial Analysis of the District's Funds**

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

Student enrollment increased by 4 students in 2018-19. The District anticipates a decrease in enrollment of 47 students for the upcoming 2019-20 school year.

District has had a multi-year practice of utilizing funds from its restricted and unassigned fund balance to offset or reduce the tax levy.

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

**General Fund Budgetary Highlights**

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

**Capital Assets**

The District's capital assets increased \$502,453 – from \$36,130,049, to \$36,632,502 – or 1.39%, over the course of the fiscal year. (See Figure A-6.) (More detailed information about the District's capital assets is presented in Note 8 to the basic financial statements.)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Capital Assets**

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600	
Construction in Progress	1,168,486	441,054			1,168,486	441,054	
Site Improvements	831,681	655,933			831,681	655,933	
Buildings and Building Improvements	30,183,062	30,749,139			30,183,062	30,749,139	
Furniture, Machinery & Equipment	2,034,111	1,868,445	\$ 47,562	\$ 47,878	2,081,673	1,916,323	
<b>Total Capital Assets, Net</b>	<b>\$36,584,940</b>	<b>\$36,082,171</b>	<b>\$ 47,562</b>	<b>\$ 47,878</b>	<b>\$36,632,502</b>	<b>\$36,130,049</b>	<b>1.39%</b>

The increase in capital assets was attributable to current year depreciation of \$1,819,389 (\$1,814,921 from its governmental and \$4,468 from its business-type activities) which was offset by capital asset acquisitions (net of deletions) of \$2,321,842 (\$2,317,690 from its governmental and \$4,152 from its business-type activities).

**Long-Term Liabilities**

The District's long-term liabilities decreased \$2,425,152 – from \$30,922,909 to \$28,497,757 – or 7.84%, over the course of the fiscal year. (See Figure A-7.) (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

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

	Total School District		Percent Change
	2018/2019	2017/2018	
General Obligation Bonds (Financed with Property Taxes)	\$ 18,940,000	\$ 20,225,000	
Unamortized Bond Issuance Premium	1,883,567	2,038,689	
Net Pension Liability	7,002,277	7,943,160	
Other Long-term Liabilities	671,913	716,060	
	<b>\$ 28,497,757</b>	<b>\$ 30,922,909</b>	<b>-7.84%</b>

The decrease in long-term liabilities was attributable to a decrease in the net pension liability of \$940,883, a decrease in compensated absences payable of \$44,147, a decrease in unamortized bond issuance premium of \$155,122 and a decrease in bonds due to \$1,285,000 of maturities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Factors Bearing on the District's Future**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2019-2020 budget. The primary factors were:

- Lower enrollment
- Unpredictable state and federal aid
- Increasing salary and benefit costs
- Capital needs

In addition to the factors listed, the District's employees are currently contributing to their health benefit cost on a tiered system, thereby offsetting premium increases.

The major factors facing the District in future years will be the same as the factors considered during the development of the 2018-2019 budget, along with the Township's Council on Affordable Housing (COAH) requirements. Despite these concerns, the Branchburg Township Board of Education is committed to maintaining fiscal responsibility as well as achieving educational excellence for all of the students of the District.

**Contacting the District's Financial Management**

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



BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,317,985	\$ 190,367	\$ 3,508,352
Receivable from State Government	579,073	426	579,499
Receivable from Federal Government	63,757	6,067	69,824
Other Accounts Receivable	371,894	399	372,293
Inventories		9,844	9,844
Restricted Assets - Cash and Cash Equivalents			
Capital Reserve	4,109,319		4,109,319
Maintenance Reserve	23,800		23,800
Emergency Reserve	120,000		120,000
Tuition Reserve	1,800,000		1,800,000
Capital Assets:			
Sites (Land) and Construction in Progress	3,536,086		3,536,086
Depreciable Site Improvements, Building & Building Improvements & Furniture, Machinery & Equipment	33,048,854	47,562	33,096,416
Total Assets	46,970,768	254,665	47,225,433
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	402,757		402,757
Deferred Outflows Related to Pensions	2,014,261		2,014,261
Total Deferred Outflows of Resources	2,417,018		2,417,018
<b>LIABILITIES:</b>			
Accrued Interest Payable	339,483		339,483
Interfund Payable	7,755		7,755
Accounts Payable	385,815	1,298	387,113
Payable to State Government	400		400
Unearned Revenue	3,431	21,485	24,916
Noncurrent Liabilities:			
Due Within One Year	1,525,122		1,525,122
Due Beyond One Year	26,972,635		26,972,635
Total Liabilities	29,234,641	22,783	29,257,424
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows Related to Pensions	2,990,805		2,990,805
Total Deferred Inflows of Resources	2,990,805		2,990,805

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019  
(Continued)

	Governmental Activities	Business-type Activities	Total
NET POSITION:			
Net Investment in Capital Assets	\$ 18,047,697	\$ 47,562	\$ 18,095,259
Restricted for:			
Capital Projects	4,109,319		4,109,319
Tuition	1,800,000		1,800,000
Excess Surplus	1,200,000		1,200,000
Emergency	120,000		120,000
Other Purposes	23,800		23,800
Unrestricted/(Deficit)	(8,138,476)	184,320	(7,954,156)
Total Net Position	\$ 17,162,340	\$ 231,882	\$ 17,394,222

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 13,836,624	\$	\$ 3,453,373		\$ (10,383,251)		\$ (10,383,251)
Special Education	5,310,525	\$ 172,206	3,495,309		(1,643,010)		(1,643,010)
Other Special Instruction	2,291,491		586,097		(1,705,394)		(1,705,394)
School-Sponsored/Other Instruction	837,708		210,811		(626,897)		(626,897)
<b>Support Services:</b>							
Tuition	12,094,127				(12,094,127)		(12,094,127)
Student & Instruction Related Services	5,800,427		1,432,650		(4,367,777)		(4,367,777)
General Administration Services	938,301		149,636		(788,665)		(788,665)
School Administration Services	2,025,079		518,036		(1,507,043)		(1,507,043)
Central Services	617,658		152,490		(465,168)		(465,168)
Administrative Information Technology	104,999		1,942		(103,057)		(103,057)
Plant Operations and Maintenance	2,433,608		198,888		(2,234,720)		(2,234,720)
Pupil Transportation	4,298,042		1,201,072		(3,096,970)		(3,096,970)
Interest on Long-Term Debt	696,742				(696,742)		(696,742)
Unallocated Depreciation	1,460,818				(1,460,818)		(1,460,818)
<b>Total Governmental Activities</b>	<b>52,746,149</b>	<b>172,206</b>	<b>11,400,304</b>		<b>(41,173,639)</b>		<b>(41,173,639)</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities:							
Food Service Program	\$ 709,721	\$ 544,508	\$ 118,069		\$ (47,144)	\$ (47,144)	\$ (47,144)
Total Business-type Activities	709,721	544,508	118,069		(47,144)	(47,144)	(47,144)
Total Primary Government	\$ 53,455,870	\$ 716,714	\$ 11,518,373	\$ - 0 -	\$ (41,173,639)	(47,144)	(41,220,783)
General Revenue:							
Property Taxes, Levied for General Purposes, Net					40,694,329		40,694,329
Taxes Levied for Debt Service					1,968,552		1,968,552
Federal and State Aid not Restricted					294,851		294,851
Miscellaneous Income					423,859	56,579	480,438
Total General Revenue					43,381,591	56,579	43,438,170
Change in Net Position					2,207,952	9,435	2,217,387
Net Position - Beginning					14,954,388	222,447	15,176,835
Net Position - Ending					\$ 17,162,340	\$ 231,882	\$ 17,394,222

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

FUND FINANCIAL STATEMENTS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,317,985		\$ 3,317,985
Receivables From State Government	579,073		579,073
Receivables From Federal Government		\$ 63,757	63,757
Interfund Receivable	60,626		60,626
Other Accounts Receivable	371,894		371,894
Restricted Cash and Cash Equivalents	6,053,119		6,053,119
<b>Total Assets</b>	<b>\$ 10,382,697</b>	<b>\$ 63,757</b>	<b>\$ 10,446,454</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 26,590		\$ 26,590
Interfund Payable	7,755	\$ 60,626	68,381
Payable to State Government		400	400
Unearned Revenue	700	2,731	3,431
<b>Total Liabilities</b>	<b>35,045</b>	<b>63,757</b>	<b>98,802</b>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
Capital Reserve	4,109,319		4,109,319
Maintenance Reserve	23,800		23,800
Emergency Reserve	120,000		120,000
Tuition Reserve - For 2019-2020	900,000		900,000
Tuition Reserve - For 2020-2021	900,000		900,000
Excess Surplus	600,000		600,000
Excess Surplus - Subsequent Year's Expenditures	600,000		600,000
<b>Assigned:</b>			
Year-end Encumbrances	1,903,745		1,903,745
Unassigned	1,190,788		1,190,788
<b>Total Fund Balances</b>	<b>10,347,652</b>		<b>10,347,652</b>



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
Total Liabilities and Fund Balances	\$ 10,382,697	\$ 63,757	\$ 10,446,454
<p>Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are different because:</p>			
Total Fund Balances (Above)	\$ 10,347,652		\$ 10,347,652
<p>Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.</p>			
<p>Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.</p>			
<p>The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.</p>			
<p>Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:</p>			
Deferred Outflows			1,655,036
Deferred Inflows			(2,990,805)
<p>Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.</p>			
<p>Bond Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.</p>			
<p>The Deferred Amount on the Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.</p>			
Net Position - Governmental Activities			402,757
			\$ 17,162,340

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 40,694,329		\$ 1,968,552	\$ 42,662,881
Tuition	172,206			172,206
Interest Earned on Capital Reserve Funds	20,467			20,467
Miscellaneous	403,392	\$ 35,526		438,918
Total - Local Sources	41,290,394	35,526	1,968,552	43,294,472
State Sources	7,360,521	7,337	94,681	7,462,539
Federal Sources		520,590		520,590
Total Revenue	48,650,915	563,453	2,063,233	51,277,601
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	7,869,485	114,773		7,984,258
Special Education Instruction	2,721,885	389,976		3,111,861
Other Special Instruction	1,257,445			1,257,445
School-Sponsored/Other Instruction	465,096			465,096
Support Services and Undistributed Costs:				
Tuition	12,094,127			12,094,127
Student & Instruction Related Services	3,218,851	58,704		3,277,555
General Administration Services	665,179			665,179
School Administration Services	1,127,759			1,127,759
Central Services	348,622			348,622
Administrative Information Technology	101,573			101,573
Plant Operations and Maintenance	2,032,049			2,032,049
Pupil Transportation	1,768,816			1,768,816
Unallocated Benefits	10,947,691			10,947,691

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Capital Outlay	\$ 3,834,778			\$ 3,834,778
Debt Service:				
Principal			\$ 1,285,000	1,285,000
Interest and Other Charges			790,944	790,944
Total Expenditures	<u>48,453,356</u>	<u>\$ 563,453</u>	<u>2,075,944</u>	<u>51,092,753</u>
Excess/(Deficit) of Revenue over/under Expenditures	<u>197,559</u>		<u>(12,711)</u>	<u>184,848</u>
Fund Balance—July 1	<u>10,150,093</u>		<u>12,711</u>	<u>10,162,804</u>
Fund Balance—June 30	<u>\$ 10,347,652</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 10,347,652</u>

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 184,848
Amounts Reported for Governmental Activities in the Statement Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from deletions and depreciation in the period.		
	Depreciation Expense	\$ (1,814,921)
	Deletion of Capital Assets, Net of Accumulated Depreciation	(104,102)
	Capital Outlays	<u>2,421,792</u>
		502,769
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
		44,147
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+).		
		1,285,000
The governmental funds report the effect of the deferred amount on refunding relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).		
		(37,425)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction to the reconciliation (-). When the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		19,229
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		155,122
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	940,883
	Change in Deferred Outflows	(330,343)
	Change in Deferred Inflows	<u>(556,278)</u>
Change in Net Position of Governmental Activities (from Exhibit A-2)		<u>\$ 2,207,952</u>

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 190,367
Accounts Receivable:	
State	426
Federal	6,067
Other	399
Inventories	9,844
Total Current Assets	207,103
Non-Current Assets:	
Capital Assets	439,885
Less: Accumulated Depreciation	(392,323)
Total Non-Current Assets	47,562
Total Assets	254,665
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	1,298
Unearned Revenue - Prepaid Sales	17,448
Unearned Revenue - Donated Commodities	4,037
Total Current Liabilities	22,783
<b>NET POSITION:</b>	
Investment in Capital Assets	47,562
Unrestricted	184,320
Total Net Position	\$ 231,882

