

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Prepared by**

**The School Business Administrator's Staff**

**Of the North Brunswick Township Board of Education**

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**INTRODUCTORY SECTION**

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

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

District Web Site: [www.nbtschools.org](http://www.nbtschools.org)

## LETTER OF TRANSMITTAL

December 13, 2019

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

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the North Brunswick Township School District for the fiscal year ended June 30, 2019. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

**1. REPORTING ENTITY AND ITS SERVICES**

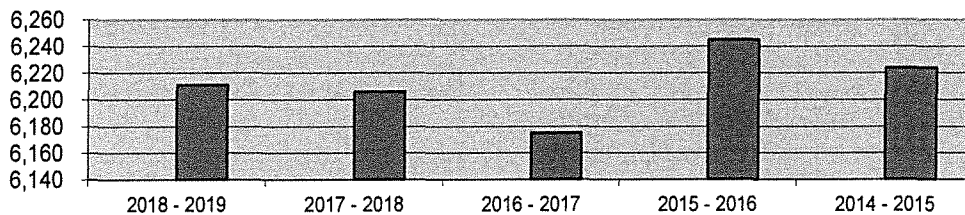
The North Brunswick Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The North Brunswick Township Board of Education and all its schools constitute the District's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

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

The District's enrollment at October 15, 2018 was 6,211 students. The following details the changes in enrollment over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018 - 2019	6,211	0.08%
2017 - 2018	6,206	0.50%
2016 - 2017	6,175	(1.12%)
2015 - 2016	6,245	0.34%
2014 - 2015	6,224	5.53%

**District Enrollment**





## 2. ECONOMIC CONDITION AND OUTLOOK

A tax levy cap of 2% is in place for all New Jersey school districts, which will limit the amount of revenue that can be raised through taxation.

## 3. MAJOR INITIATIVES

### Facilities Improvement Plan

In 2016, the District passed a \$77.4 Million referendum to address its overcrowded facilities. A new 7th & 8th Grade Middle School, built on 33 acres within the Renaissance Development, will open September 2020. Additionally, nearly \$9 million is budgeted to renovate the Linwood School beginning June 2020. This will allow the district to move the Early Childhood Center (ECC) from its current rented location in Milltown to the renovated Linwood. The Linwood renovation includes offices for the Board of Education Central Office staff.

The District continues to follow its roofing plan and replaced existing school roofs. During the summer of 2018, the District completed a \$1,000,000 section of the North Brunswick Township High School roof. Additionally during the summer of 2019, a portion of the Linwood School roof was replaced at a cost of \$1,200,000. Some of the roof replacement projects were funded 40% through Regular Operating District (ROD) Grants. The majority of the funding was through the use of capital reserve.

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

In February 2019, an Energy Savings Improvement Program (ESIP) lease purchase was granted in the amount of \$13,500,000. Funds will be appropriated for conservation measures and equipment, including improvement of the high school HVAC units, and district-wide solar panels and LED lighting.

### Personnel Management

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

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

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

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

## Educational Program

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

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

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

Additionally, the District is now receiving pre-school expansion aid from the State of New Jersey, targeting our youngest learners, helping to stop the achievement gap at its earliest.

## **4. LONG TERM FINANCIAL PLANNING**

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

## **5. INTERNAL ACCOUNTING CONTROLS**

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

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

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

## **6. BUDGETARY CONTROLS**

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

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

## **7. ACCOUNTING SYSTEM AND REPORTS**

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

## **8. DEBT ADMINISTRATION**

The District's outstanding debt issues as of June 30, 2019 included \$105,048,000 of general obligation bonds. Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2019 the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

## **9. FINANCIAL STATUS**

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

## **10. OTHER INFORMATION**

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

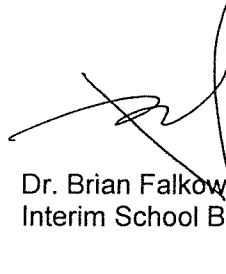
**11. ACKNOWLEDGEMENTS**

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

Respectfully submitted,



Dr. Brian Zychowski  
Superintendent of Schools

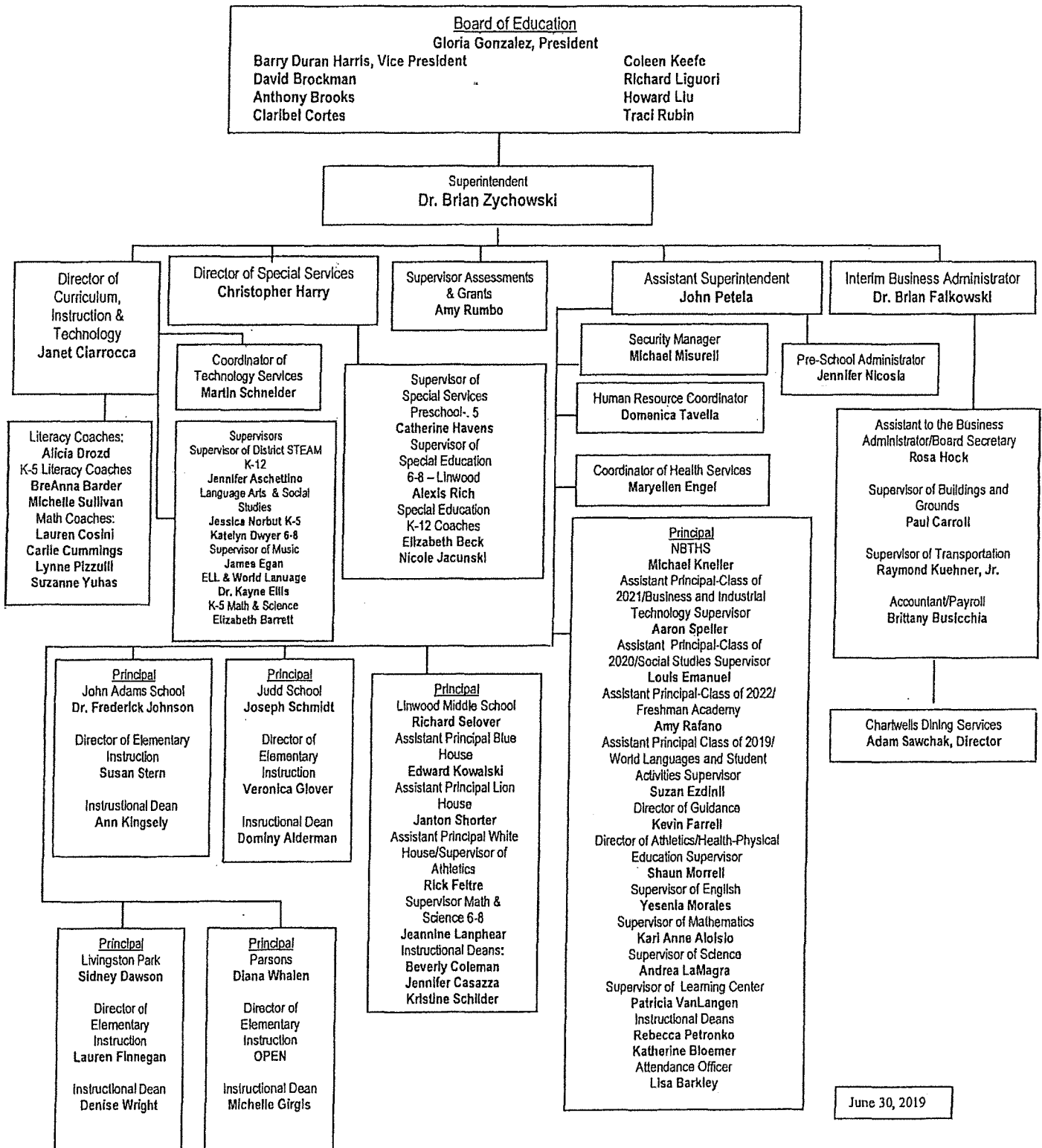


Dr. Brian Falkowski  
Interim School Business Administrator



Rosa Hock  
Assistant to Business Administrator

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**Organizational Chart 2018-2019**



June 30, 2019

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

**ROSTER OF OFFICIALS**

June 30, 2019

<b><u>Members of the Board of Education*</u></b>	<b><u>Term Expires</u></b>
Gloria Gonzalez, President	2021
Barry Duran Harris, Vice-President	2019
David Brockman	2021
Anthony Brooks	2021
Claribel Cortes	2020
Coleen Keefe	2019
Richard Liguori	2020
Howard Liu	2020
Traci Rubin	2019

**Other Officials**

Dr. Brian Zychowski, Superintendent

John M. Petela, Asst. Superintendent

Dr. Brian Falkowski, Interim School Business Administrator

Rosa Hock, Assistant to the Business Administrator/Board Secretary

Gerald Seneski, Treasurer of School Funds

Jonathan Busch, Esquire, Board Attorney

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

**JUNE 30, 2019**

**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Official Depository**

TD Bank  
286 Milltown Road  
East Brunswick, NJ 08816

## **FINANCIAL SECTION**



# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the North Brunswick Township School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2019 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the Board of Education of the North Brunswick Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report solely is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the North Brunswick Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Brunswick Township School District internal control over financial reporting compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
December 13, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

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

District Web Site: [www.nbtschools.org](http://www.nbtschools.org)

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED

#### Management's Discussion and Analysis

The discussion and analysis of North Brunswick Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

#### Overview of Financial Statements

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

#### Financial Highlights

Key financial highlights for 2018-2019 are as follows:

- General revenues accounted for \$134,349,851 in revenue or 97.05% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and accounted for \$4,079,495 or 2.95% to total revenues of \$138,429,346
- Total net position of governmental activities increased by \$2,421,532.
- The School District had \$143,466,029 in expenses, of which only \$4,079,495 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$85,943,368 along with Federal and State aid were adequate to provide for these programs.
- The Governmental – General Fund had \$116,145,952 in revenues and \$116,963,839 in expenditures. The General Fund's fund balance decreased \$1,317,887 compared to 2018.

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED – (CONTINUED)

#### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

#### **Reporting the School District as a Whole**

##### **Comparative Statement of Net Position and Comparative Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

# **NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

### **UNAUDITED – (CONTINUED)**

#### **Reporting the School District's Most Significant Funds**

##### **Fund Financial Statements**

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

##### **Governmental Funds**

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

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

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

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

##### **Proprietary Funds**

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

# **NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

### **UNAUDITED – (CONTINUED)**

#### **Fiduciary Funds**

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

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

#### **Notes to the Financial Statements**

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

#### **Other Information**

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

#### **The School District as a Whole**

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

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

The Statement of Net Position provides the financial perspective of the District as a whole. Table 1 provides a comparative summary of the School District's net position for 2019 and 2018.

#### **Government-wide Financial Statements**

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

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

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



# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED – (CONTINUED)

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

Table 1 provides a comparative summary of the School District's net position for 2019 and 2018.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,432,932 at the close of fiscal 2019. The following table provides a summary of net position at June 30, 2019 and 2018 relating to the District's governmental and business-type activities:

**Table 1 – Comparative Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2018-2019</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2017-2018</u>
<b>Assets</b>						
Current and other assets	\$ 49,686,191	\$ 27,713,517	\$ 518,305	\$ 636,824	\$ 50,204,496	\$ 28,350,341
Capital assets, net	146,260,174	113,907,668	233,340	279,168	146,493,514	114,186,836
Total Assets	<u>\$ 195,946,365</u>	<u>\$ 141,621,185</u>	<u>\$ 751,645</u>	<u>\$ 915,992</u>	<u>\$ 196,698,010</u>	<u>\$ 142,537,177</u>
<b>Deferred outflows of resources</b>						
Loss on Defeasance of Bonds	\$ 1,680,640	\$ 2,089,764			\$ 1,680,640	\$ 2,089,764
Pension	8,024,480	9,238,053			8,024,480	9,238,053
Total Deferred outflows of resources	<u>\$ 9,705,120</u>	<u>\$ 11,327,817</u>			<u>\$ 9,705,120</u>	<u>\$ 11,327,817</u>
<b>Liabilities</b>						
Current and other liabilities	\$ 4,746,718	\$ 4,305,095	\$ 119,679	\$ 81,832	\$ 4,866,397	\$ 4,386,927
Net pension liability	25,431,283	28,669,658			25,431,283	28,669,658
Long-term liabilities outstanding	123,102,654	72,723,777			123,102,654	72,723,777
Total Liabilities	<u>\$ 153,280,655</u>	<u>\$ 105,698,530</u>	<u>\$ 119,679</u>	<u>\$ 81,832</u>	<u>\$ 153,400,334</u>	<u>\$ 105,780,362</u>
<b>Deferred inflow of resources</b>						
Pension	\$ 8,569,866	\$ 5,871,038			\$ 8,569,866	\$ 5,871,038
<b>Net Position</b>						
Net investment in capital assets	\$ 28,217,525	\$ 46,810,376	\$ 233,340	\$ 279,167	\$ 28,450,865	\$ 47,089,543
Restricted	45,216,162	22,340,628			45,216,162	22,340,628
Unrestricted (deficit)	(29,632,721)	(27,771,570)	398,626	554,993	(29,234,095)	(27,216,577)
Total Net Position	<u>\$ 43,800,966</u>	<u>\$ 41,379,434</u>	<u>\$ 631,966</u>	<u>\$ 834,160</u>	<u>\$ 44,432,932</u>	<u>\$ 42,213,594</u>

# **NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

### **UNAUDITED – (CONTINUED)**

The District's combined net position were \$44,432,932 on June 30, 2019. This is an increase of \$2,219,338 or 5.25% from the prior year.

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

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

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

Restricted net position increased mainly due to the net increase in the capital reserve and capital projects accounts of \$22,875,574 caused by bond issue proceeds for the new middle school.

Unrestricted net position decreased mainly due to a planned higher level of expenditures. General fund encumbrances at June 30, 2019 totaled \$199,913 as compared with \$350,133 at June 30, 2018.

Encumbrances in the capital projects fund increased due to the award of a construction contract for the new middle school \$29,080,800 remain outstanding at June 30, 2019.

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED – (CONTINUED)

Table 2 shows the comparative changes in net position from fiscal year 2019 and 2018.

**Table 2 – Comparative Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 150,672	\$ 129,006	\$ 1,777,189	\$ 2,032,451	\$ 1,927,861	\$ 2,161,457
Operating Grants and Contributions	3,928,823	2,807,394	2,080,793	2,037,395	6,009,616	4,844,789
General Revenue:						
Property Taxes	85,943,368	83,782,284			85,943,368	83,782,284
Federal and State Aid	46,999,919	51,474,481			46,999,919	51,474,481
Miscellaneous	1,406,564	715,577			1,406,564	715,577
Total Revenue	138,429,346	138,908,742	3,857,982	4,069,846	142,287,328	142,978,588
<b>Expenses:</b>						
Instruction	77,846,002	77,684,530			77,846,002	77,684,530
Tuition	1,884,450	2,367,233			1,884,450	2,367,233
Student and Instruction Related Services	23,322,315	20,656,200			23,322,315	20,656,200
School Administration	8,167,249	8,452,595			8,167,249	8,452,595
General Administration	3,433,380	3,152,880			3,433,380	3,152,880
Operation and Maintenance of Facilities	12,675,934	13,191,633			12,675,934	13,191,633
Pupil Transportation	9,253,346	9,728,987			9,253,346	9,728,987
Interest on Debt	3,281,679	2,686,874			3,281,679	2,686,874
Charter Schools	3,601,674	2,293,492			3,601,674	2,293,492
Business Type Actives			4,060,177	4,021,263	4,060,177	4,021,263
Total Expenses	143,466,029	140,214,424	4,060,177	4,021,263	147,526,206	144,235,687
Special and Extraordinary Items, Net	7,458,215	(176,796)		(33,784)	7,458,215	(210,580)
Change in Net Position	\$ 2,421,532	\$ (1,482,478)	\$ (202,195)	\$ 14,799	\$ 2,219,337	\$ (1,467,679)
Net Position - beginning	41,379,434	42,861,912	834,160	819,361	42,213,594	43,681,273
Net Position - ending	\$ 43,800,966	\$ 41,379,434	\$ 631,965	\$ 834,160	\$ 44,432,931	\$ 42,213,594

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED – (CONTINUED)

#### General Fund Budgetary Highlights

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

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

#### Expenditures

- The modified budget for regular programs – instruction increased from the original budget by \$721,823 or 2.61% as a result of an increase in purchased educational services.
- The modified budget for special program were increased from the original by budget \$186,405 or 2.04% as a result of additional costs for special education.
- Total modified budget for instructional programs was increased \$1,237,573 or 2.85% caused by additional needs for regular programs undistributed.
- The modified budget for student transportation services decreased from the original budget by \$395,422 or 7.66% primarily as a result of additional cost for special education – transportation.
- Total modified budget for undistributed expenditures increased \$645,788 or 6.82%, most of which was caused by additional support needs for special education students.
- Total modified budget for current expense increased \$1,883,361 or 1.99%, most of which was funded by additional state aid.
- The modified budget for facilities acquisition and construction services exceeded the original budget by \$1,248,229 or 78.8% most as a result of an increase of state aid which was transferred to the debt service fund in the amount of \$500,000.

# **NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

### **UNAUDITED – (CONTINUED)**

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

#### **Revenues**

- Actual miscellaneous revenue was in excess of the modified budgeted amount by approximately \$550,797 or 221.65% as a result mostly of a refund of E-Rate Funds and Tuition.
- State aid increased \$3,500,000 from the original budget due to an increase in the state aid caused by a reevaluation and reallocation of the statewide distribution.

#### **Expenditures**

- The actual amount expended regular programs – instruction were less than the final budget by \$3,807 or .0088% as a result mostly of planned expenditures for special education and regular programs undistributed.
- The actual amounts for expended for undistributed expenditures in total net of on-behalf payments were \$19,541,191 or 99.50% of the budget.