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

BRANCHBURG BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 311,269
Daily Sales - Non-Reimbursable Programs	233,239
	544,508
Total Operating Revenue	544,508
Operating Expenses:	
Cost of Sales - Reimbursable Programs	166,985
Cost of Sales - Non-Reimbursable Programs	125,125
Salaries, Benefits & Payroll Taxes	313,921
Supplies and Materials	10,788
Food Service Management Fee	16,501
Utilities	30,137
Purchased Professional Services	40,832
Other Purchased Services	964
Depreciation	4,468
	709,721
Total Operating Expenses	709,721
Operating (Loss)	(165,213)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	5,140
Federal Sources:	
National School Lunch Program	75,070
Food Distribution Program	37,859
Local Sources:	
Interest Income	56,579
	174,648
Total Non-Operating Revenue	174,648
Change in Net Position	9,435
Net Position - Beginning of Year	222,447
Net Position - End of Year	\$ 231,882

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 544,879
Payments to Employees	(344,058)
Payments to Suppliers	(319,994)
Net Cash Used for Operating Activities	(119,173)
Cash Flows from Investing Activities:	
Interest Income	56,579
Net Cash Provided by Investing Activities	56,579
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(4,152)
Net Cash Used for Capital and Related Financing Activities	(4,152)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	80,519
Net Cash Provided by Noncapital Financing Activities	80,519
Net Increase in Cash and Cash Equivalents	13,773
Cash and Cash Equivalents, July 1	176,594
Cash and Cash Equivalents, June 30	\$ 190,367
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (165,213)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	4,468
Federal Food Distribution Program	37,859
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable - Other	371
Decrease in Inventory	1,558
Increase in Unearned Revenue	518
Increase in Accounts Payable	1,266
Net Cash Used for Operating Activities	\$ (119,173)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$37,457 and utilized \$37,859 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2019.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2019

	Agency	Unemployment Compensation Trust	Flexible Spending Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 59,536	\$ 651,325	\$ 2,644
Interfund Receivable: General Fund	7,755		
Total Assets	67,291	651,325	2,644
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	1,155		
Accrued Salaries and Wages	7,755		
Summer Savings Deductions Payable	1,711		
Due to Student Groups	56,670		
Total Liabilities	67,291		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		651,325	
Held in Trust for Flexible Spending Claims			2,644
Total Net Position	\$ -0-	\$ 651,325	\$ 2,644

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



BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust
	<u>                    </u>	<u>                    </u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 49,591	\$ 9,680
Interest Earnings	11,053	
	<u>60,644</u>	<u>9,680</u>
Total Additions		
DEDUCTIONS:		
Unemployment Benefit Claims	50,743	
Flexible Spending Claims		8,340
	<u>50,743</u>	<u>8,340</u>
Total Deductions		
Change in Net Position	9,901	1,340
Net Position - July 1	<u>641,424</u>	<u>1,304</u>
Net Position - June 30	<u>\$ 651,325</u>	<u>\$ 2,644</u>

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budgets for the fiscal year ended June 30, 2019 was submitted to the County office and approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,670,187	\$ 563,453
Differences - Budget to GAAP:		
Prior Year State Aid payments recognized for GAAP Statements	200,135	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(219,407)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 48,650,915</u>	<u>\$ 563,453</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 48,453,356</u>	<u>\$ 563,453</u>
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 48,453,356</u>	<u>\$ 563,453</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

H. Encumbrances:

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

K. Capital Assets:

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

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



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2019, the amount earned by these employees but not disbursed was \$7,755.

N. Compensated Absences:

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

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$10,347,652 General Fund balance at June 30, 2019, \$1,903,745 is assigned for encumbrances; \$4,109,319 is restricted in the capital reserve account; \$23,800 is restricted in the maintenance reserve account; \$120,000 is restricted in the emergency reserve account; \$1,800,000 is restricted in the tuition reserve account of which \$900,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2020 and \$900,000 will be appropriated as anticipated revenue for the year ending June 30, 2021; \$600,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2021; \$600,000 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2020; and \$1,190,788 is unassigned fund balance which is \$219,407 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2020.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2019 as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$219,407 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$8,138,476 in governmental activities, which is primarily due to accrued interest payable, compensated absences payable, unamortized bond premiums, and net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2019 for the Deferred Amount on Bond Refunding, and pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred inflow of resources at June 30, 2019 for pensions.

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

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

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2019.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances at June 30, 2019.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investment section of this note.

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

Deposits:

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

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

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

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

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

Investments:

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
	Capital Reserve	Maintenance Reserve	Emergency Reserve	Tuition Reserve		
Checking and Savings Accounts	\$ 4,221,857	\$ 4,109,319	\$ 23,800	\$ 120,000	\$ 1,800,000	\$ 10,274,976

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$10,274,976 and the bank balance was \$14,055,847.

NOTE 4. MAINTENANCE RESERVE ACCOUNT

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

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

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



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 4. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$	23,800
Ending Balance, June 30, 2019	\$	23,800

NOTE 5. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$	4,032,125
Increased by:		
Interest Earnings	\$	20,467
Transfer by Board Resolution June 2019		3,286,227
		3,306,694
		7,338,819
Decreased by:		
Budgeted Withdrawal		(1,370,500)
Withdrawal to Capital Outlay as per Board Resolution		(1,859,000)
		(3,229,500)
Ending Balance, June 30, 2019	\$	4,109,319

The balance in the capital reserve account as of June 30, 2019 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 120,000
Ending Balance, June 30, 2019	<u>\$ 120,000</u>

NOTE 7. TUITION RESERVE ACCOUNT:

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

The District established a \$900,000 tuition reserve during 2017/2018 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2020 and a \$900,000 tuition reserve during 2018/2019 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2021.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,367,600			\$ 2,367,600
Construction in Progress	441,054	\$ 1,168,486	\$ (441,054)	1,168,486
Total Capital Assets not Being Depreciated	<u>2,808,654</u>	<u>1,168,486</u>	<u>(441,054)</u>	<u>3,536,086</u>
Capital Assets Being Depreciated:				
Site Improvements	1,498,377	325,826	(71,783)	1,752,420
Buildings and Building Improvements	57,148,128	340,571	441,054	57,929,753
Machinery and Equipment	7,877,481	586,909	(404,560)	8,059,830
Total Capital Assets Being Depreciated	<u>66,523,986</u>	<u>1,253,306</u>	<u>(35,289)</u>	<u>67,742,003</u>
Governmental Activities Capital Assets	<u>69,332,640</u>	<u>2,421,792</u>	<u>(476,343)</u>	<u>71,278,089</u>
Less Accumulated Depreciation for:				
Site Improvements	(842,444)	(85,467)	7,172	(920,739)
Buildings and Building Improvements	(26,398,989)	(1,347,702)		(27,746,691)
Machinery and Equipment	(6,009,036)	(381,752)	365,069	(6,025,719)
Total Accumulated Depreciation	<u>(33,250,469)</u>	<u>(1,814,921)</u>	<u>372,241</u>	<u>(34,693,149)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$36,082,171</u>	<u>\$ 606,871</u>	<u>\$ (104,102)</u>	<u>\$36,584,940</u>
Business -Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 435,733	\$ 4,152		\$ 439,885
Less: Accumulated Depreciation	(387,855)	(4,468)		(392,323)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 47,878</u>	<u>\$ (316)</u>	<u>\$ -0-</u>	<u>\$ 47,562</u>

The District had no active capital projects as of June 30, 2019.

Depreciation expense was charged to governmental functions as follows:

Student & Instruction Related Services	\$ 109,370
Plant Operations and Maintenance	46,323
Pupil Transportation	198,410
Unallocated Depreciation	1,460,818
	<u>\$ 1,814,921</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in the long-term liabilities reported in the District-wide financial statements:

	Balance June 30, 2018	Accrued	Retired	Balance June 30, 2019
Serial Bonds Payable	\$ 20,225,000		\$ 1,285,000	\$ 18,940,000
Unamortized Bond Issuance Premium	2,038,689		155,122	1,883,567
Net Pension Liability	7,943,160		940,883	7,002,277
Compensated Absences Payable	716,060	\$ 30,893	75,040	671,913
	<u>\$ 30,922,909</u>	<u>\$ 30,893</u>	<u>\$ 2,456,045</u>	<u>\$ 28,497,757</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund. The current portion of bonds payable is \$1,370,000 and the long-term portion is \$17,570,000

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

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

The District had bonds outstanding as of June 30, 2019 as follows:

Purpose	<u>Serial Bonds</u>		
	Final Maturity	Interest Rates	Amount
Refunding Bonds of 2010	02/01/26	3.25% to 4.00%	\$ 5,190,000
Refunding Bonds of 2016	07/15/31	2.50% to 5.00%	13,750,000
			<u>\$ 18,940,000</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

A. Bonds Payable: (Cont'd)

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

<u>Fiscal Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,370,000	\$ 743,994	\$ 2,113,994
2021	1,470,000	689,794	2,159,794
2022	1,560,000	631,094	2,191,094
2023	1,565,000	575,794	2,140,794
2024	1,665,000	515,056	2,180,056
2025-2029	7,280,000	1,437,450	8,717,450
2030-2032	4,030,000	197,106	4,227,106
	<u>\$ 18,940,000</u>	<u>\$ 4,790,288</u>	<u>\$ 23,730,288</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, the District has no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$-0- and the long-term portion is \$671,913.

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

D. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$155,122 and is separated from the long-term liability balance of \$1,728,445.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$7,002,277. See Note 11 for further information on the PERS.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2019, the District made transfers to capital outlay accounts in the amount of \$103,132 for equipment which did not require County Superintendent approval. The District transferred \$1,859,000 to construction services which required County Superintendent approval.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$355,910 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$7,002,277 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.0356%, which was an increase of 0.0014% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$299,479. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 55,424	
	2015	5.72	250,148	
	2016	5.57	848,288	
	2017	5.48		\$ (1,290,818)
	2018	5.63		(948,139)
			<u>1,153,860</u>	<u>(2,238,957)</u>
Difference Between Expected and Actual Experience	2015	5.72	69,402	
	2016	5.57	25,743	
	2017	5.48	38,389	
	2018	5.63		(36,106)
			<u>133,534</u>	<u>(36,106)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		42,311
	2016	5.00		236,548
	2017	5.00		(212,904)
	2018	5.00		(131,637)
				<u>(65,682)</u>
Changes in Proportion	2014	6.44	15,035	
	2015	5.72		(11,095)
	2016	5.57	85,312	
	2017	5.48		(638,965)
	2018	5.63	267,295	
			<u>367,642</u>	<u>(650,060)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	359,225	
			<u>\$ 2,014,261</u>	<u>\$ (2,990,805)</u>



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 48,599
2020	(67,287)
2021	(482,499)
2022	(418,238)
2023	(133,926)
	\$ (1,053,351)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 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.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 8,804,557	\$ 7,002,277	\$ 5,490,280

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

During the fiscal year ended 2019, the State of New Jersey contributed \$2,436,303 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,660,065.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$79,937,301. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.1257%, which was a decrease of 0.005% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		79,937,301
Total	\$	79,937,301

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$4,660,065 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
				<u>11,053,759,853</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
				<u>1,420,239,017</u>
Net Difference Between Projected and Actual	2015	5		(192,642,062)
Investment Earnings on Pension Plan Investments	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	<u>(3,210,092,402)</u>
	<u>\$ (3,706,774,773)</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

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(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate-TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension 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.



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net			
Pension Liability Associated with the District	\$ 94,484,372	\$ 79,937,301	\$ 67,878,134

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$31,938 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$42,872 for the fiscal year ended June 30, 2019.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

AXA Equitable  
Lincoln Investment Planning  
Fidelity Investments

AXA Equitable and Lincoln Investment Planning are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 60,626	\$ 7,755
Special Revenue Fund		60,626
Fiduciary Funds	7,755	
	\$ 68,381	\$ 68,381

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

NOTE 14. TAX CALENDAR

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 15. RISK MANAGEMENT

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

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

Property and Liability Insurance

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

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

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

The June 30, 2019 financial information was not available as of the date of the audit. Selected financial information for the Group as of June 30, 2018 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 342,337,056</u>
Net Position	<u>\$ 82,580,855</u>
Total Revenue	<u>\$ 133,258,299</u>
Total Expenses	<u>\$ 129,340,074</u>
Change in Net Position	<u>\$ 3,918,225</u>
Member Dividends	<u>\$ -0-</u>

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 15. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ - 0 -	\$ 60,644	\$ 50,743	\$ 651,325
2018	- 0 -	53,888	41,372	641,424
2017	- 0 -	50,905	47,605	628,908

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2019:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities Proprietary Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>				
Vendors	\$ 26,590			\$ 26,590	\$ 1,298	\$ 27,888
Due State of New Jersey		\$ 400	\$ 359,225	359,625		359,625
	<u>\$ 26,590</u>	<u>\$ 400</u>	<u>\$ 359,225</u>	<u>\$ 386,215</u>	<u>\$ 1,298</u>	<u>\$ 387,513</u>

NOTE 17. ECONOMIC DEPENDENCY

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 18. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2019, there were \$1,903,745 of encumbrances in the General Fund of the governmental funds.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

Plan Description and Benefits Provided (Cont'd)

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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.