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

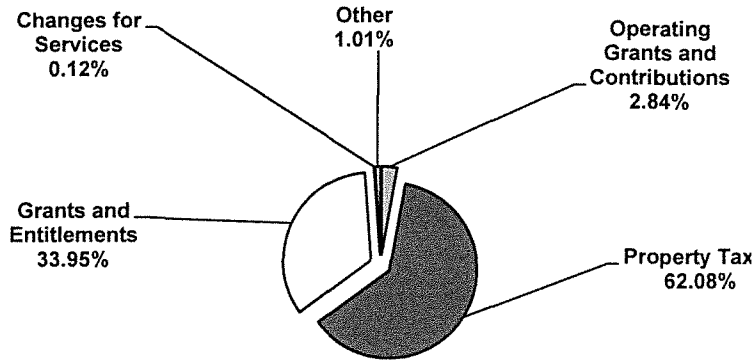
## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED – (CONTINUED)

### Governmental Activities

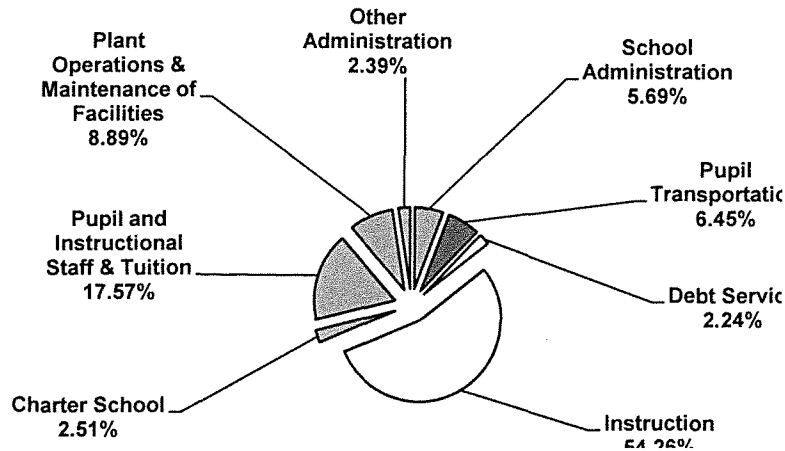
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes of \$85,943,368 made up 62.08% of revenue for governmental activities for the North Brunswick School District for fiscal year 2019. Federal, state and local grants of \$46,999,919 accounted for another 33.95% of revenue. The District's total revenues were \$138,429,346 for the year ended June 30, 2019.

**Revenue for Fiscal Year 2019**



**Expenses for Fiscal Year 2019**

The total cost of all programs and services was \$143,466,029.



# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED – (CONTINUED)

#### **Business-Type Activities**

##### Food Service

- Revenues for the District's business-type activities for the food service program are comprised of charges for services and federal and state reimbursements.
- Food service expenditures exceeded revenues by \$110,047.
- Charges for services represent \$1,323,832 or 38.88% of revenue. This represents amounts paid by patrons for daily food service, as well as special functions.
- Federal and state reimbursement for meals, including payments for free and reduced priced lunches and donated commodities was \$2,080,793 or 61.12% of revenue.

##### School Facilities

- Revenues for the District's business-type activities for the school facilities program are comprised of charges for use of District's facilities.
- School facilities expenditures exceeded revenue by \$95,081.

##### Integrated Pre-K/Summer Enrichment

- Revenues for the District's business-type activities for the integrated pre-K/summer program are comprised of charges for pre-K/summer services.
- Integrated pre-k/summer revenue exceeded expenditures by \$3,884.

##### After-School

- After-School expenditures exceeded revenue by \$951 which was absorbed by the integrated Pre-K/Summer Enrollment program.

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED – (CONTINUED)

### Governmental Activities

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

**Table 3 - Comparative Statement of Activities**

	Total Cost of Services			Net Cost of Services		
	2018-2019	2017-2018	% Change	2018-2019	2017-2018	% Change
Regular Instruction	\$ 47,362,218	\$ 49,104,993	-3.55%	\$ 47,362,218	\$ 49,104,993	-3.55%
Special Education	21,376,879	19,775,812	8.10%	19,155,498	17,687,657	8.30%
Other Special Education	6,614,351	6,290,261	5.15%	6,614,351	6,290,261	5.15%
Other Instruction	2,492,554	2,513,464	-0.83%	2,492,554	2,513,464	-0.83%
Tuition	1,884,450	2,367,233	-20.39%	1,884,450	2,367,233	-20.39%
Student and Instruction						
Related Services	23,322,315	20,656,200	12.91%	21,809,771	19,947,314	9.34%
General and Business						
Administrative Services	3,433,380	3,152,880	8.90%	3,433,380	3,152,880	8.90%
School Administrative Services	8,167,249	8,452,595	-3.38%	8,167,249	8,452,595	-3.38%
Plant Operations and						
Maintenance	12,675,934	13,191,633	-3.91%	12,675,934	13,191,633	-3.91%
Pupil Transportation	9,253,346	9,728,987	-4.89%	9,102,674	9,599,981	-5.18%
Charter Schools	3,601,674	2,293,492	57.04%	3,601,674	2,293,492	57.04%
Interest and Fiscal Charges	3,281,679	2,686,874	22.14%	3,086,781	2,676,521	15.33%
<b>Total Expenses</b>	<b>\$ 143,466,029</b>	<b>\$ 140,214,424</b>	<b>2.32%</b>	<b>\$ 139,386,534</b>	<b>\$ 137,278,024</b>	<b>1.54%</b>



# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED – (CONTINUED)

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

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

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

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

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

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

#### The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$126,780,220 and expenditures exclusive of the capital projects fund \$128,406,672.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal years ended June 30, 2019 and June 30, 2018, and the amount of increase and decreases in relation to prior year revenues.

#### Comparative Summary of Revenues

<u>Revenue</u>	2018-2019		2017-2018		Increase/ (Decrease) from 2017-2018 to 2018-2019
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 87,672,243	69.15%	\$ 84,747,583	72.89%	\$ 2,924,660
State Sources	36,288,627	28.62%	28,692,074	24.68%	7,596,553
Federal Sources	2,819,350	2.21%	2,826,985	2.43%	(7,635)
	\$ 126,780,220	100.00%	\$ 116,266,642	100.00%	\$ 10,513,578

**NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**UNAUDITED – (CONTINUED)**

Local revenues increased by \$2,924,660. The increase in local revenue was due to an increase in the tax levy for 2018-2019, of \$1,338,321 offset by a decrease in miscellaneous revenues.

Federal source revenues decreased slightly by \$7,635.

State sources revenue increased \$7,596,553 due mostly to an increase in on-behalf pension payments and offset with an increase in other state aid in the General Fund.

The following schedule presents a comparative summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2019 and June 30, 2018, and the increases and decreases in relation to prior year amounts.

**Comparative Summary of Expenditures**

<u>Expenditures</u>	<u>2018-2019</u>		<u>2017-2018</u>		<u>Increase/ (Decrease) from 2017-2018 to 2018-2019</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 45,465,607	35.42%	\$ 43,001,445	36.83%	\$ 2,464,162
Undistributed Expenditures	69,387,024	54.04%	64,683,404	55.40%	4,703,620
Capital Outlay	2,243,459	1.75%	1,412,344	1.21%	831,115
Charter School	3,601,674	2.80%	2,293,492	1.96%	1,308,182
Debt Service:					
Principal	4,850,000	3.78%	3,875,000	3.32%	975,000
Interest	2,858,908	2.23%	1,501,600	1.29%	1,357,308
	<u>\$ 128,406,672</u>	<u>100.00%</u>	<u>\$ 116,767,285</u>	<u>100.00%</u>	<u>\$ 11,639,387</u>

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

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED – (CONTINUED)

### General Fund Budgeting Highlights

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

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

### Capital Assets

At the end of the fiscal year 2019, the School District had \$211,018,299 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2019 balances compared to 2018.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2018-2019</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2017-2018</u>
Land	\$ 10,865,232	\$ 10,865,232			\$ 10,865,232	\$ 10,865,232
Construction in Progress	38,045,819	5,340,929			38,045,819	5,340,929
Building and Building Improvements	94,379,835	94,872,894			94,379,835	94,872,894
Machinery and Equipment	<u>2,969,288</u>	<u>2,828,613</u>	\$ 233,340	\$ 279,168	<u>3,202,628</u>	<u>3,107,781</u>
Total Capital Assets - Net of Depreciations	<u>\$ 146,260,174</u>	<u>\$ 113,907,668</u>	<u>\$ 233,340</u>	<u>\$ 279,168</u>	<u>\$ 146,493,514</u>	<u>\$ 114,186,836</u>

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

Overall Governmental Activities capital assets increased by \$35,913,606 from fiscal year 2018 to fiscal year 2019. The increase in capital assets is due to the acquisition of land and construction in progress as a result of a voter approved referendum to construct a new middle school in excess of annual depreciation.

# NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### UNAUDITED – (CONTINUED)

#### Debt Administration

At the end of the fiscal year 2019, the School District had noncurrent outstanding debt as follows:

**Table 5 – Debt Administration**

	June 30,	
	<u>2019</u>	<u>2018</u>
Compensated Absences	\$ 3,379,365	\$ 3,536,721
Capital Leases	13,500,000	
Serial Bonds	<u>105,048,000</u>	<u>67,550,000</u>
Totals	<u>\$ 121,927,365</u>	<u>\$ 71,086,721</u>

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

#### For the Future

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

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

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

**NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**UNAUDITED – (CONTINUED)**

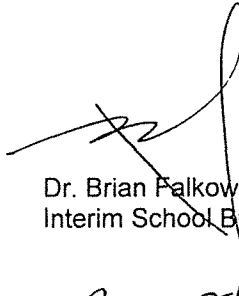
**Contacting the School District's Financial Management**

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


Respectfully submitted,



Dr. Brian Zychowski  
Superintendent of Schools



Dr. Brian Falkowski  
Interim School Business Administrator



Rosa Hock  
Assistant to Business Administrator

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 193,729	\$ 126,406	\$ 320,135
Receivables - Net	3,415,725	215,770	3,631,495
Inventory		109,472	109,472
Restricted Assets:			
Cash and Cash Equivalents	46,076,737		46,076,737
Capital Assets, Net	<u>146,260,174</u>	<u>233,340</u>	<u>146,493,514</u>
Total Assets	<u>\$ 195,946,365</u>	<u>\$ 684,988</u>	<u>\$ 196,631,353</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Loss on Defeasance of Debt	\$ 1,680,640		\$ 1,680,640
Pension	<u>8,024,480</u>		<u>8,024,480</u>
	<u>\$ 9,705,120</u>		<u>\$ 9,705,120</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 2,213,225	\$ 260	\$ 2,213,485
Other Current Liabilities	40,156		40,156
Intergovernmental Accounts Payable	9,907		9,907
Unearned Revenue	888,109	52,762	940,871
Accrued Interest	1,595,321		1,595,321
Net Pension Liability	25,431,283		25,431,283
Noncurrent Debt:			
Due Within One Year	5,644,703		5,644,703
Due Beyond One Year	<u>117,457,951</u>		<u>117,457,951</u>
Total Liabilities	<u>\$ 153,280,655</u>	<u>\$ 53,022</u>	<u>\$ 153,333,677</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension	<u>\$ 8,569,866</u>		<u>\$ 8,569,866</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets	\$ 28,217,525	\$ 233,340	\$ 28,450,865
Restricted:			
Capital Projects Fund	42,238,208		42,238,208
Capital Reserve	2,977,954		2,977,954
Unrestricted (Deficit)	<u>(29,632,721)</u>	<u>398,626</u>	<u>(29,234,095)</u>
Total Net Position	<u>\$ 43,800,966</u>	<u>\$ 631,966</u>	<u>\$ 44,432,932</u>

See accompanying notes to financial statements.



**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 47,362,218			\$ (47,362,218)		\$ (47,362,218)
Special Education	21,376,879		\$ 2,221,381	(19,155,498)		(19,155,498)
Other Special Education	6,614,351			(6,614,351)		(6,614,351)
Other Instruction	2,492,554			(2,492,554)		(2,492,554)
Support Services:						
Tuition	1,884,450			(1,884,450)		(1,884,450)
Student and Instruction Related Services	23,322,315		1,512,544	(21,809,771)		(21,809,771)
General Administrative Services	3,433,380			(3,433,380)		(3,433,380)
School Administrative Services	8,167,249			(8,167,249)		(8,167,249)
Plant Operations and Maintenance	12,675,934			(12,675,934)		(12,675,934)
Pupil Transportation	9,253,346	\$ 150,672		(9,102,674)		(9,102,674)
Charter Schools	3,601,674			(3,601,674)		(3,601,674)
Interest on Long Term Debt	3,281,679		194,898	(3,086,781)		(3,086,781)
<b>Total Governmental Activities</b>	<b>\$ 143,466,029</b>	<b>\$ 150,672</b>	<b>\$ 3,928,823</b>	<b>\$ (139,386,534)</b>		<b>\$ (139,386,534)</b>
<b>Business-Type Activities:</b>						
Food Service	\$ 3,514,672	\$ 1,323,832	\$ 2,080,794		\$ (110,046)	\$ (110,046)
School Facilities	348,591	253,510			(95,081)	(95,081)
Integrated Pre-K/Summer Enrichment	168,838	172,722			3,884	3,884
After School	28,076	27,125			(951)	(951)
<b>Total Business-Type Activities</b>	<b>\$ 4,060,177</b>	<b>\$ 1,777,189</b>	<b>\$ 2,080,794</b>		<b>\$ (202,194)</b>	<b>\$ (202,194)</b>
<b>Total Primary Government</b>	<b>\$ 147,526,206</b>	<b>\$ 1,927,861</b>	<b>\$ 6,009,617</b>	<b>\$ (139,386,534)</b>	<b>\$ (202,194)</b>	<b>\$ (139,588,728)</b>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes				\$ 79,754,358		\$ 79,754,358
Debt Service				6,189,010		6,189,010
Federal and State Aid Not Restricted				46,999,919		46,999,919
Interest on Investments				607,267		607,267
Miscellaneous Income				799,297		799,297
<b>Total General Revenues</b>				<b>\$ 134,349,851</b>		<b>\$ 134,349,851</b>
<b>Excess (Deficit) of Revenue over Expenditures</b>				<b>(5,036,683)</b>	<b>(202,194)</b>	<b>(5,238,877)</b>
<b>Special and Extraordinary Items</b>				<b>7,458,215</b>		<b>7,458,215</b>
<b>Change in Net Position</b>				<b>\$ 2,421,532</b>	<b>\$ (202,194)</b>	<b>\$ 2,219,338</b>
<b>Net Position - Beginning As Adjusted</b>				<b>41,379,434</b>	<b>834,160</b>	<b>42,213,594</b>
<b>Net Position - Ending</b>				<b>\$ 43,800,966</b>	<b>\$ 631,966</b>	<b>\$ 44,432,932</b>

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 131,602			\$ 669,940	\$ 801,542
Cash with Fiscal Agents			\$ 43,098,783		43,098,783
Intergovernmental Accounts Receivable	2,134,110	\$ 873,162			3,007,272
Interfunds Receivable				541,611	541,611
Other Receivables	408,453				408,453
Restricted Cash and Cash Equivalents	<u>2,977,954</u>				<u>2,977,954</u>
<b>Total Assets</b>	<b><u>\$ 5,652,119</u></b>	<b><u>\$ 873,162</u></b>	<b><u>\$ 43,098,783</u></b>	<b><u>\$ 1,211,551</u></b>	<b><u>\$ 50,835,615</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities:</b>					
Cash Overdraft		\$ 513,227	\$ 94,586		\$ 607,813
Accounts Payable	\$ 506,630	237,614	211,273		955,517
Other Current Liabilities			40,156		40,156
Intergovernmental Accounts Payable		9,907			9,907
Interfunds Payable			541,611		541,611
Unearned Revenue	<u>512,000</u>	<u>203,246</u>	<u>172,863</u>		<u>888,109</u>
<b>Total Liabilities</b>	<b><u>\$ 1,018,630</u></b>	<b><u>\$ 963,994</u></b>	<b><u>\$ 1,060,488</u></b>		<b><u>\$ 3,043,112</u></b>
<b>Fund Balances</b>					
<b>Restricted:</b>					
Capital Reserve Account	\$ 2,977,954				\$ 2,977,954
Maintenance Reserve	1,250,000				1,250,000
Debt Service				\$ 1,211,551	1,211,551
Capital Projects			\$ 12,957,495		12,957,495
Committed for Year end Encumbrances	199,913		29,080,800		29,280,713
Special Revenue Fund (Deficit)		\$ (90,832)			(90,832)
Unassigned	<u>205,622</u>				<u>205,622</u>
<b>Total Fund Balances</b>	<b><u>\$ 4,633,489</u></b>	<b><u>(90,832)</u></b>	<b><u>\$ 42,038,295</u></b>	<b><u>\$ 1,211,551</u></b>	<b><u>\$ 47,792,503</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 5,652,119</u></b>	<b><u>\$ 873,162</u></b>	<b><u>\$ 43,098,783</u></b>	<b><u>\$ 1,211,551</u></b>	<b><u>\$ 50,835,615</u></b>

See accompanying notes to financial statements

BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2019

		<u>Total Governmental Funds</u>
Total Fund Balances above	\$	47,792,503
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of capital assets is \$210,039,534 and the accumulated depreciation is \$63,779,360. (see Note 5)		146,260,174
Deferred loss on defeasance of debt, unamortized (see Note 7D)		1,680,641
Noncurrent liabilities, including bonds, loans, leases payable and compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7)		(123,102,654)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:		
Accrued Interest Payable (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.)		(1,595,321)
Accrued Pension Liability (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30th, 2018, however will be raised in the budget for the fiscal year ending June 30th, 2019)		(1,257,708)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)		(25,976,669)
		(25,976,669)
Net position of governmental activities (A-1)	\$	43,800,966