Actuarial Assumptions and Other Inputs

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

	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

	Total OPEB Liability
Balance at June 30, 2017	\$ 68,101,841
Changes for Year:	
Service Cost	2,203,307
Interest on the Total OPEB Liability	2,489,404
Changes of Assumptions	(4,264,527)
Differences between Expected and Actual Experience	(6,894,939)
Gross Benefit Payments by the State	(1,606,624)
Contributions from Members	55,528
Net Changes	(8,017,851)
Balance at June 30, 2018	\$ 60,083,990

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 68,101,841
Changes for Year:	
Service Cost	2,203,307
Interest on the Total OPEB Liability	2,489,404
Changes of Assumptions	(4,264,527)
Differences between Expected and Actual Experience	(6,894,939)
Gross Benefit Payments by the State	(1,606,624)
Contributions from Members	55,528
Net Changes	(8,017,851)
Balance at June 30, 2018	\$ 60,083,990

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
	Total OPEB Liability Attributable to the District	\$ 88,249,600	\$ 73,662,802



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

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

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 49,662,917	\$ 60,083,990	\$ 73,866,258
<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>			

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$2,580,974 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (7,298,215)
Changes in Assumptions	2018	9.51		(6,169,919)
			\$ -0-	\$ (13,468,133)
Differences Between Expected and Actual Experience	2018	9.51		(5,832,493)
Changes in Proportion	N/A	N/A	\$ 1,793,919	(166,610)
			\$ 1,793,919	\$ (19,467,237)

N/A - Not Available

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ (2,378,322)
2020	(2,378,322)
2021	(2,378,322)
2022	(2,378,322)
2023	(2,378,322)
Thereafter	(7,409,016)
	\$ (19,300,627)

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's Proportion - Net Pension Liability	0.0379983601%	0.0378066674%	0.0387375657%	0.0341224439%
District's Proportionate Share - Net Pension Liability	\$ 7,114,332	\$ 8,486,841	\$ 11,472,956	\$ 7,943,160
District's Covered Employee Payroll	\$ 2,552,695	\$ 2,625,017	\$ 2,354,627	\$ 2,413,370
District's Proportionate Share - Net Pension Liability as a Percentage of its Covered Employee Payroll	278.70%	323.31%	487.25%	329.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%
				53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 313,253	\$ 325,036	\$ 346,437	\$ 321,635	\$ 355,910
Contributions in Relation to the Contractually Required Contribution	(313,253)	(325,036)	(346,437)	(321,635)	(355,910)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 2,551,319	\$ 2,552,695	\$ 2,625,017	\$ 2,354,627	\$ 2,413,370
Contributions as a Percentage of Covered Employee Payroll	12.28%	12.73%	13.20%	13.66%	14.75%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's Proportion - Net Pension Liability Attributable to the District	0.1299495616%	0.1308605445%	0.1282080348%	0.1304605284%
State's Proportionate Share - Net Pension Liability Attributable to the District	\$ 69,453,811	\$ 82,709,452	\$ 100,856,603	\$ 87,961,192
District's Covered Employee Payroll	\$ 12,821,832	\$ 13,262,413	\$ 12,997,930	\$ 12,736,975
State's Proportionate Share - Net Pension Liability Attributable to the District as a Percentage of its Covered Employee Payroll	541.68%	623.64%	775.94%	690.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%
				26.49%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 3,737,267	\$ 5,050,157	\$ 7,577,970	\$ 6,093,506	\$ 4,660,065
Contributions in relation to the Contractually Required Contribution	<u>(707,480)</u>	<u>(1,026,484)</u>	<u>(1,416,115)</u>	<u>(1,850,415)</u>	<u>(2,436,303)</u>
Contribution Deficiency/(Excess)	<u>\$ 3,029,787</u>	<u>\$ 4,023,673</u>	<u>\$ 6,161,855</u>	<u>\$ 4,243,091</u>	<u>\$ 2,223,762</u>
District's Covered Employee Payroll	\$ 13,262,413	\$ 12,997,930	\$ 12,736,975	\$ 13,297,398	\$ 13,444,314
Contributions as a percentage of Covered Employee Payroll	5.33%	7.90%	11.12%	13.92%	18.12%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2017</u>	<u>2018</u>
Service Cost	\$ 2,654,071	\$ 2,203,307
Interest Cost	2,153,533	2,489,404
Changes in Assumptions	(8,849,265)	(4,264,527)
Differences between Expected and Actual Experience		(6,894,939)
Member Contributions	58,083	55,528
Gross Benefit Payments	<u>(1,577,383)</u>	<u>(1,606,624)</u>
Net Change in Total OPEB Liability	(5,560,961)	(8,017,851)
Total OPEB Liability - Beginning	<u>73,662,802</u>	<u>68,101,841</u>
Total OPEB Liability - Ending	<u>\$ 68,101,841</u>	<u>\$ 60,083,990</u>
District's Covered Employee Payroll *	\$ 15,352,557	\$ 15,150,345
Total OPEB Liability as a Percentage of Covered Employee Payroll	444%	397%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

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



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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

The mortality rates in the valuation as of June 30, 2018 were based on the following:

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED  
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

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 eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)**

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenue:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 40,694,329		\$ 40,694,329	\$ 40,694,329	
Tuition - From Individuals	70,000		70,000	82,650	\$ 12,650
Tuition - From Other LEA's	25,000		25,000	89,556	64,556
Rents and Royalties	124,524		124,524	163,953	39,429
Interest Earned on Capital Reserve Funds				20,467	20,467
Unrestricted Miscellaneous Revenue	8,000		8,000	239,439	231,439
<b>Total - Local Sources</b>	<b>40,921,853</b>		<b>40,921,853</b>	<b>41,290,394</b>	<b>368,541</b>
<b>State Sources:</b>					
Transportation Aid	708,668		708,668	708,668	
Categorical Special Education Aid	1,363,026		1,363,026	1,363,026	
Security Aid	193,608		193,608	193,608	
Extraordinary Aid				491,779	491,779
Additional Extraordinary Aid				1,833	1,833
Nonpublic Transportation				39,150	39,150
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,128,236	1,128,236
TPAF On-Behalf Pension Contributions (Non-Budgeted)				2,436,303	2,436,303
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				50,998	50,998
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,321	2,321
TPAF Social Security (Reimbursed - Non-Budgeted)				963,871	963,871
<b>Total State Sources</b>	<b>2,265,302</b>		<b>2,265,302</b>	<b>7,379,793</b>	<b>5,114,491</b>
<b>Total Revenue</b>	<b>43,187,155</b>		<b>43,187,155</b>	<b>48,670,187</b>	<b>5,483,032</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 59,257	\$ 35,443	\$ 94,700	\$ 94,700	
Kindergarten - Salaries of Teachers	587,801	68,112	655,913	655,913	
Grades 1-5 - Salaries of Teachers	3,806,948	(61,356)	3,745,592	3,491,945	\$ 253,647
Grades 6-8 - Salaries of Teachers	2,961,479	(37,005)	2,924,474	2,911,414	13,060
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	231	3,731	3,731	
Purchased Professional-Educational Services	15,000	(231)	14,769	6,068	8,701
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	15,800	3,625	19,425	12,482	6,943
Other Purchased Services	146,738	7,950	154,688	128,663	26,025
General Supplies	640,650	(38,633)	602,017	541,866	60,151
Textbooks	23,261		23,261	22,296	965
Other Objects	800		800	407	393
Total Regular Programs - Instruction	<u>8,261,234</u>	<u>(21,864)</u>	<u>8,239,370</u>	<u>7,869,485</u>	<u>369,885</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	334,039	(121,918)	212,121	211,173	948
Other Salaries for Instruction	66,472	27,888	94,360	75,326	19,034
General Supplies	17,000	(5,573)	11,427	10,812	615
Total Learning and/or Language Disabilities	<u>417,511</u>	<u>(99,603)</u>	<u>317,908</u>	<u>297,311</u>	<u>20,597</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers		\$ 58,965	\$ 58,965	\$ 58,965	
Other Salaries for Instruction		13,031	13,031	13,031	
General Supplies		3,000	3,000	3,000	
Total Behavioral Disabilities		74,996	74,996	74,996	
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,994,367	(30,069)	1,964,298	1,962,976	\$ 1,322
Other Salaries for Instruction	117,924	13,368	131,292	119,375	11,917
General Supplies	35,103	(12,572)	22,531	21,521	1,010
Total Resource Room/Resource Center	2,147,394	(29,273)	2,118,121	2,103,872	14,249
Autism:					
Salaries of Teachers		57,365	57,365	57,365	
Other Salaries for Instruction		22,418	22,418	22,418	
General Supplies		3,528	3,528	3,528	
Total Autism		83,311	83,311	83,311	
Preschool Disabilities - Part Time:					
Salaries of Teachers	61,408	(28,682)	32,726	32,726	
Other Salaries for Instruction	41,920	(28,522)	13,398	13,398	
Other Purchased Services	3,000	(3,000)			
General Supplies	4,000	1,629	5,629	5,601	28
Total Preschool Disabilities - Part Time	110,328	(58,575)	51,753	51,725	28
Preschool Disabilities - Full Time:					
Salaries of Teachers	63,711	46,959	110,670	110,670	
Total Preschool Disabilities - Full Time	63,711	46,959	110,670	110,670	
Total Special Education - Instruction	2,738,944	17,815	2,756,759	2,721,885	34,874
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	930,428	166,800	1,097,228	1,096,928	300
Other Salaries for Instruction	18,224	(1,533)	16,691	16,691	
Total Basic Skills/Remedial - Instruction	948,652	165,267	1,113,919	1,113,619	300

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 136,842	\$ 6,086	\$ 142,928	\$ 142,928	
General Supplies	1,900		1,900	898	\$ 1,002
Total Bilingual Education - Instruction	138,742	6,086	144,828	143,826	1,002
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	58,769	2,807	61,576	49,651	11,925
Supplies and Materials	5,200	(287)	4,913	2,761	2,152
Total School-Sponsored Cocurricular Activities - Instruction	63,969	2,520	66,489	52,412	14,077
School-Sponsored Athletics - Instruction					
Salaries	88,053	(3,720)	84,333	74,184	10,149
Supplies and Materials	13,800		13,800	8,473	5,327
Total School-Sponsored Athletics - Instruction	101,853	(3,720)	98,133	82,657	15,476
Before/After School Programs- Support Services:					
Salaries	8,800	1,226	10,026	677	9,349
Total Before/After School Programs - Support Services	8,800	1,226	10,026	677	9,349
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	344,115		344,115	327,450	16,665
Purchased Professional & Technical Services	16,500		16,500	1,900	14,600
General Supplies	500		500		500
Total Other Supplemental/At-Risk Programs - Instruction	361,115		361,115	329,350	31,765
Total Instruction	12,623,309	167,330	12,790,639	12,313,911	476,728



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 9,731,966		\$ 9,731,966	\$ 9,731,966	
Tuition to Other LEAs Within the State - Special	1,160,573	\$ 73,726	1,234,299	1,203,210	\$ 31,089
Tuition to Co. Voc. School District - Regular	26,000	650	26,650	26,650	
Tuition to Co. Voc. School District - Special	11,700	1,950	13,650	13,650	
Tuition to Private Schools for the Disabled - Within the State	2,025,367	(76,326)	1,949,041	1,118,651	830,390
Total Undistributed Expenditures - Instruction	<u>12,955,606</u>		<u>12,955,606</u>	<u>12,094,127</u>	<u>861,479</u>
Attendance & Social Work:					
Salaries	10,938		10,938	10,619	319
Total Attendance & Social Work	<u>10,938</u>		<u>10,938</u>	<u>10,619</u>	<u>319</u>
Health Services:					
Salaries	289,308	13,477	302,785	264,693	38,092
Purchased Professional and Technical Services	5,500		5,500	5,500	
Supplies and Materials	7,867	(63)	7,804	6,493	1,311
Total Health Services	<u>302,675</u>	<u>13,414</u>	<u>316,089</u>	<u>276,686</u>	<u>39,403</u>
Speech, OT, PT and Related Services:					
Salaries	544,511	(5,210)	539,301	532,974	6,327
Purchased Professional - Educational Services	32,500	(8,900)	23,600	22,862	738
Supplies and Materials	13,000	(3,343)	9,657	9,358	299
Total Speech, OT, PT and Related Services	<u>590,011</u>	<u>(17,453)</u>	<u>572,558</u>	<u>565,194</u>	<u>7,364</u>
Other Support Services - Students - Extra Services :					
Salaries	344,810	(101,616)	243,194	237,665	5,529
Total Other Support Services - Students - Extra Services	<u>344,810</u>	<u>(101,616)</u>	<u>243,194</u>	<u>237,665</u>	<u>5,529</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
Current Expense:					
Guidance:					
Salaries of Other Professional Staff	\$ 282,403	\$ 10,003	\$ 292,406	\$ 288,032	\$ 4,374
Total Guidance	<u>282,403</u>	<u>10,003</u>	<u>292,406</u>	<u>288,032</u>	<u>4,374</u>
Child Study Team:					
Salaries of Other Professional Staff	655,358	14,894	670,252	667,419	2,833
Salaries of Secretarial and Clerical Assistants	122,616		122,616	122,616	
Purchased Professional - Educational Services	91,000		91,000	52,647	38,353
Miscellaneous Purchased Services (400-500 series)	27,300		27,300	19,992	7,308
Supplies and Materials	10,500	(125)	10,375	5,624	4,751
Other Objects	1,079	125	1,204	1,204	
Total Child Study Team	<u>907,853</u>	<u>14,894</u>	<u>922,747</u>	<u>869,502</u>	<u>53,245</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	126,186		126,186	126,125	61
Salaries of Other Professional Staff	81,968	13,791	95,759	95,677	82
Salaries of Secretarial and Clerical Assistants	62,058		62,058	57,165	4,893
Purchased Professional - Educational Services	13,000		13,000	9,370	3,630
Other Purchased Services (400-500 series)	105,647	(14,391)	91,256	86,238	5,018
Supplies and Materials	3,000		3,000	1,296	1,704
Other Objects	4,000		4,000	1,697	2,303
Total Improvement of Instructional Services	<u>395,859</u>	<u>(600)</u>	<u>395,259</u>	<u>377,568</u>	<u>17,691</u>
Educational Media Services - School Library:					
Salaries	589,119	(38,531)	550,588	537,619	12,969
Supplies and Materials	14,500		14,500	13,856	644
Total Educational Media Services - School Library	<u>603,619</u>	<u>(38,531)</u>	<u>565,088</u>	<u>551,475</u>	<u>13,613</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	\$ 23,210		\$ 23,210	\$ 5,084	\$ 18,126
Purchased Professional - Educational Services	91,500	(7,950)	83,550	16,545	67,005
Other Purchased Services (400-500 series)	27,500	787	28,287	20,481	7,806
Total Instructional Staff Training Services	142,210	(7,163)	135,047	42,110	92,937
<b>General Administration:</b>					
Salaries	322,362		322,362	320,809	1,553
Legal Services	60,000	(7,006)	52,994	42,262	10,732
Audit Fees	40,400	2,500	42,900	42,900	
Other Purchased Professional Services	32,000	6,714	38,714	16,903	21,811
Communications/Telephone	68,320		68,320	62,324	5,996
BOE Other Purchased Services	8,700	(7,500)	1,200	1,086	114
Miscellaneous Purchased Services (400-500 series)	151,344	5,429	156,773	140,170	16,603
General Supplies	4,000		4,000	3,419	581
BOE In-House Training and Meeting Supplies	1,000		1,000	162	838
Miscellaneous Expenditures	16,775		16,775	14,944	1,831
Board of Education Dues and Fees	23,000		23,000	20,200	2,800
Total General Administration	727,901	137	728,038	665,179	62,859
<b>School Administration:</b>					
Salaries of Principals/Assistant Principals	633,658		633,658	633,657	1
Salaries of Other Professional Staff	94,639		94,639	94,593	46
Salaries of Secretarial and Clerical Assistants	386,191		386,191	382,380	3,811
Other Purchased Services (400-500 series)	10,325	(325)	10,000	7,118	2,882
Supplies and Materials	6,600	(13)	6,587	4,491	2,096
Other Objects	5,860	4	5,864	5,520	344
Total School Administration	1,137,273	(334)	1,136,939	1,127,759	9,180

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Central Services:					
Salaries	\$ 335,967		\$ 335,967	\$ 326,926	\$ 9,041
Purchased Professional Services	20,000		20,000	2,900	17,100
Miscellaneous Purchased Services (400-500 series)	17,800		17,800	10,730	7,070
Supplies and Materials	12,049		12,049	5,618	6,431
Other Objects	2,960		2,960	2,448	512
<b>Total Central Services</b>	<b>388,776</b>		<b>388,776</b>	<b>348,622</b>	<b>40,154</b>
Administrative Information Technology:					
Salaries		\$ 4,796	4,796	4,163	633
Purchased Technical Services	84,055	1,141	85,196	64,878	20,318
Other Purchased Services (400-500 series)	36,400	359	36,759	26,889	9,870
Supplies and Materials	6,252	(25)	6,227	5,543	684
Other Objects	75	25	100	100	
<b>Total Administrative Information Technology</b>	<b>126,782</b>	<b>6,296</b>	<b>133,078</b>	<b>101,573</b>	<b>31,505</b>
Required Maintenance for School Facilities:					
Salaries	315,184		315,184	307,015	8,169
Cleaning, Repair and Maintenance Services	146,727	39,016	185,743	166,575	19,168
General Supplies	100,440	(3,443)	96,997	69,205	27,792
Other Objects	35,281	29,275	64,556	55,859	8,697
<b>Total Required Maintenance for School Facilities</b>	<b>597,632</b>	<b>64,848</b>	<b>662,480</b>	<b>598,654</b>	<b>63,826</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Custodial Services:					
Salaries	\$ 192,968		\$ 192,968	\$ 119,386	\$ 73,582
Purchased Professional - Technical Services	122,000		122,000	73,251	48,749
Cleaning, Repair and Maintenance Services	759,226	\$ (9,811)	749,415	692,635	56,780
Other Purchased Property Services	28,000	4,842	32,842	26,849	5,993
Insurance	51,246		51,246	42,086	9,160
Miscellaneous Purchased Services	800		800		800
General Supplies	71,683	(4,879)	66,804	46,477	20,327
Energy (Natural Gas)	102,600	1,480	104,080	79,896	24,184
Energy (Electricity)	446,090	(1,480)	444,610	352,390	92,220
Other Objects	1,710		1,710	425	1,285
Total Custodial Services	<u>1,776,323</u>	<u>(9,848)</u>	<u>1,766,475</u>	<u>1,433,395</u>	<u>333,080</u>
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	898,094	(37,572)	860,522	757,595	102,927
Between Home & School - Special Education	202,978	83,515	286,493	205,147	81,346
Other than Between Home & School	71,650	15,000	86,650	64,069	22,581
Other Purchased Professional and Technical Services	72,425	12,999	85,424	74,382	11,042
Cleaning, Repair and Maintenance Services	2,510	8,000	10,510	5,677	4,833
Contracted Services:					
Special Ed. Students - ESC's & CTSA's	578,821	(45,943)	532,878	427,880	104,998

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Student Transportation Services:</b>					
Contracted Services:					
Aid in Lieu Payments - Nonpublic Students	\$ 135,000		\$ 135,000	\$ 124,780	\$ 10,220
Aid in Lieu Payments - Choice Students	2,000		2,000	1,000	1,000
Miscellaneous Purchased Services - Transportation	750		750		750
General Supplies	139,198	\$ (37,957)	101,241	107,908	101,241
Transportation Supplies	192,950	(43,350)	149,600		41,692
Other Objects	3,052		3,052	378	2,674
<b>Total Student Transportation Services</b>	<b>2,299,428</b>	<b>(45,308)</b>	<b>2,254,120</b>	<b>1,768,816</b>	<b>485,304</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	363,000	(10,784)	352,216	352,216	
Other Retirement Contributions - PERS	400,000		400,000	355,910	44,090
Other Retirement Contributions - Regular	30,000	1,938	31,938	31,938	
Workmen's Compensation	146,775		146,775	127,157	19,618
Health Benefits	6,604,731	(158,721)	6,446,010	5,331,470	1,114,540
Tuition Reimbursement	78,250		78,250	75,000	3,250
Other Employee Benefits	19,600	900	20,500	14,805	5,695
Unused Sick Payment to Terminated/Retired Staff	70,000	7,466	77,466	77,466	
<b>Total Unallocated Benefits</b>	<b>7,712,356</b>	<b>(159,201)</b>	<b>7,553,155</b>	<b>6,365,962</b>	<b>1,187,193</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Nonbudgeted:					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				\$ 1,128,236	\$ (1,128,236)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				2,436,303	(2,436,303)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				50,998	(50,998)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,321	(2,321)
TPAF Social Security (Reimbursed - Non-Budgeted)				963,871	(963,871)
Total On-Behalf Contributions				4,581,729	(4,581,729)
Total Personal Services - Employee Benefits	\$ 7,712,356	\$ (159,201)	\$ 7,553,155	10,947,691	(3,394,536)
Total Undistributed Expenditures	31,302,455	(270,462)	31,031,993	32,304,667	(1,272,674)
Total Current Expense	43,925,764	(103,132)	43,822,632	44,618,578	(795,946)
Capital Outlay:					
Equipment:					
Multiple Disabilities		13,309	13,309	13,309	
School Administrative	8,000	32,617	40,617	40,617	
Administrative Information Technology	37,000	12,800	49,800	47,431	2,369
Student Transportation - Non-Instructional Equipment	40,000	23,585	63,585		63,585
School Buses - Regular	285,413	20,821	306,234	306,234	
Total Equipment	370,413	103,132	473,545	407,591	65,954
Facilities Acquisition and Construction Services:					
Construction Services	3,560,225	1,864,000	5,424,225	3,384,463	2,039,762
Supplies and Materials	5,000	(5,000)			
Other Objects - SDA Debt Service Assessment	42,724		42,724	42,724	
Total Facilities Acquisition and Construction Services	3,607,949	1,859,000	5,466,949	3,427,187	2,039,762
Total Capital Outlay Expenditures	3,978,362	1,962,132	5,940,494	3,834,778	2,105,716
Total Expenditures	47,904,126	1,859,000	49,763,126	48,453,356	1,309,770

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (4,716,971)	\$ (1,859,000)	\$ (6,575,971)	\$ 216,831	\$ 6,792,802
Fund Balance, July 1	<u>10,350,228</u>		<u>10,350,228</u>	<u>10,350,228</u>	
Fund Balance, June 30	<u>\$ 5,633,257</u>	<u>\$ (1,859,000)</u>	<u>\$ 3,774,257</u>	<u>\$ 10,567,059</u>	<u>\$ 6,792,802</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 4,109,319	
Maintenance Reserve				23,800	
Tuition Reserve - For 2019-2020				900,000	
Tuition Reserve - For 2020-2021				900,000	
Emergency Reserve				120,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				600,000	
Excess Surplus				600,000	
Assigned:					
Year-end Encumbrances				1,903,745	
Unassigned				<u>1,410,195</u>	
				<u>10,567,059</u>	
Reconciliation to Governmental Fund Statements (GAAP):				<u>(219,407)</u>	
Last Two State Aid Payments not recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,347,652</u>	