See accompanying notes to financial statements

**BOARD OF EDUCATION  
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>					
Local sources:					
Local tax levy	\$ 79,754,358			\$ 6,189,010	\$ 85,943,368
Transportation Fees	150,672				150,672
Interest on Investments			\$ 607,267		607,267
Miscellaneous	<u>799,297</u>	<u>\$ 171,639</u>			<u>970,936</u>
Total - Local Sources	\$ 80,704,327	\$ 171,639	\$ 607,267	\$ 6,189,010	\$ 87,672,243
State Sources	35,220,205	873,524		194,898	36,288,627
Federal Sources	<u>221,420</u>	<u>2,597,930</u>			<u>2,819,350</u>
Total Revenues	<u>\$ 116,145,952</u>	<u>\$ 3,643,093</u>	<u>\$ 607,267</u>	<u>\$ 6,383,908</u>	<u>\$ 126,780,220</u>
<b><u>EXPENDITURES</u></b>					
Current:					
Regular Instruction	\$ 28,474,219				\$ 28,474,219
Special Education Instruction	9,294,926	\$ 2,221,381			11,516,307
Other Special Instruction	3,976,555				3,976,555
Other Instruction	1,498,526				1,498,526
Support Services and Undistributed Costs:					
Tuition	1,884,450				1,884,450
Student and Instruction Related Services	11,599,515	1,512,544			13,112,059
Other Administrative Services	2,064,152				2,064,152
School Administrative Services	4,910,159				4,910,159
Plant Operations and Maintenance	7,620,786				7,620,786
Pupil Transportation	5,563,122				5,563,122
Employee Benefits	34,232,296				34,232,296
Transfer to Charter Schools	3,601,674				3,601,674
Debt Service:					
Principal				\$ 4,850,000	4,850,000
Interest				2,858,908	2,858,908
Capital Outlay	<u>2,243,459</u>		<u>\$ 32,704,890</u>		<u>34,948,349</u>
Total Expenditures	<u>\$ 116,963,839</u>	<u>\$ 3,733,925</u>	<u>\$ 32,704,890</u>	<u>\$ 7,708,908</u>	<u>\$ 161,111,562</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (817,887)	\$ (90,832)	\$ (32,097,623)	\$ (1,325,000)	\$ (34,331,342)
Other Financing Sources/(Uses):					
Transfer In/(Out)					
Transfer to/(from) Capital Outlay	(500,000)			500,000	
Transfer to/(from) Capital Projects			(542,611)	542,611	
Lease Proceeds			13,500,000		13,500,000
Bond Proceeds			42,348,000		42,348,000
	<u>(500,000)</u>		<u>55,305,389</u>	<u>1,042,611</u>	<u>55,848,000</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	\$ (1,317,887)	\$ (90,832)	\$ 23,207,766	\$ (282,389)	\$ 21,516,658
Fund Balance - July 1	<u>5,951,377</u>		<u>18,829,519</u>	<u>1,493,940</u>	<u>26,274,836</u>
Fund Balance - June 30	<u>\$ 4,633,490</u>	<u>\$ (90,832)</u>	<u>\$ 42,037,285</u>	<u>\$ 1,211,551</u>	<u>\$ 47,791,494</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 21,516,658

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 34,948,349	
Loss on retirement of capital assets	(100,009)	
Other Contributions	1,732,847	
Depreciation expense	<u>(4,228,681.00)</u>	32,352,506

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement activities; issuing debt increases noncurrent liabilities in the statement of net position.

Proceeds of bonds	(42,348,000)	
Capital leases, current year proceeds	<u>(13,500,000)</u>	(55,848,000)

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

Amortization of premium		461,800
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Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.

Amortization of deferred loss		(409,124)
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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.

4,850,000

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

13,647

Extraordinary income related to adjustment for prior year construction in progress related to bond proceeds

1,231,390

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

157,356

Net pension obligation related to PERS which is attributable to June 30, 2018 (*the measurement date*) not reported in governmental funds; however, it is reported in the statement of activities.

(1,904,701)

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

\$ 2,421,532

See accompanying notes to financial statements



**PROPRIETARY FUNDS –  
ENTERPRISE FUNDS**

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUNDS - ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

<u>ASSETS</u>	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment</u>	<u>Total Enterprise</u>
Current assets:				
Cash and cash equivalents		\$ 51,423	\$ 141,640	\$ 193,063
Accounts receivable:				
State	\$ 2,493			2,493
Federal	146,019			146,019
Other	46,330	20,928		67,258
Inventories	109,472			109,472
Total current assets	\$ 304,314	\$ 72,351	\$ 141,640	\$ 518,305
Noncurrent assets:				
Furniture, machinery and equipment	\$ 627,182	\$ 211,796	\$ 139,787	\$ 978,765
Less: accumulated depreciation	606,240	53,112	86,073	745,425
Total noncurrent assets	\$ 20,942	\$ 158,684	\$ 53,714	\$ 233,340
Total assets	\$ 325,256	\$ 231,035	\$ 195,354	\$ 751,645
<u>LIABILITIES</u>				
Current liabilities:				
Cash Overdraft	\$ 66,657			\$ 66,657
Accounts payable			\$ 260	260
Unearned Revenue	26,862		25,900	52,762
Total liabilities	\$ 93,519		\$ 26,160	\$ 119,679
<u>NET POSITION</u>				
Net investment in capital assets	\$ 20,942	\$ 158,684	\$ 53,714	\$ 233,340
Unrestricted	210,795	72,351	115,480	398,626
Total net position	\$ 231,737	\$ 231,035	\$ 169,194	\$ 631,966

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUND - ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund				Total Enterprise
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	
<b><u>OPERATING REVENUES</u></b>					
Local Sources:					
Daily sales - reimbursable programs:					
School lunch program	\$ 661,164				\$ 661,164
School breakfast program	23,400				23,400
School after school snack program	19,739				19,739
Daily sales - non-reimbursable programs	619,529				619,529
Tuition and services		\$ 253,510	\$ 172,722	\$ 27,125	453,357
Total operating revenues	\$ 1,323,832	\$ 253,510	\$ 172,722	\$ 27,125	\$ 1,777,189
<b><u>OPERATING EXPENSES</u></b>					
Cost of sales - reimbursable programs	\$ 1,232,695				\$ 1,232,695
Cost of sales - non-reimbursable programs	297,843				297,843
Salaries	1,091,526	\$ 321,280	\$ 30,354	\$ 28,076	1,471,236
Employee benefits	296,183				296,183
Insurance	105,327				105,327
Utilities	180,000		1,958		181,958
General Supplies			112		112
Depreciation	6,868	27,311	11,649		45,828
Management Fee	198,515				198,515
Other	105,715		124,765		230,480
Total operating expenses	\$ 3,514,672	\$ 348,591	\$ 168,838	\$ 28,076	\$ 4,060,177
Operating income/(loss)	\$ (2,190,840)	\$ (95,081)	\$ 3,884	\$ (951)	\$ (2,282,988)

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUND - ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund				Total Enterprise
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	
<b><u>NONOPERATING REVENUES</u></b>					
State sources:					
State school lunch program	\$ 31,992				\$ 31,992
Federal sources:					
National school lunch program	1,293,193				1,293,193
National breakfast program	504,390				504,390
School snack program	11,779				11,779
Food distribution program	<u>239,439</u>				<u>239,439</u>
Total nonoperating revenues	<u>\$ 2,080,793</u>				<u>\$ 2,080,793</u>
Income/(loss) before contributions and transfers	\$ (110,047)	\$ (95,081)	\$ 3,884	\$ (951)	\$ (202,195)
Operating transfers:					
Intra fund - operating transfer in/(out)			<u>(951)</u>	<u>951</u>	
Change in net position	\$ (110,047)	\$ (95,081)	\$ 2,933		\$ (202,195)
Total net position - beginning	<u>341,784</u>	<u>326,116</u>	<u>166,261</u>		<u>834,161</u>
Total net position - ending	<u>\$ 231,737</u>	<u>\$ 231,035</u>	<u>\$ 169,194</u>		<u>\$ 631,966</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 PROPRIETARY FUNDS - ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<b><u>Cash Flows from Operating Activities</u></b>					
Receipts from Customers	\$ 1,306,508	\$ 262,582	\$ 142,652	\$ 27,125	\$ 1,738,867
Payments to Employees	(1,091,526)	(321,280)	(30,354)	(28,076)	(1,471,236)
Payments for Employee Benefits	(296,183)				(296,183)
Payments to Suppliers	(1,926,964)		(127,211)		(2,054,175)
Payment for Management Fee	(198,515)				(198,515)
<b>Net Cash Provided by/(Used for) Operating Activities</b>	<b>\$ (2,206,680)</b>	<b>\$ (58,698)</b>	<b>\$ (14,913)</b>	<b>\$ (951)</b>	<b>\$ (2,281,242)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>					
State Sources	\$ 31,955				\$ 31,955
Federal Sources	2,039,953				2,039,953
Operating Transfers to Other Funds - Intrafunds			\$ (951)	\$ 951	
<b>Net Cash Provided by/(Used for) Noncapital Financing Activities</b>	<b>\$ 2,071,908</b>		<b>\$ (951)</b>	<b>\$ 951</b>	<b>\$ 2,071,908</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>\$ (134,772)</b>	<b>\$ (58,698)</b>	<b>\$ (15,864)</b>		<b>\$ (209,334)</b>
Balances - Beginning of Year	68,134	110,121	157,504		335,759
<b>Balances/(Overdraft) - End of Year</b>	<b>\$ (66,638)</b>	<b>\$ 51,423</b>	<b>\$ 141,640</b>		<b>\$ 126,425</b>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 PROPRIETARY FUNDS - ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund				
	Food Service	School Facilities	Integrated Pre-K/Summer Enrichment/	After School	Total Enterprise
<u>Reconciliation of Operating Income/(Loss) to Net Cash</u>					
<u>Provided/(Used) by Operating Activities</u>					
Operating Gain/(Loss)	\$ (2,190,840)	\$ (95,081)	\$ 3,884	\$ (951)	\$ (2,282,988)
<u>Adjustments to Reconcile Operating Loss to Cash</u>					
<u>Provided/(Used) by Operating Activities:</u>					
Depreciation	\$ 6,868	\$ 27,311	\$ 11,649		\$ 45,828
<u>Change in Assets and Liabilities:</u>					
(Increase)/Decrease in Accounts Receivable	(18,960)	9,072			(9,888)
(Increase) in Inventories	(5,384)				(5,384)
Increase in Accounts Payable			(376)		(376)
Increase/(Decrease) in Unearned Revenue	1,636		(30,070)		(28,434)
Total Adjustments	\$ (15,840)	\$ 36,383	\$ (18,797)		\$ 1,746
Net Cash Provided by/(Used for) by Operating Activities	\$ (2,206,680)	\$ (58,698)	\$ (14,913)	\$ (951)	\$ (2,281,242)

See accompanying notes to financial statements

## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Trust Funds</u>	<u>Agency Fund</u>	<u>Total Fiduciary Funds</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ <u>47,077</u>	\$ <u>465,411</u>	\$ <u>512,488</u>
Total Assets	\$ <u><u>47,077</u></u>	\$ <u><u>465,411</u></u>	\$ <u><u>512,488</u></u>
<b><u>LIABILITIES</u></b>			
Payable to Student Groups		\$ 340,405	\$ 340,405
Payroll Deductions and Withholdings		<u>125,006</u>	<u>125,006</u>
Total Liabilities		<u><u>\$ 465,411</u></u>	<u><u>\$ 465,411</u></u>
<b><u>NET POSITION</u></b>			
Reserve for Scholarships	\$ <u>47,077</u>		\$ <u>47,077</u>
Total Net Position	\$ <u><u>47,077</u></u>		\$ <u><u>47,077</u></u>

See accompanying notes to financial statements



BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	Total Fiduciary Funds
	Scholarship Trust Fund
<u>ADDITIONS</u>	
Contributions:	
Donations	\$ <u>2,667</u>
Total Additions	\$ <u>2,667</u>
<u>DEDUCTIONS</u>	
Scholarships Awarded	\$ <u>4,781</u>
Total Deductions	\$ <u>4,781</u>
Change in Net Position	\$ (2,114)
Total Net Position - Beginning of the Year	\$ <u>49,191</u>
Total Net Position - Ending of the Year	\$ <u><u>47,077</u></u>

See accompanying notes to financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The North Brunswick Township School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three (3) year terms. The purpose of the District is to educate students in grades pre-K-12. The District had an approximate enrollment at June 30, 2019 of 6,211 students.

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation (Continued)**

**1. Government-Wide Financial Statements (Continued)**

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

**2. Fund Financial Statements**

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

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**1. Governmental Funds (Continued)**

**General Fund (Continued)**

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

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

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

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

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

**2. Proprietary Fund Type**

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

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

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

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

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

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

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

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**3. Fiduciary Funds**

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

**Private Purpose Scholarship Funds**

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

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

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

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

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

**2. Fund Financial Statements**

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus (Continued)**

**2. Fund Financial Statements (Continued)**

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

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

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



**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control**

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

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

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

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control (Continued)**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 116,593,210	C-2 \$ 3,733,925
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2018	None	None
June 30, 2019	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,402,775	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,850,033)</u>	<u>(90,832)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>116,145,952</u>	B-2 \$ <u>3,643,093</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 116,963,839	C-2 \$ 3,733,925
Less: Budgetary expenditures that are not expenditures under GAAP - Capital outlay transfer to debt service fund.	(500,000)	
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2018	None	None
June 30, 2019	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>116,463,839</u>	B-2 \$ <u>3,733,925</u>

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Encumbrances**

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

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

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

**G. Assets, Liabilities and Equity**

**1. Cash, Cash Equivalents and Investments**

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

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

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

2. Inventories and Prepaid Expenses

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

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

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Interfund Receivables/Payables

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

7. Capital Assets

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

7. Capital Assets (Continued)

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Compensated Absences

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

9. Compensated Absences (Continued)

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

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

10. Accrued Liabilities and Noncurrent Obligations

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

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

11. Deferred Loss on Refunding of Debt

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

12. Net Position

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

13. Unearned (Deferred) Revenue

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

14. Fund Equity

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

15. Fund Balance

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

15. Fund Balance (Continued)

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

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

16. Proprietary Funds Revenues and Expenses

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

17. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB No. 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the capital projects fund. The liability, if any, is recorded as an accrued arbitrage rebate.

18. Non-Monetary Transactions

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



**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

19. Allocation of Expenses

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

20. Extraordinary and Special Items

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

21. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB Statement No. 68. This Statement amends GASB Statement No. 27. The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB Statement No. 68. GASB Statement No. 68 relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

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

In 2018 the District implemented GASB Statement No. 75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB Statement No. 45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

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

23. Management Estimates

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

**H. Other Accounting Standards**

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

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

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

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

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

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- *GASB Statement No. 90. Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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

- *GASB Statement No. 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District does not expect this Statement to impact its financial statements.

**I. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2019 through December 13, 2019, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

**A. Deposits**

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

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.

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

	<u>Cash and Cash Equivalents</u>
Checking Accounts - Interest Bearing	\$ 20,746,752
NJARM Asset Management	32,119,329
Certificate of Deposit	61,685
	\$ 52,927,766
Reconciliation:	
Governmental Funds	\$ 52,289,071
Proprietary Funds	126,407
Fiduciary Funds	512,488
	\$ 52,927,966

Of the total amount deposits of \$2,977,954 has been earmarked towards the Capital Reserve Account. Refer to Notes to Financial Statements Note 14.

**Allocation of Cash and Cash Equivalents**

Unrestricted	\$ 6,921,725
Restricted	46,051,041
	\$ 52,972,766

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**B. Investments**

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

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

Custodial Credit Risk – The District had no securities as of June 30, 2019 that would be considered investments as defined by GASB Statement No. 3 as amended by GASB Statement No. 40.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Intergovernmental Accounts Receivable at June 30, 2019 consisted of Federal source, State source, transportation, a local project and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u> <u>Financial Statements</u>	<u>Business Type</u> <u>Activities</u>
General Fund		
State Aid:		
Extraordinary Special Education Aid	\$ 2,010,242	
Non Public Transportation	88,753	
Homeless Aid	35,115	
	<u>\$ 2,134,110</u>	
Special Revenue Fund		
Federal Aid:		
Title I A	\$ 235,803	
Title 1 D	167,521	
Title II	56,485	
Title III Part A	5,475	
Title IV	38	
Title III Immigrant	1,489	
IDEA Part B Basic Regular	375,084	
IDEA Part B Preschool	8,516	
Perkins	12,844	
Local Aid:		
ESCNJ - Refund NJ Non-Public Aid	9,907	
	<u>\$ 873,162</u>	
	<u>\$ 3,007,272</u>	
Proprietary Fund		
Enterprise Fund:		
State Source		<u>\$ 2,493</u>
Federal Source		<u>\$ 146,019</u>
Other Source		<u>\$ 46,330</u>

**5. INVENTORY**

The value of Federal donated commodities as reflected on Schedule A of \$239,439 (required by the Single Audit Act) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. As of June 30, 2019, the federal donated commodities food inventory of \$109,472 was included in the year end food and supplies amount of \$25,401.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**6. CAPITAL ASSETS, NET**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 10,865,232	-		\$ 10,865,232
Construction in Progress	5,340,929	\$ 32,704,890		38,045,819
Total capital assets not being depreciated	<u>16,206,161</u>	<u>32,704,890</u>	<u>-</u>	<u>48,911,051</u>
Capital assets being depreciated:				
Building and Building Improvements	149,096,171	3,196,765		152,292,936
Machinery and Equipment	8,823,596	779,541	\$ (767,590)	8,835,547
Total at historical cost	<u>157,919,767</u>	<u>3,976,306</u>	<u>(767,590)</u>	<u>161,128,483</u>
Less accumulated depreciation for:				
Building and Building Improvements	(54,223,277)	(3,689,824)		(57,913,101)
Machinery and Equipment	(5,994,983)	(538,857)	667,581	(5,866,259)
Total accumulated depreciation	<u>(60,218,260)</u>	<u>(4,228,681)</u>	<u>667,581</u>	<u>(63,779,360)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>97,701,507</u>	<u>(252,375)</u>	<u>(100,009)</u>	<u>97,349,123</u>
Governmental activities capital assets, net	<u>\$ 113,907,668</u>	<u>\$ 32,452,515</u>	<u>\$ (100,009)</u>	<u>\$ 146,260,174</u>
<b><u>Business-Type Activities:</u></b>				
Furniture, machinery and equipment	\$ 978,765			\$ 978,765
Less accumulated depreciation for:				
Furniture, machinery and equipment	(699,597)	(45,828)	-	(745,425)
Business type activities capital assets, net	<u>\$ 279,168</u>	<u>\$ (45,828)</u>	<u>-</u>	<u>\$ 233,340</u>
<b><u>Detail of additions</u></b>				
Governmental Activities:				
General Fund		\$ 2,243,459		
Capital Projects Fund		32,704,890		
Other		1,732,847		
		<u>\$ 36,681,196</u>		