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 34,258	\$ 4,795	\$ 39,053	\$ 35,526	\$ (3,527)
State Sources	7,737		7,737	7,337	(400)
Federal Sources	507,589	25,351	532,940	520,590	(12,350)
<b>Total Revenue</b>	<b>549,584</b>	<b>30,146</b>	<b>579,730</b>	<b>563,453</b>	<b>(16,277)</b>
Expenditures:					
Instruction:					
Salaries of Teachers	69,094	7,021	76,115	71,442	4,673
Purchased Professional and Technical Services	16,337		16,337	13,717	2,620
Tuition	389,976		389,976	389,976	
General Supplies	28,388	3,780	32,168	28,393	3,775
Textbooks	1,228		1,228	1,221	7
<b>Total Instruction</b>	<b>505,023</b>	<b>10,801</b>	<b>515,824</b>	<b>504,749</b>	<b>11,075</b>
Support Services:					
Salaries of Other Professional Staff	10,137	4,394	14,531	9,329	5,202
Purchased Professional/Educational Services	34,424	14,951	49,375	49,375	
<b>Total Support Services</b>	<b>44,561</b>	<b>19,345</b>	<b>63,906</b>	<b>58,704</b>	<b>5,202</b>
<b>Total Expenditures</b>	<b>549,584</b>	<b>30,146</b>	<b>579,730</b>	<b>563,453</b>	<b>16,277</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,670,187	\$ 563,453
Differences - Budget to GAAP:		
Prior Year State Aid Payments recognized for GAAP statements	200,135	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(219,407)	
	<u>\$ 48,650,915</u>	<u>\$ 563,453</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
	<u>\$ 48,650,915</u>	<u>\$ 563,453</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 48,453,356	\$ 563,453
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 48,453,356</u>	<u>\$ 563,453</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	E.S.E.A				IDEA, Part B	
	Title I	Title IIA	Title III	Title IV	Basic	Preschool
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 69,940	\$ 49,375	\$ 2,408	\$ 8,891	\$ 369,509	\$ 20,467
Total Revenue	69,940	49,375	2,408	8,891	369,509	20,467
EXPENDITURES:						
Instruction:						
Salaries of Teachers	62,551			8,891		
Tuition					369,509	20,467
General Supplies	153		2,408			
Total Instruction	62,704		2,408	8,891	369,509	20,467
Support Services:						
Salaries of Other Professional Staff	7,236					
Purchased Professional and Educational Services		49,375				
Total Support Services	7,236	49,375				
Total Expenditures	\$ 69,940	\$ 49,375	\$ 2,408	\$ 8,891	\$ 369,509	\$ 20,467

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic				Local Grants	Totals June 30, 2019
	<u>Technology</u>	<u>Nursing</u>	<u>Textbooks</u>	<u>Security</u>		
REVENUE:						
Local Sources					\$ 35,526	\$ 35,526
State Sources	\$ 650	\$ 2,093	\$ 1,221	\$ 3,373		7,337
Federal Sources						520,590
Total Revenue	650	2,093	1,221	3,373	35,526	563,453
EXPENDITURES:						
Instruction:						
Salaries of Teachers						71,442
Purchased Professional and Technical Services					13,717	13,717
Tuition						389,976
General Supplies	650			3,373	21,809	28,393
Textbooks			1,221			1,221
Total Instruction	650		1,221	3,373	35,526	504,749
Support Services:						
Salaries of Other Professional Staff		2,093				9,329
Purchased Professional and Educational Services						49,375
Total Support Services		2,093				58,704
Total Expenditures	<u>\$ 650</u>	<u>\$ 2,093</u>	<u>\$ 1,221</u>	<u>\$ 3,373</u>	<u>\$ 35,526</u>	<u>\$ 563,453</u>

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS



BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 190,367
Accounts Receivable:	
State	426
Federal	6,067
Other	399
Inventories	<u>9,844</u>
 Total Current Assets	 <u>207,103</u>
 Capital Assets:	
Furniture & Equipment	439,885
Less: Accumulated Depreciation	<u>(392,323)</u>
 Total Capital Assets, Net	 <u>47,562</u>
 Total Assets	 <u>254,665</u>
 <b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	1,298
Unearned Revenue - Prepaid Sales	17,448
Unearned Revenue - Donated Commodities	<u>4,037</u>
 Total Current Liabilities	 <u>22,783</u>
 <b>NET POSITION:</b>	
Investment in Capital Assets	47,562
Unrestricted	<u>184,320</u>
 Total Net Position	 <u>\$ 231,882</u>

BRANCBURG BOARD OF EDUCATION  
ENTERPRISE FUNDS  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 311,269
Daily Sales - Non-Reimbursable Programs	233,239
	544,508
Total Operating Revenue	544,508
Operating Expenses:	
Cost of Sales - Reimbursable Programs	166,985
Cost of Sales - Non-Reimbursable Programs	125,125
Salaries, Benefits & Payroll Taxes	313,921
Supplies and Materials	10,788
Food Service Management Fee	16,501
Utilities	30,137
Purchased Professional/Technical Services	40,832
Other Miscellaneous	964
Depreciation	4,468
	709,721
Total Operating Expenses	709,721
Operating (Loss)	(165,213)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	5,140
Federal Sources:	
National School Lunch Program	75,070
Food Distribution Program	37,859
Local Sources:	
Interest Income	56,579
	174,648
Total Non-Operating Revenue	174,648
Change in Net Position	9,435
Net Position - Beginning of Year	222,447
Net Position - End of Year	\$ 231,882

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 544,879
Payments to Employees	(344,058)
Payments to Suppliers	(319,994)
	(119,173)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	56,579
	56,579
Net Cash Provided by Investing Activities	
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(4,152)
	(4,152)
Net Cash Used for Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	80,519
	80,519
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	13,773
Cash and Cash Equivalents, July 1	176,594
Cash and Cash Equivalents, June 30	\$ 190,367
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (165,213)
Adjustment to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation	4,468
Federal Food Distribution Program	37,859
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Other	371
(Increase) in Inventory	1,558
(Decrease) in Unearned Revenue	518
Increase in Accounts Payable	1,266
	(119,173)
Net Cash Used for Operating Activities	\$ (119,173)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$37,457 and utilized \$37,859 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2019.

FIDUCIARY FUNDS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Agency		Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
	Student Activity	Payroll			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 56,670	\$ 2,866	\$ 59,536	\$ 651,325	\$ 2,644
Interfund Receivable:					
General Fund		7,755	7,755		
Total Assets	56,670	10,621	67,291	651,325	2,644
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		1,155	1,155		
Summer Savings Deductions Payable		1,711	1,711		
Accrued Salaries and Wages		7,755	7,755		
Due to Student Groups	56,670		56,670		
Total Liabilities	56,670	10,621	67,291		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				651,325	2,644
Held in Trust for Flexible Spending Claims					
Total Net Position	-0-	-0-	-0-	\$ 651,325	\$ 2,644

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 49,591	\$ 9,680	\$ 59,271
Interest Earnings	11,053		11,053
Total Additions	<u>60,644</u>	<u>9,680</u>	<u>70,324</u>
DEDUCTIONS:			
Unemployment Benefit Claims	50,743		50,743
Flexible Spending Claims		8,340	8,340
Total Deductions	<u>50,743</u>	<u>8,340</u>	<u>59,158</u>
Change in Net Position	9,901	1,340	11,241
Net Position- July 1	<u>641,424</u>	<u>1,304</u>	<u>642,728</u>
Net Position - June 30	<u>\$ 651,325</u>	<u>\$ 2,644</u>	<u>\$ 653,969</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 56,164	\$ 151,361	\$ 150,855	\$ 56,670
Total Assets	<u>\$ 56,164</u>	<u>\$ 151,361</u>	<u>\$ 150,855</u>	<u>\$ 56,670</u>
LIABILITIES:				
Due to Student Groups	\$ 56,164	\$ 151,361	\$ 150,855	\$ 56,670
Total Liabilities	<u>\$ 56,164</u>	<u>\$ 151,361</u>	<u>\$ 150,855</u>	<u>\$ 56,670</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary and Middle Schools:				
Central Middle School	\$ 34,728	\$ 101,361	\$ 103,000	\$ 33,089
Whiton School	14,278	30,229	27,898	16,609
Stony Brook School	7,158	19,771	19,957	6,972
	<u>56,164</u>	<u>151,361</u>	<u>150,855</u>	<u>56,670</u>
Total Student Activites	<u>\$ 56,164</u>	<u>\$ 151,361</u>	<u>\$ 150,855</u>	<u>\$ 56,670</u>



BRANCBURG TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,721	\$ 9,568,281	\$ 9,567,136	\$ 2,866
Interfund Receivable:				
General Fund	9,134	7,755	9,134	7,755
<b>Total Assets</b>	<b>\$ 10,855</b>	<b>\$ 9,576,036</b>	<b>\$ 9,576,270</b>	<b>\$ 10,621</b>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 306	\$ 9,312,381	\$ 9,311,532	\$ 1,155
Summer Savings Deductions Payable	1,415	255,900	255,604	1,711
Accrued Salaries and Wages	9,134	7,755	9,134	7,755
<b>Total Liabilities</b>	<b>\$ 10,855</b>	<b>\$ 9,576,036</b>	<b>\$ 9,576,270</b>	<b>\$ 10,621</b>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Retired or Matured	Balance June 30, 2019
			Date	Amount				
Refunding Bonds of 2010	11/16/2010	\$ 9,760,000	2/1/20	\$ 555,000	4.000%			
			2/1/21	585,000	4.000%			
			2/1/22	605,000	4.000%			
			2/1/23	815,000	3.250%			
			2/1/24	835,000	4.000%			
				2/1/25	880,000	3.500%		
			2/1/26	915,000	3.625%	\$ 5,725,000	\$ 535,000	\$ 5,190,000
Refunding Bonds of 2016	03/15/2016	15,490,000	7/15/19	815,000	3.509%			
			7/15/20	885,000	4.000%			
			7/15/21	955,000	3.686%			
			7/15/22	750,000	3.600%			
			7/15/23	830,000	5.000%			
			7/15/24	915,000	5.000%			
			7/15/25	1,020,000	5.000%			
			7/15/26	1,120,000	5.000%			
			7/15/27	1,185,000	5.000%			
			7/15/28	1,245,000	5.000%			
			7/15/29	1,295,000	2.500%			
		7/15/30	1,345,000	3.336%				
		7/15/31	1,390,000	3.270%				
						14,500,000	750,000	13,750,000
						<u>\$ 20,225,000</u>	<u>\$ 1,285,000</u>	<u>\$ 18,940,000</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 1,968,552		\$ 1,968,552	\$ 1,968,552	
State Sources:					
Debt Service State Aid Support	94,681		94,681	94,681	
<b>Total Revenue</b>	2,063,233		2,063,233	2,063,233	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	790,944		790,944	790,944	
Redemption of Principal	1,285,000		1,285,000	1,285,000	
<b>Total Regular Debt Service</b>	2,075,944		2,075,944	2,075,944	
<b>Total Expenditures</b>	2,075,944		2,075,944	2,075,944	
<b>Deficit of Revenues Over Expenditures</b>	(12,711)		(12,711)	(12,711)	
<b>Fund Balance, July 1</b>	12,711		12,711	12,711	
<b>Fund Balance, June 30</b>	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
<b>Restricted Fund Balance</b>	\$ - 0 -		\$ - 0 -	\$ - 0 -	\$ - 0 -

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

*(Accrual Basis of Accounting)*

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>										
Net Investment in Capital Assets (Deficit)	\$ (8,385,886)	\$ (7,809,967)	\$ 12,288,257	\$ 12,313,755	\$ 12,688,164	\$ 14,152,600	\$ 16,567,660	\$ 16,012,567	\$ 16,297,353	\$ 18,047,697
Restricted	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944	5,870,211	7,188,636	7,253,119
Unrestricted (Deficit)	1,339,087	1,467,536	1,279,667	721,738	(6,503,523)	(7,196,220)	(9,743,207)	(9,582,706)	(8,531,601)	(8,138,476)
<b>Total Governmental Activities Net Position (Deficit)</b>	<b>\$ (6,222,344)</b>	<b>\$ (5,405,253)</b>	<b>\$ 17,054,622</b>	<b>\$ 17,486,882</b>	<b>\$ 10,451,250</b>	<b>\$ 9,889,603</b>	<b>\$ 10,888,397</b>	<b>\$ 12,300,072</b>	<b>\$ 14,954,388</b>	<b>\$ 17,162,340</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 147,465	\$ 122,634	\$ 122,988	\$ 108,593	\$ 117,919	\$ 117,109	\$ 104,770	\$ 54,191	\$ 47,878	\$ 47,562
Unrestricted	102,929	169,147	232,932	216,248	205,450	177,409	205,660	205,536	174,569	184,320
<b>Total Business-Type Activities Net Position</b>	<b>\$ 250,394</b>	<b>\$ 291,781</b>	<b>\$ 355,920</b>	<b>\$ 324,841</b>	<b>\$ 323,369</b>	<b>\$ 294,518</b>	<b>\$ 310,430</b>	<b>\$ 259,727</b>	<b>\$ 222,447</b>	<b>\$ 231,882</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets (Deficit)	\$ (8,238,421)	\$ (7,687,333)	\$ 12,411,245	\$ 12,422,348	\$ 12,806,083	\$ 14,269,709	\$ 16,672,430	\$ 16,066,758	\$ 16,345,231	\$ 18,095,259
Restricted	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223	4,063,944	5,870,211	7,188,636	7,253,119
Unrestricted (Deficit)	1,442,016	1,636,683	1,512,599	937,986	(6,298,073)	(7,018,811)	(9,537,547)	(9,377,170)	(8,557,032)	(7,954,156)
<b>Total District-Wide Net Position (Deficit)</b>	<b>\$ (5,971,950)</b>	<b>\$ (5,113,472)</b>	<b>\$ 17,410,542</b>	<b>\$ 17,811,723</b>	<b>\$ 10,774,619</b>	<b>\$ 10,184,121</b>	<b>\$ 11,198,827</b>	<b>\$ 12,559,799</b>	<b>\$ 15,176,835</b>	<b>\$ 17,394,222</b>