**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**6. CAPITAL ASSETS, NET (CONTINUED)**

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 1,529,270
Special Education Instruction	618,508
Other Special Instruction	213,569
Other Instruction	80,482
Support Services and Undistributed Cost:	
Student and Instruction Related Services	704,211
School Administrative Services	110,860
General and Business Administrative Services	263,711
Plant Operations and Maintenance	409,291
Pupil Transportation	<u>298,779</u>
 Total	 <u>\$ 4,228,681</u>

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

During the fiscal year ended June 30, 2019 the following changes occurred in liabilities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>within One Year</u>	<u>Noncurrent</u> <u>Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable -						
General Obligation Debt	\$ 67,550,000	\$ 42,348,000	\$ 4,850,000	\$ 105,048,000	\$ 4,845,000	\$ 100,203,000
Add: Unamortized						
Premium on Bonds	<u>1,637,056</u>		<u>461,767</u>	<u>1,175,289</u>	<u>461,767</u>	<u>713,522</u>
	69,187,056	42,348,000	5,311,767	106,223,289	5,306,767	100,916,522
ESIP Lease		13,500,000		13,500,000		13,500,000
Compensated						
Absences Payable	<u>3,536,721</u>		<u>157,356</u>	<u>3,379,365</u>	<u>337,936</u>	<u>3,041,429</u>
	<u>\$ 72,723,777</u>	<u>\$ 55,848,000</u>	<u>\$ 5,469,123</u>	<u>\$ 123,102,654</u>	<u>\$ 5,644,703</u>	<u>\$ 117,457,951</u>

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

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

School District Refunding Bonds, Series 2010

The District issued \$17,865,000 of bonds dated March 25, 2010 at a premium of \$2,081,589 in order to provide sufficient funds for the refunding and costs of issuance of \$18,199,000 of 2002 Series Bonds due on or after July 15, 2022. Annual remaining maturities of \$2,035,000 to \$2,350,000. Final maturity is due on July 15, 2022 with interest rates on remaining maturities ranging from 4.5% to 5.0%.

\$ 8,770,000

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

School District Refunding Bonds, Series 2012

The District issued \$23,540,000 of bonds dated May 23, 2012 at a premium of \$2,911,931 in order to provide sufficient funds for the refunding and costs of issuance of \$14,781,000 of 2005 Series Bonds due on or after October 15, 2025. Annual remaining maturities of \$1,735,000 to \$4,700,000. Final maturity is due on January 15, 2025 with interest rates on remaining maturities ranging from 4.0% to 5.0%.

16,615,000

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

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

The District issued \$4,260,000 of bonds dated October 2, 2014 at a premium of \$502,039 in order to provide sufficient funds to refund \$4,431,000 the remaining portion of 2006 Series Bonds issued in the original principal amount of \$7,391,000 and dated March 15, 2006 maturing on or after March 15, 2017. Annual maturities of \$400,000 to \$480,000 at interest rate of 4.0% with final maturity on March 15, 2023.

3,140,000

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

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

School District Bonds, Series 2017

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

\$ 34,175,000

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

School District Bonds, Series 2019

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

42,348,000

Redemption: The bonds maturing prior to August 15, 2029 are not subject to redemption prior to their stated maturities. The bonds maturing on or after August 15, 2029 are redeemable at the option of the Board in whole or in part on any date on or after August 15, 2028 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

TOTAL:

\$ 105,048,000

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

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

**Bonds Pledge**

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

**Continuing Secondary Market Disclosure**

The District in conjunction with the issuance of the Bonds has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. The requirement effective for the fiscal years ended June 30, 2019. Bonds are authorized in accordance with State law by the voters of the Municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

**B. Debt Service Requirements**

Debt service requirements on serial bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 4,995,000	\$ 3,630,379	\$ 8,625,379
2021	6,168,000	3,383,978	9,551,978
2022	6,375,000	3,121,531	9,496,531
2023	6,600,000	2,843,819	9,443,819
2024	6,815,000	2,636,106	9,451,106
	<u>30,953,000</u>	<u>15,615,813</u>	<u>46,568,813</u>
2025	6,995,000	2,383,512	9,378,512
2026	4,060,000	2,082,813	6,142,813
2027	3,580,000	1,953,737	5,533,737
2028	3,580,000	1,843,863	5,423,863
2029	3,580,000	1,733,987	5,313,987
	<u>21,795,000</u>	<u>9,997,912</u>	<u>31,792,912</u>
2030	3,580,000	1,624,113	5,204,113
2031	3,580,000	1,513,000	5,093,000
2032	3,580,000	1,400,650	4,980,650
2033	3,580,000	1,288,300	4,868,300
2034	3,580,000	1,175,950	4,755,950
	<u>17,900,000</u>	<u>7,002,013</u>	<u>24,902,013</u>
2035	3,605,000	1,063,225	4,668,225
2036	3,630,000	949,750	4,579,750
2037	3,630,000	834,662	4,464,662
2038	3,630,000	718,338	4,348,338
2039	3,630,000	600,775	4,230,775
	<u>18,125,000</u>	<u>4,166,750</u>	<u>22,291,750</u>
2040	3,630,000	481,975	4,111,975
2041	3,630,000	363,175	3,993,175
2042	3,565,000	245,512	3,810,512
2043	3,550,000	128,063	3,678,063
2044	1,900,000	34,438	1,934,438
	<u>16,275,000</u>	<u>1,253,163</u>	<u>17,528,163</u>
<b>Total</b>	<b>\$ <u>105,048,000</u></b>	<b>\$ <u>38,035,651</u></b>	<b>\$ <u>143,083,651</u></b>

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

**C. Bonds Authorized But Not Issued**

As of June 30, 2019 the District had unissued debt authorizations of \$1,200,000 from the November 1994 Referendum:

**D. Defeasance**

As a result of the accounting requirement under GASB No. 23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in accounting losses which in conjunction with the premium will be amortized over the remaining life of the respective bond issues using the "straight-line". The Unamortized Loss on Defeasance is as follows:

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2010 Series	\$ 1,580,296	\$ 1,484,029	\$ 247,338	\$ 1,236,691
2012 Series	2,968,058	395,075	131,691	263,384
2015 Series	331,039	210,660	30,094	180,566
		<u>\$ 2,089,764</u>	<u>\$ 409,123</u>	<u>\$ 1,680,641</u>

**E. Operating Lease Obligation**

- I. The District leases twenty eight (28) copy machines and related equipment of various sizes and capability which is part of a revolving lease plan that requires the Board to pay a monthly fee plus a factor for each copy over a certain amount for forty eight (48) months, commencing June 1, 2019 through May 31, 2023. The lease payments charged to the operating budget and the minimum annual lease payments are as follows:

	<u>Copy Machine</u>
2020	\$ 259,884
2021	259,884
2022	259,884
2023	64,971
	<u>\$ 844,623</u>

- II. The District also has entered into five (5) leases for various equipment, textbooks and computers. The leases do not qualify as capital; however the minimum lease payables are as follows included are leases entered in July of 2019.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

**E. Operating Lease Obligation (Continued)**

	<u>Equipment &amp; Textbooks</u>
2020	\$ 966,767
2021	966,767
2022	761,648
2023	569,682
2024	214,660
	<u>\$ 3,479,524</u>

**F. Capital Lease**

The District entered into a capital lease for an Energy Saving Improvement Plan (ESIP) to the District's buildings. The incentive is anticipated to generate sufficient savings to offset a portion of the cost. The payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019		\$ 134,280	\$ 134,280
2020	\$ 640,000	402,840	1,042,840
2021	660,000	383,742	1,043,742
2022	790,000	364,048	1,154,048
2023	600,000	340,475	940,475
2024	625,000	322,570	947,570
2025	610,000	303,921	913,921
2026	645,000	285,718	930,718
2027	680,000	266,471	946,471
2028	715,000	246,180	961,180
2029	755,000	224,844	979,844
2030	795,000	202,315	997,315
2031	835,000	178,593	1,013,593
2032	880,000	153,676	1,033,676
2033	925,000	127,417	1,052,417
2034	970,000	99,815	1,069,815
2035	750,000	70,870	820,870
2036	790,000	48,490	838,490
2037	835,000	24,916	859,916
	<u>\$ 13,500,000</u>	<u>\$ 4,181,181</u>	<u>\$ 17,681,181</u>

*Contract Rate* – the contract rate is 2.984% per annum.

*Purchase Option Commencement Date* – for purposes of Section 10.01 of the Agreement, the Purchase Option Commencement Date is July 14, 2020.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

**G. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District's employees upon retirement are compensated for their unused sick times at rates vary which with respective contracts and subject to statutory limits and dates of employment rate. The rate in all cases is a predetermined amount per day.