Source: Branchburg Township School District financial reports.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 20,728,221	\$ 21,578,746	\$ 21,351,863	\$ 11,581,107	\$ 11,292,106	\$ 12,601,388	\$ 13,313,817	\$ 14,629,510	\$ 14,740,212	\$ 13,836,624
Special Education	7,450,996	7,068,084	7,004,098	3,765,366	4,539,183	5,035,984	4,926,087	5,475,316	5,559,645	5,310,525
Other Special Instruction	1,381,013	1,267,377	1,351,578	1,693,233	1,521,015	1,603,234	1,947,619	2,032,737	2,082,557	2,291,491
School-Sponsored/Other Instruction	236,499	165,574	159,147	181,921	267,367	449,652	648,398	740,733	821,798	837,708
Support Services:										
Tuition				12,443,083	12,753,265	13,260,547	12,987,601	12,863,308	12,181,091	12,094,127
Student & Instruction Related Services	4,834,050	4,137,990	4,021,558	4,536,021	4,344,120	5,066,063	5,454,740	6,107,872	6,372,612	5,800,427
School Administration Services	1,987,159	1,876,725	1,575,222	1,600,538	1,519,679	1,804,833	1,710,545	2,102,409	2,144,192	2,025,079
General Administration Services	697,131	724,148	779,619	685,898	787,418	886,590	925,050	794,698	953,315	938,301
Central Services and Administrative										
Information Technology	921,521	765,201	845,897	906,253	790,336	919,708	728,440	851,691	912,960	722,657
Plant Operations and Maintenance	2,363,098	2,217,271	1,888,476	1,820,123	1,904,141	2,296,007	2,315,820	2,145,436	2,558,894	2,433,608
Pupil Transportation	2,617,313	2,244,168	2,570,788	2,422,786	2,584,224	2,920,064	2,714,783	2,887,552	2,923,879	4,298,042
Capital Outlay					34,194					
Interest On Long-Term Debt	1,496,907	1,231,818	1,269,558	1,200,262	1,157,988	1,156,024	1,360,087	1,023,964	739,820	696,742
Unallocated Depreciation				1,440,329	1,394,239	1,428,878	1,462,332	1,432,741	1,426,185	1,460,818
Total Governmental Activities Expenses	44,713,908	43,277,102	42,817,804	44,276,920	44,889,275	49,428,972	50,495,319	53,087,967	53,417,160	52,746,149
Business-Type Activities:										
Food Service	727,260	690,981	658,318	700,556	646,166	665,162	646,424	690,795	713,950	709,721
Community Education	73,725	67,365	57,293	64,436						
Total Business-Type Activities Expenses	800,985	758,346	715,611	764,992	646,166	665,162	646,424	690,795	713,950	709,721



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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total District-Wide Expenses	\$45,514,893	\$44,035,448	\$43,533,415	\$45,041,912	\$45,535,441	\$50,094,134	\$51,141,743	\$53,778,762	\$54,131,110	\$53,455,870
<b>Program Revenues:</b>										
Governmental Activities:										
Charges For Services	122,949	140,274	181,050	174,100	154,218	117,608	152,146	209,061	140,303	172,206
Operating Grants and Contributions	5,649,995	4,422,591	5,330,011	5,493,585	5,269,020	8,493,488	9,772,045	12,470,399	13,178,050	11,400,304
Capital Grants and Contributions		441,526	13,198		55,470	71,615				
Total Governmental Activities Program Revenues	5,772,944	5,004,391	5,524,259	5,667,685	5,478,708	8,682,711	9,924,191	12,679,460	13,318,353	11,572,510
Business-Type Activities:										
Charges for Services:										
Food Service	612,303	641,284	593,262	559,399	555,927	544,113	592,524	567,854	540,541	544,508
Community Education	73,909	55,181	59,017	72,295						
Operating Grants and Contributions	102,247	101,447	107,023	100,137	87,321	90,134	94,357	111,120	117,903	118,069
Total Business-Type Activities Program Revenues	788,459	797,912	759,302	731,831	643,248	634,247	686,881	678,974	658,444	662,577
Total District-Wide Program Revenues	6,561,403	5,802,303	6,283,561	6,399,516	6,121,956	9,316,958	10,611,072	13,358,434	13,976,797	12,235,087
Net Revenue/(Expense) - Governmental Activities	(38,940,964)	(38,272,711)	(37,293,545)	(38,609,235)	(39,410,567)	(40,746,261)	(40,571,128)	(40,408,507)	(40,098,807)	(41,173,639)
Net Revenue/(Expense) - Business-Type Activities	(12,526)	39,566	43,691	(33,161)	(2,918)	(30,915)	40,457	(11,821)	(55,506)	(47,144)
Total District-Wide Net Revenue/(Expense)	(38,953,490)	(38,233,145)	(37,249,854)	(38,642,396)	(39,413,485)	(40,777,176)	(40,530,671)	(40,420,328)	(40,154,313)	(41,220,783)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	37,147,672	36,906,051	36,590,431	36,283,559	36,801,457	37,536,975	38,963,858	39,622,347	40,216,682	40,694,329
Taxes Levied for Debt Service	2,101,907	1,962,989	2,038,829	2,092,418	2,102,973	2,205,081	2,130,355	2,109,741	1,944,055	1,968,552

BRANCHBURG TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Federal and State Aid not Restricted	\$ 42,861	\$ 46,279	\$ 45,976	\$ 291,803	\$ 299,973	\$ 335,832	\$ 341,210	\$ 360,773	\$ 353,564	\$ 294,851
Investment Earnings	16,829	10,633	5,495	6,832	5,641	8,504	8,504	19,001	63,573	180,049
Miscellaneous Income	51,121	172,761	209,060	375,600	358,702	101,085	112,631	78,941	175,249	243,810
Disposal of Capital Assets, Net		(8,911)								
Other Item - SDA Grants Cancelled				(1,885)			(13,317)			
Transfers	(57,560)						26,681			
<b>Total Governmental Activities General Revenues and Other Changes in Net Position</b>	<b>39,302,830</b>	<b>39,089,802</b>	<b>38,889,791</b>	<b>39,043,380</b>	<b>39,569,937</b>	<b>40,184,614</b>	<b>41,569,922</b>	<b>42,190,803</b>	<b>42,753,123</b>	<b>43,381,591</b>
<b>Business-Type Activities:</b>										
Investment Earnings	982	1,821	1,861	2,082	1,446	2,064	2,136	5,465	18,226	56,579
Transfers	57,560						(26,681)			
<b>Total Business-Type Activities General Revenues and Other Changes in Net Position</b>	<b>58,542</b>	<b>1,821</b>	<b>1,861</b>	<b>2,082</b>	<b>1,446</b>	<b>2,064</b>	<b>(24,545)</b>	<b>5,465</b>	<b>18,226</b>	<b>56,579</b>
<b>Total District-Wide General Revenues and Other Changes in Net Position</b>	<b>39,361,372</b>	<b>39,091,623</b>	<b>38,891,652</b>	<b>39,045,462</b>	<b>39,571,383</b>	<b>40,186,678</b>	<b>41,545,377</b>	<b>42,196,268</b>	<b>42,771,349</b>	<b>43,438,170</b>
<b>Change in Net Position:</b>										
Governmental Activities	361,866	817,091	1,596,246	434,145	159,370	(561,647)	998,794	1,782,296	2,654,316	2,207,952
Business-Type Activities	46,016	41,387	45,552	(31,079)	(1,472)	(28,851)	15,912	(6,356)	(37,280)	9,435
<b>Total District-Wide Change in Net Position</b>	<b>\$ 407,882</b>	<b>\$ 858,478</b>	<b>\$ 1,641,798</b>	<b>\$ 403,066</b>	<b>\$ 157,898</b>	<b>\$ (590,498)</b>	<b>\$ 1,014,706</b>	<b>\$ 1,775,940</b>	<b>\$ 2,617,036</b>	<b>\$ 2,217,387</b>

Source: Branchburg Township School District financial reports.

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

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
Reserved	\$2,428,761									
Unreserved	619,146									
Restricted		\$2,048,042	\$3,430,415	\$4,395,786	\$4,046,207	\$2,854,349	\$4,063,944	\$5,857,500	\$7,175,925	\$7,253,119
Assigned		569,966	970,545	367,149	588,804	814,758	643,224	932,857	1,846,471	1,903,745
Unassigned		271,584	639,082	789,724	655,013	654,189	680,232	1,075,839	1,127,697	1,190,788
<b>Total General Fund</b>	<b>\$3,047,907</b>	<b>\$2,889,592</b>	<b>\$5,040,042</b>	<b>\$5,552,659</b>	<b>\$5,290,024</b>	<b>\$4,323,296</b>	<b>\$5,387,400</b>	<b>\$7,866,196</b>	<b>\$10,150,093</b>	<b>\$10,347,652</b>
<b>Other Governmental Funds:</b>										
Unreserved										
Restricted	\$	1 \$	56,283 \$	55,603 \$	1 \$	49,101		12,711 \$	12,711 \$	
Committed			87,969	29,774	220,401	29,773				
<b>Total Other Governmental Funds</b>	<b>\$</b>	<b>1 \$</b>	<b>\$ 144,252</b>	<b>\$ 85,377</b>	<b>\$ 220,402</b>	<b>\$ 78,874</b>	<b>\$ - 0 -</b>	<b>\$ 12,711</b>	<b>\$ 12,711</b>	<b>\$ - 0 -</b>
<b>Total All Governmental Funds</b>	<b>\$3,047,908</b>	<b>\$2,889,593</b>	<b>\$5,184,294</b>	<b>\$5,638,036</b>	<b>\$5,510,426</b>	<b>\$4,402,170</b>	<b>\$5,387,400</b>	<b>\$7,878,907</b>	<b>\$10,162,804</b>	<b>\$10,347,652</b>

Source: Branchburg Township School District financial reports.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Tax Levy	\$ 39,249,579	\$ 38,869,040	\$ 38,629,260	\$ 38,375,977	\$ 38,904,430	\$ 39,742,056	\$ 41,094,213	\$ 41,732,088	\$ 42,160,737	\$ 42,662,881
Tuition	122,949	140,274	181,050	174,100	154,218	117,608	152,146	209,061	140,303	172,206
Interest Earned on Investments	16,829	10,633	5,495	6,822	5,678	4,486	6,847	15,929	55,460	159,582
Interest Earned on Capital Reserve Funds				784	1,154	1,155	1,657	3,072	8,113	20,467
Miscellaneous	89,392	200,353	264,990	397,261	395,573	122,360	143,398	102,995	201,493	279,336
State Sources	4,791,043	4,077,737	4,528,008	5,231,918	4,888,618	5,257,349	5,571,808	6,182,076	6,737,988	7,462,539
Federal Sources	863,542	805,067	805,247	524,203	698,974	592,524	487,007	463,187	528,205	520,590
<b>Total Revenue</b>	<b>45,133,334</b>	<b>44,103,104</b>	<b>44,414,050</b>	<b>44,711,065</b>	<b>45,048,645</b>	<b>45,837,538</b>	<b>47,457,076</b>	<b>48,708,408</b>	<b>49,832,299</b>	<b>51,277,601</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	8,526,204	7,514,573	7,812,732	7,753,939	7,772,386	7,955,251	7,894,098	7,719,036	7,874,096	7,984,258
Special Education Instruction	3,738,960	3,389,417	3,297,808	2,651,711	3,231,971	3,273,576	2,984,395	2,994,216	3,072,883	3,111,861
Other Special Instruction	901,844	837,930	908,235	1,119,462	1,019,463	964,216	1,096,442	1,034,996	1,056,649	1,257,445
School-Sponsored/Other Instruction	177,286	109,245	107,905	132,002	184,228	274,810	372,395	384,868	429,005	465,096
<b>Support Services:</b>										
Tuition	10,236,394	12,348,665	12,230,142	12,443,083	12,753,265	13,260,547	12,987,601	12,863,308	12,181,091	12,094,127
Student & Instruction-Related Services	3,395,185	2,840,856	2,853,159	3,175,024	3,069,273	3,131,629	3,155,510	3,184,792	3,424,723	3,277,555
General Administration Services	582,163	566,992	663,012	572,880	670,472	693,985	708,491	562,971	648,940	665,179
School Administration Services	1,329,685	1,238,319	1,065,733	1,098,884	1,051,393	1,077,939	967,675	1,066,325	1,093,830	1,127,759
Central Services	463,652	397,195	404,860	398,009	359,335	344,400	366,049	380,936	385,689	348,622
Administrative Information Technology	231,526	164,164	221,727	335,077	280,473	266,495	111,774	113,714	120,141	101,573
Plant Operations and Maintenance	1,918,142	1,918,612	1,678,931	1,629,510	1,758,171	1,926,153	1,881,080	1,755,110	2,129,316	2,032,049
Pupil Transportation	2,238,423	1,927,125	2,266,862	2,170,791	2,223,660	2,152,300	1,850,927	1,736,612	1,789,017	1,768,816
Unallocated Benefits	8,593,088	7,783,887	7,054,051	7,949,606	7,760,772	8,334,630	8,872,757	9,492,374	10,357,174	10,947,691
Capital Outlay	491,554	944,078	301,907	575,916	781,293	1,033,513	955,716	729,429	941,054	3,834,778
Debt Service:										
Principal	805,000	1,025,000	1,045,000	1,075,000	1,125,000	1,165,000	1,235,000	1,505,000	1,215,000	1,285,000
Interest and Other Charges	1,415,967	1,216,122	1,205,625	1,174,544	1,135,100	1,091,350	1,045,300	693,214	829,794	790,944
<b>Total Expenditures</b>	<b>45,045,073</b>	<b>44,222,180</b>	<b>43,117,689</b>	<b>44,255,438</b>	<b>45,176,255</b>	<b>46,945,794</b>	<b>46,485,210</b>	<b>46,216,901</b>	<b>47,548,402</b>	<b>51,092,753</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>88,261</b>	<b>(119,076)</b>	<b>1,296,361</b>	<b>455,627</b>	<b>(127,610)</b>	<b>(1,108,256)</b>	<b>971,866</b>	<b>2,491,507</b>	<b>2,283,897</b>	<b>184,848</b>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)	\$ 380,000			\$ (1,885)			\$ (13,317)			
NJEDA/SDA Grants (Cancelled)		\$ 9,760,000					15,490,000			
Refunding Bonds Issued		(9,785,000)					(17,100,000)			
School Bonds Defeased		(346,096)					(141,823)			
Bond Issuance Costs							(375,417)			
Deferred Amount on Refunding		371,096					2,127,240			
Original Issuance Bond Premium	22,128	768,061	\$ 272,025	56,310	\$ 246,231		43,137			
Transfers In	(79,688)	(768,061)	(272,025)	(56,310)	(246,231)		(16,456)			
Transfers Out										
Total Other Financing Sources/(Uses)	322,440	- 0 -	- 0 -	(1,885)	- 0 -	- 0 -	13,364	- 0 -	- 0 -	- 0 -
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 410,701	\$ (119,076)	\$ 1,296,361	\$ 453,742	\$ (127,610)	\$ (1,108,256)	\$ 985,230	\$ 2,491,507	\$ 2,283,897	\$ 184,848
Debt Service As a % of Noncapital Expenditures	5.25%	5.46%	5.55%	5.43%	5.36%	5.17%	5.27%	5.07%	4.59%	4.59%

Source: Branchburg Township School District financial reports.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2010	\$ 16,829	\$ 122,949			\$ 51,121	\$ 190,899
2011	10,633	140,274			172,761	323,668
2012	5,495	181,050			209,060	395,605
2013	7,606	174,100	\$ 280,139	\$ 42,456	45,399	549,700
2014	6,832	154,218	270,624		88,078	519,752
2015	5,641	117,608	22,552		78,533	224,334
2016	8,504	152,146	50,670		61,961	273,281
2017	19,001	209,061	73,190		5,751	307,003
2018	63,573	140,303	131,390		35,110	370,376
2019	180,049	172,206	163,953		79,857	596,065

Source: Branchburg Township School District financial reports.

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

Year End Dec. 31	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized) Valuation
2009	\$ 28,139,200	\$ 2,083,863,800	\$ 29,227,750	\$ 1,399,700	\$ 244,381,650	\$ 576,246,300	\$ 28,264,200	\$ 2,991,522,600	\$ 5,691,021	\$ 2,997,213,621	\$ 147,184,800	\$ 1.29	\$ 3,217,573,758
2010	12,200,800	2,036,634,500	29,660,250	1,447,500	237,515,100	553,643,300	25,500,000	2,896,601,450	6,693,660	2,903,295,110	171,125,300	1.35	3,247,091,973
2011	11,612,800	2,013,888,700	29,501,500	1,463,200	222,270,700	516,393,900	23,460,000	2,818,590,800	5,327,753	2,823,918,553	178,020,200	1.37	3,003,216,474
2012	10,114,500	1,988,890,400	29,705,100	1,422,300	222,675,600	506,046,700	21,245,000	2,780,099,600	5,555,411	2,785,655,011	188,005,600	1.38	2,932,080,663
2013	9,576,300	1,965,401,200	29,377,200	1,359,600	217,471,500	521,820,300	20,000,000	2,765,006,100	5,153,713	2,770,159,813	203,243,200	1.40	2,839,007,795
2014	10,326,400	1,988,040,700	29,649,700	1,316,100	222,821,400	556,367,300	22,000,000	2,830,521,600	4,079,639	2,834,601,239	203,369,800	1.39	2,877,475,796
2015	22,535,500	1,995,476,000	29,974,800	1,316,000	225,697,700	576,756,700	25,000,000	2,876,756,700	4,200,235	2,880,956,935	202,713,800	1.40	2,931,494,083
2016	18,910,800	2,045,433,700	27,597,700	1,310,300	243,296,400	593,317,700	28,000,000	2,957,866,600	4,323,235	2,962,189,835	204,654,700	1.40	3,017,020,874
2017	18,131,400	2,086,801,600	27,847,300	1,281,300	249,325,500	612,645,000	28,500,000	3,024,532,100	4,439,637	3,028,971,737	201,582,200	1.39	3,056,724,791
2018	15,502,500	2,130,749,600	28,511,800	1,306,700	251,093,600	626,334,800	29,925,000	3,083,424,000	4,536,447	3,087,960,447	202,414,600	1.37	3,119,278,203

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

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

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

Source: Branchburg Township Tax Assessor.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

*(Rate per \$100 of Assessed Value)*

Branchburg Township School District

Year Ended December 31,	Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Township of Branchburg	Somerset County	
2009	\$ 1.22	\$ 0.07	\$ 1.29	\$ 0.31	\$ 1.95
2010	1.27	0.07	1.35	0.33	2.05
2011	1.30	0.07	1.37	0.35	2.10
2012	1.31	0.07	1.38	0.36	2.12
2013	1.32	0.08	1.40	0.37	2.15
2014	1.31	0.08	1.39	0.37	2.16
2015	1.33	0.07	1.40	0.37	2.18
2016	1.33	0.07	1.40	0.39	2.19
2017	1.32	0.06	1.39	0.39	2.18
2018	1.31	0.06	1.37	0.39	2.16

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

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

<sup>b</sup> Rates for debt service are based on each year's requirements.

Source: Branchburg Township Tax Collector and School Business Administrator.



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

	2018		2009			
	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer		Taxable Assessed Value
	Roche & Genetech Inc.	\$ 87,000,000	2.82%			
	Imclone Systems Corp.	77,806,400	2.52%			
	Cellco Partnership (Verizon)	38,450,000	1.25%			
	Transco Gas Pipeline Co.	31,837,500	1.03%			
	S/K Old York Road Associates	31,660,000	1.03%			
	Friedrich D&Weill J, Suc-Co-Trustees	29,426,400	0.95%			
	Briad Lodging Group Branchburg II	27,398,000	0.89%			
	LSREF3/AH Chicago, LLC	16,530,000	0.54%			
	Merck Sharp & DOHME ATT; Tax Dept	16,324,200	0.53%			
	Zeus Industrial Products Inc	15,400,200	0.50%			
						Information is Not Available
	Total	\$ 371,832,700	12.04%			

Source: Branchburg Township Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 39,249,579	\$ 39,249,579	100.00%	\$ - 0 -
2011	38,869,040	38,869,040	100.00%	- 0 -
2012	38,629,260	38,629,260	100.00%	- 0 -
2013	38,375,977	38,375,977	100.00%	- 0 -
2014	38,904,430	38,904,430	100.00%	- 0 -
2015	39,742,056	39,742,056	100.00%	- 0 -
2016	41,094,213	41,094,213	100.00%	- 0 -
2017	41,732,088	41,732,088	100.00%	- 0 -
2018	42,160,737	42,160,737	100.00%	- 0 -
2019	42,662,881	42,662,881	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2010	\$ 31,250,000	\$ 469,597	\$ - 0 -	\$ 31,719,597	3.05%	\$ 2,177
2011	30,200,000	340,135	- 0 -	30,540,135	2.80%	2,095
2012	29,155,000	235,184	- 0 -	29,390,184	2.59%	2,020
2013	28,080,000	159,260	- 0 -	28,239,260	2.49%	1,941
2014	26,955,000	80,892	- 0 -	27,035,892	2.25%	1,862
2015	25,790,000	- 0 -	- 0 -	25,790,000	2.04%	1,782
2016	22,945,000	- 0 -	- 0 -	22,945,000	1.74%	1,583
2017	21,440,000	- 0 -	- 0 -	21,440,000	1.53%	1,481
2018	20,225,000	- 0 -	- 0 -	20,225,000	1.44%	1,388
2019	18,940,000	- 0 -	- 0 -	18,940,000	1.35%	1,300

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

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

Source: Branchburg Township School District financial reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 31,250,000	\$ - 0 -	\$ 31,250,000	1.04%	\$ 2,074
2011	30,200,000	- 0 -	30,200,000	1.04%	2,078
2012	29,155,000	- 0 -	29,155,000	1.03%	2,001
2013	28,080,000	- 0 -	28,080,000	1.01%	1,926
2014	26,955,000	- 0 -	26,955,000	0.97%	1,852
2015	25,790,000	- 0 -	25,790,000	0.91%	1,776
2016	22,945,000	- 0 -	22,945,000	0.80%	1,586
2017	21,440,000	- 0 -	21,440,000	0.72%	1,480
2018	20,225,000	- 0 -	20,225,000	0.67%	1,397
2019	18,940,000	- 0 -	18,940,000	0.61%	1,300

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

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

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

Source: Branchburg Township School District financial reports.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Branchburg	\$ 9,922,375	100.00%	\$ 9,922,375
Somerset County General Obligation Debt	220,812,515	5.16%	<u>11,402,729</u>
Subtotal, Overlapping Debt			21,325,104
Branchburg School District Direct Debt			<u>19,475,000</u>
Total Direct And Overlapping Debt			<u>\$ 40,800,104</u>

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

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

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 96,128,423	\$ 95,725,331	\$ 94,373,497	\$ 90,935,178	\$ 88,198,109	\$ 87,142,102	\$ 88,649,952	\$ 90,391,503	\$ 92,073,543	\$ 94,204,077
Total Net Debt Applicable to Debt Limit	31,250,000	30,200,000	29,155,000	28,080,000	26,955,000	25,790,000	22,945,000	21,440,000	20,225,000	18,940,000
Legal Debt Margin	\$ 130,475,127	\$ 130,060,257	\$ 65,218,497	\$ 62,855,178	\$ 61,243,109	\$ 61,352,102	\$ 65,704,952	\$ 68,951,503	\$ 71,848,543	\$ 75,264,077

Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	32.51%	31.55%	30.89%	30.88%	30.56%	29.60%	25.88%	23.72%	21.97%	20.11%
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Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis	Branchburg Township
Average Equalized Valuation of Taxable Property	2018	\$3,245,367,856
	2017	3,120,970,075
	2016	3,054,069,799
		<u>\$9,420,407,730</u>
Debt Limit (3%* of Average Equalization Value)		<u>\$3,140,135,910</u>
Net Bonded School Debt as of June 30, 2019		\$ 94,204,077
Legal Debt Margin		<u>18,940,000</u>
		<u>\$ 75,264,077</u>

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

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

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

Year	Township Population <sup>a</sup>	Somerset County Per Capita Personal Income <sup>b</sup>		Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2010	14,532	\$ 69,171		\$ 1,005,192,972	5.20%
2011	14,567	71,333		1,039,107,811	5.10%
2012	14,579	74,885		1,091,748,415	5.30%
2013	14,552	77,955		1,134,401,160	5.60%
2014	14,523	82,689		1,200,892,347	4.40%
2015	14,470	87,515		1,266,342,050	4.20%
2016	14,491	90,941		1,317,826,031	3.80%
2017	14,478	96,548		1,397,821,944	3.50%
2018	14,567	96,548	**	1,406,414,716	3.40%
2019	14,567	* 96,548	**	1,406,414,716 ***	N/A

N/A - Information is not available.

\* - Latest population data available (2018) was used for calculation purposes.

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

\*\*\* - Latest available population data (2018) and latest available Somerset County per capita personal income (2017) was used for calculation purposes.

Sources:

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

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

	2019		2010	
	Employer	Percentage of Total Employment	Employees	Percentage of Total Employment

Information is Not Available

Information is Not Available



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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	126.0	111.0	108.0	109.5	110.0	107.3	106.4	108.0	104.8	104.0
Special Education	68.0	38.5	35.7	32.7	49.7	50.5	45.0	45.0	47.3	46.4
Other Special Education	12.0	11.0	13.0	16.0	16.0	18.2	19.7	17.0	15.0	18.0
Support Services:										
Student & Instruction Related Services	43.0	56.8	57.4	58.0	44.6	40.5	42.9	43.0	43.3	47.7
School Administration Services	16.0	14.3	13.3	14.3	13.8	14.0	14.0	13.8	3.0	3.0
General Administration Services	11.0	7.8	8.2	3.0	3.0	3.0	3.0	3.0	13.8	13.8
Central Services and Administrative Information Technology		5.8	6.2	5.6	6.0	5.5	5.4	9.7	9.0	8.3
Plant Operations and Maintenance	20.0	7.0	6.0	6.0	6.0	9.2	8.6	8.0	7.5	8.7
Pupil Transportation	28.0	25.0	25.0	25.5	25.5	29.7	30.2	28.0	27.0	28.5
<b>Total</b>	<b>324.0</b>	<b>277.1</b>	<b>272.7</b>	<b>270.5</b>	<b>274.6</b>	<b>277.9</b>	<b>275.2</b>	<b>275.4</b>	<b>270.5</b>	<b>278.4</b>

Source: Branchburg Township School District personnel records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percent Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2010	2,552	\$ 42,332,552	\$ 16,588	1.57%	194	9:1	10:1	1,825	1,757	-0.38%	96.27%
2011	2,579	41,036,980	15,912	-4.08%	160	12:1	11:1	1,796	1,724	-1.59%	95.99%
2012	2,483	40,565,157	16,337	2.67%	151	10:1	10:1	1,737	1,673	-3.29%	96.32%
2013	2,472	41,429,978	16,760	2.59%	158	12:1	10:1	1,696	1,630	-2.36%	96.11%
2014	2,422	42,134,862	17,397	3.80%	162	11:1	9:1	1,624	1,562	-4.25%	96.18%
2015	2,328	43,655,931	18,753	7.79%	160	10:1	9:1	1,557	1,497	-4.13%	96.15%
2016	2,236	43,249,194	19,342	3.14%	162	9:1	9:1	1,459	1,407	-6.29%	96.44%
2017	2,166	43,289,258	19,986	3.33%	153	9:1	10:1	1,462	1,406	0.21%	96.17%
2018	2,191	44,562,554	20,339	1.77%	152	9:1	10:1	1,444	1,382	-1.23%	95.71%
2019	2,097	45,182,031	21,546	5.94%	163	9:1	8:1	1,439	1,382	-0.35%	96.04%

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

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

Source: Branchburg Township School District records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Old York Elementary School										
Square Feet	41,137	41,137	*	*	*	*	*	*	*	*
Capacity (Students)	378	378	*	*	*	*	*	*	*	*
Enrollment	337	328	*	*	*	*	*	*	*	*
Stony Brook Elementary School										
Square Feet	47,368	47,638	47,368	47,368	47,368	47,368	47,368	47,368	47,368	47,368
Capacity (Students)	398	398	398	398	398	398	398	398	398	398
Enrollment	288	265	392	360	360	350	326	337	342	316
Whiton Elementary School										
Square Feet	9,321	9,321	90,321	90,321	90,321	90,321	90,321	90,321	90,321	90,321
Capacity (Students)	792	792	792	792	792	792	792	792	792	792
Enrollment	545	555	733	733	660	647	615	629	593	624
Central Middle School										
Square Feet	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310
Capacity (Students)	733	733	733	733	733	733	733	733	733	733
Enrollment	655	644	612	603	604	566	524	501	500	499

Number of Schools at June 30, 2019:

Elementary = 2

Middle School = 1

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

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

Source: Branchburg Township School District Facilities Office.

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

## Undistributed Expenditures:

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

Fiscal Year	Central Middle School	Old York Elementary School	Stony Brook Elementary School	Whiton Elementary School	Total All Facilities
2010	\$ 158,428	\$ 56,938	\$ 60,615	\$ 108,902	\$ 384,883
2011	139,546	46,152	50,429	105,106	341,233
2012	162,321	11,135	78,898	118,332	370,686
2013	173,357	48,910	66,191	130,587	419,045
2014	169,426	46,418	87,106	100,798	403,748
2015	206,601	68,850	88,361	191,394	555,206
2016	198,555	72,799	79,390	159,864	510,608
2017	160,792	59,481	68,161	141,017	429,451
2018	190,531	61,925	87,254	485,391	825,101
2019	234,259	80,937	98,128	185,330	598,654

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

Source: Branchburg Township School District records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2019  
UNAUDITED

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

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

Source: Branchburg Township School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

**Internal Control Over Financial Reporting**

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

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

November 8, 2019  
Mt. Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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



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

Independent Auditors' Report

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Branchburg Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 state program. However, our audit does not provide a legal determination of the District's compliance.

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

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

**Report on Internal Control Over Compliance**

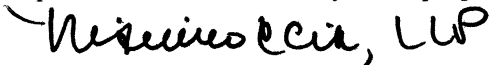
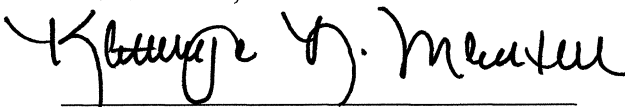
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

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

November 8, 2019  
Mt. Arlington, New Jersey

  
NISIVOCCIA, LLP  
  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018		Cash Received	Budgetary Expenditures	Balance June 30, 2019	
					Accounts Receivable	Unearned Revenue			(Budgetary Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Agriculture:										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.555	N/A	7/1/18-6/30/19	\$ 37,457			\$ 37,457	\$ (33,420)	\$ 4,037	
Federal Food Distribution Program	10.555	N/A	7/1/17-6/30/18	37,729	\$ 4,439			(4,439)		
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	75,070			69,003	(75,070)	\$ (6,067)	
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	74,449	\$ (6,357)		6,357			
Subtotal Child Nutrition Cluster					(6,357)	4,439	112,817	(112,929)	(6,067)	4,037
Total Enterprise Funds					(6,357)	4,439	112,817	(112,929)	(6,067)	4,037
U.S. Department of Education										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA-0510-19	7/1/18-6/30/19	369,509			363,350	(369,509)	(6,159)	
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-19	7/1/18-6/30/19	20,467			20,467	(20,467)		
Subtotal Special Education Cluster							383,817	(389,976)	(6,159)	
ESEA Consolidated:										
Title I	84.010	ESEA-0510-19	7/1/18-6/30/19	70,906			48,495	(69,940)	(21,445)	
Title I	84.010	ESEA-0510-18	7/1/17-6/30/18	83,964	(66,455)		66,455			
Title II - Part A	84.367A	ESEA-0510-19	7/1/18-6/30/19	34,424			19,370	(49,375)	(30,005)	
Title II - Part A	84.367A	ESEA-0510-18	7/1/17-6/30/18	63,665	(29,154)		29,154			
Title III - Immigrant	84.365	ESEA-0510-19	7/1/18-6/30/19	2,283			947	(2,408)	(1,461)	
Title III - Immigrant	84.365	ESEA-0510-18	7/1/17-6/30/18	1,657	(1,506)		1,506			
Title IV	84.424	ESEA-0510-19	7/1/18-6/30/19	10,000			4,204	(8,891)	(4,687)	
Title IV	84.424	ESEA-0510-18	7/1/17-6/30/18	10,000	(6,612)		6,612			
Total Special Revenue Fund					(103,727)		560,560	(520,590)	(63,757)	
Total Federal Awards					\$ (110,084)	\$ 4,439	\$ 673,377	\$ (633,519)	\$ (69,824)	\$ 4,037
										\$ - 0 -

N/A - Not applicable/available.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018			Balance June 30, 2019			MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Special Education												
Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 1,363,026	\$ 1,231,009	\$ (1,363,026)	\$ 132,017	\$ 1,363,026	\$ 68,638	708,668	1,363,026		
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	708,668	640,030	(708,668)			18,752	193,608	708,668		
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	193,608	174,856	(193,608)				491,779	193,608		
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	491,779		(491,779)					491,779		
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	39,150		(39,150)				39,150	39,150		
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	963,871	915,727	(963,871)			48,144		963,871		
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	1,128,236	1,128,236	(1,128,236)					1,128,236		
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	2,436,303	2,436,303	(2,436,303)					2,436,303		
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	50,998	50,998	(50,998)					50,998		
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	2,321	2,321	(2,321)					2,321		
Special Education												
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,363,026	131,869	\$ 1,363,026					1,363,026		
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	443,962	42,952	443,962					443,962		
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	193,608	18,731	18,731					193,608		
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	23,145	2,239	2,239					23,145		
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	23,145	2,239	2,239					23,145		
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	21,760	2,105	2,105					21,760		
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	472,074	472,074	(472,074)					472,074		
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	38,280	38,280						38,280		
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	949,130	46,908	46,908					949,130		
<b>Total General Fund State Aid</b>				<b>7,338,710</b>	<b>(7,379,793)</b>		<b>579,073</b>	<b>798,480</b>		<b>10,906,090</b>		
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	19-100-034-5120-064	9/1/18 - 6/30/19	1,228		1,228					1,221		
Textbook Aid	18-100-034-5120-064	9/1/17 - 6/30/18	1,260	\$ 195	(1,221)				\$ 7	1,065		
Nursing Aid	19-100-034-5120-070	9/1/18 - 6/30/19	2,231		2,231				138	2,093		
Nursing Aid	18-100-034-5120-070	9/1/17 - 6/30/18	2,231	393	(393)					1,838		
Technology Aid	19-100-034-5120-373	9/1/18 - 6/30/19	828		828				178	650		
Technology Aid	18-100-034-5120-373	9/1/17 - 6/30/18	851	851	(851)					3,373		
Security Aid	19-100-034-5120-509	9/1/18 - 6/30/19	3,450		3,450				77	980		
Security Aid	18-100-034-5120-509	9/1/17 - 6/30/18	1,725	745	(745)					3,373		
<b>Total Special Revenue Fund</b>				<b>2,184</b>	<b>(7,337)</b>		<b>(2,184)</b>		<b>400</b>	<b>11,220</b>		

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018			Balance June 30, 2019			MEMO		
				Budgetary	Cash	Budgetary	GAAP	Due to	Budgetary	Cumulative	Total	Expenditures
				Accounts Receivable	Received	Expenditures	Accounts Receivable	Grantor	Accounts Receivable	Expenditures		
Debt Service Fund:												
Debt Service State Aid Support	19-495-034-5120-075	7/1/18-6/30/19	\$ 94,681	\$ 94,681	\$ (94,681)						\$ 94,681	
Total Debt Service Fund				94,681	(94,681)						94,681	
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	5,166	445							5,166	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	5,140	4,714	(5,140)		\$ 426	\$	426	\$	426	5,140
Total Enterprise Fund				445	(5,140)		426		426		426	10,306
Total State Awards Subject to Single Audit Determination				\$ 757,842	\$ 2,184	\$ 7,446,287	\$ (7,486,951)	\$ (2,184)	\$ 579,499	\$ 400	\$ 798,906	\$ 11,022,297
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19			1,128,236							
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19			2,436,303							
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19			50,998							
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19			2,321							
Subtotal - On-Behalf TPAF Pension System Contributions					3,617,858							
Total State Awards Subject to Single Audit Major Program Determination					\$ (3,869,093)							

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Branchburg Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$19,272) for the General Fund and \$-0- for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,360,521	\$ 7,360,521
Special Revenue Fund	\$ 520,590	7,337	527,927
Debt Service Fund		94,681	94,681
Proprietary Funds - Food Service Enterprise	<u>112,929</u>	<u>5,140</u>	<u>118,069</u>
Total Awards	<u>\$ 633,519</u>	<u>\$ 7,467,679</u>	<u>\$ 8,101,198</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on the major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

	<u>State</u>	<u>Award</u>	<u>Budgetary</u>
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
State:			
Special Education			
Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 1,363,026
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	193,608

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



BRANCBURG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

Summary of Auditors' Results: (Cont'd)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

There were no prior year findings.