**8. PENSION PLANS**

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

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

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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



**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Description of Plans (Continued)**

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

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

**Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS**

**Description of Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

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

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

During the year ended June 30, 2019 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

**Three-Year Trend Information for PERS**

<u>Year Funding June 30,</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>	<u>Employee Contribution</u>
2019	\$ 1,284,741	100%	\$ 703,958
2018	1,188,943	100%	656,769
2017	994,576	100%	639,802

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

<u>Year Funding June 30</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Total On-Behalf of</u>	<u>Employee Contribution</u>	<u>TPAF FICA</u>
2019	\$ None	100%	\$ 7,845,625	\$ 3,398,902	\$ 3,267,244
2018	None	100%	5,857,248	3,162,246	3,105,395
2017	None	100%	4,234,089	2,973,475	2,955,281

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$7,845,625 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,267,244 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

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

**Public Employees Retirement System (PERS)**

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2018 and June 30, 2017 Independent Auditor's Reports dated May 19, 2019 and April 27, 2018, respectively.

The District reported a liability of \$25,431,283 and \$28,669,658 for its proportionate share of the net pension liability as of June 30, 2019 and June 30, 2018, respectively. The net pension liability was measured as of June 30, 2018 and June 30, 2017 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	<u>June 30, [Measurement Date]</u>	
	<u>2018</u>	<u>2017</u>
District Proportionate Share	0.1291616400 %	0.1231599065 %
Difference - Increase	0.0060017335	

For the year ended June 30, 2019, the District recognized pension expense of \$1,904,701. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 4,190,654	\$ 8,131,572
Difference between expected and actual experience	484,978	131,132
Net difference between projected and actual earnings on pension plan investments	-	238,547
Changes in proportion	2,091,140	68,615
District contributions subsequent to the measurement date	1,257,708	
Total	\$ 8,024,480	\$ 8,569,866

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

The \$1,257,708 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	\$ 176,508
2018	(244,375)
2019	(1,752,369)
2020	(1,518,981)
2021	(486,398)

Additional Information

Collective balances are as follows:

	<i>[Measurement Date]</i>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Collective total pension expenses	1,099,708,157	1,694,305,613

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 rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using a generational approach based on the plan actuary's modified 2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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's target asset allocation as of June 30, 2018 (*measurement date*) are summarized in the following table:

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00 %	5.51 %
Cash Equivalents	5.50	1.00
U.S. Treasuries	3.00	1.87
Investment Grade Credit	10.00	3.78
Public High Yield	2.50	6.82
Global Diversified Credit	5.00	7.10
Credit oriented Hedge Funds	1.00	6.60
Debt related Private Equity	2.00	10.63
Debt related Real Estate	1.00	6.61
Private Real Asset	2.50	11.83
Equity related Real Estate	6.25	9.23
U.S. Equity	30.00	8.19
Non-U.S. Developed Markets Equity	11.50	9.00
Emerging Market Equities	6.50	11.64
Buyouts/Venture Capital	8.25	13.08
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.66% 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 on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018 [ <i>Measurement Date</i> ]		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's proportionate share of the pension liability	\$ 31,976,908	\$ 25,431,283	\$ 19,939,922

Pension Plan Fiduciary Net Position.

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

**Teachers Pensions and Annuity Fund (TPAF)**

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2018 and June 30, 2017 Independent Auditor's Reports dated June 10, 2019 and June 30, 2018, respectively.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	\$ 247,036,169
	\$ 247,036,169



**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

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 June 30, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District was as follows:

	June 30,	
	<u>2018</u>	<u>2017</u>
District Proportionate Share	0.38831265360 %	0.37764293092 %
Difference - Increase	0.0106697227	

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$14,401,345 for contributions provided by the State.

**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	2.25 Percent
Salary Increases:	
2012-2026	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00 Percent

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. Disability 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.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00 %	5.51 %
Cash equivalents	5.50	1.00
U.S. Treasuries	3.00	1.87
Investment grade credit	10.00	3.78
Public high yield	2.50	6.82
Global diversified credit	5.00	7.10
Credit oriented hedge funds	1.00	6.60
Debt related private equity	2.00	10.63
Debt related real estate	1.00	6.61
Private real asset	2.50	11.83
Equity related real estate	6.25	9.23
U.S. equity	30.00	8.19
Non-U.S. developed markets equity	11.50	9.00
Emerging markets equity	6.50	11.64
Buyouts/venture capital	8.25	13.08
	<u>100.00 %</u>	

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**8. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 4.86% 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 on the most recent fiscal years. The state contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2019 (*measurement date June 30, 2018*) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>3.86%</u>	At Current Discount Rate <u>4.86%</u>	At 1% Increase <u>5.86%</u>
State's proportionate share of the net pension liability associated with the District	\$ 292,095,798	\$ 247,036,169	\$ 209,767,616

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group are as follows:

	June 30,	
	<u>2018</u>	<u>2017</u>
Deferred outflows of resources	\$ 12,599,296,329	\$ 14,251,854,934
Deferred inflows of resources	16,171,861,734	11,807,238,433
Net pension liability	63,617,852,031	67,423,605,859
Total expenses - non-employer state's proportionate share	3,726,181,508	4,682,493,081

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**9. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

Description of System

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

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

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

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

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

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

Contributions Required and Made

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

<u>June 30,</u>	<u>Employee</u>	<u>Employer</u>
2019	\$ 45,616	\$ 27,985
2018	41,655	25,425
2017	38,257	20,868

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2018 the State paid PRM benefits for \$148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2018 the State contributed \$1,909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between fiscal year 2017 and fiscal year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in fiscal year 2017 than in fiscal year 2018. The fiscal year 2019 Appropriations Act includes \$1,921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to qualify and disclose its obligations to pay Other Postemployment Benefits (OPEN) to retired plan members. The new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the fiscal year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For fiscal year 2018 the total OPEN liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in fiscal year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees (statewide) covered by benefit terms. At June 30, 2019 the following employees were covered by the benefit terms:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>0</u>
Total Plan Members	<u><u>362,181</u></u>

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Post-Retirement Medical</u>
2019	\$ 3,558,763
2018	3,783,072
2017	3,527,960

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

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the board of education level. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>). The portion of the PERS and TPAF OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net OPEB Liability:

Districts proportionate share	None
State's proportionate share associated with the District	<u>\$ 170,472,726</u>
	<u>\$ 170,472,726</u>

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

June 30,	
2018	2017
0.0036970212 %	0.0036921056 %

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 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:

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

Total Nonemployer OPEB Liability (Continued)

Inflation rate	2.50%	
	<b>TPAF</b>	<b>PERS</b>
	<i>(based on years of service)</i>	<i>(based on age)</i>
Salary increases:		
through 2026	1.55 - 4.55%	2.15 - 4.15%
Thereafter	2.00 - 5.45%	3.15 - 5.15%

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

Health Care Trend Assumptions

For pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight (8) years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.00% decreasing to a 5.0% long-term trend rate after seven (7) years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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, July 1, 2011 – June 30, 2014, and July 1, 2010 – June 30, 2013 for TPAF, PERS and PFRS, 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.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The following represents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

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

June 30, 2018		
At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
\$ 201,533,466	\$ 170,470,726	\$ 145,782,610

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

The following represents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2018		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 140,905,637	\$ 170,470,726	\$ 213,273,356

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

Shown below are details regarding the Total OPEB Liability associated with the District for the measurement period from June 30, 2017 to June 30, 2018:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2017 <i>Measurement Date</i>	\$ 198,043,361
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 7,979,278
Interest on the Total OPEB Liability	7,297,528
Changes of Assumptions	(19,562,598)
Gross Benefit Payments	(4,558,380)
Difference between Expected and Actual Experience	(18,884,008)
Contributions from the Member	157,545
	157,545
Net Changes	\$ <u>(27,570,635)</u>
Balance as of June 30, 2018 <i>Measurement Date</i>	\$ <u><u>170,472,726</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2017 to 3.84% as of June 30, 2018.





**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

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

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

Measurement Period Ending June 30,

2020	\$ (6,747,873)
2021	(6,747,873)
2022	(6,747,873)
2023	(6,747,873)
2024	(6,747,873)
Total Thereafter	(21,021,158)

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	<u>2018</u>	<u>2017</u>
Deferred outflows of resources	\$ 1,377,313,892	\$ 99,843,255
Deferred inflows of resources	16,189,378,926	6,443,612,287
Net OPEB liability	46,110,832,982	53,639,841,858
Total expenses - non-employer	2,129,660,368	3,348,490,523

Other

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**11. DEFERRED COMPENSATION**

A. IRS Code Section 403(b)

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

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

B. IRS Code Section 457

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

**12. RISK MANAGEMENT**

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

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

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**13. INTERFUND BALANCES AND TRANSFERS**

The interfund receivable/payable as of June 30, 2019 will be liquidated in the normal course of business in the succeeding year.

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
Debt Service Fund	\$ 541,611	
Capital Projects Fund		\$ 541,611

**14. RESTRICTED – CAPITAL RESERVE ACCOUNT**

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

Contributions from Board		
Prior to June 30, 2018	\$ 19,754,687	
During year ended June 30, 2019	<u>1,751,187</u>	\$ 21,505,874
Interest Earned		
Prior to June 30, 2018	\$ 95,869	
During year ended June 30, 2019	<u>-</u>	\$ 95,869
Less Withdrawals:		
Prior to June 30, 2018	\$ 16,689,645	
During year ended June 30, 2019	<u>1,934,144</u>	<u>\$ 18,623,789</u>
Balance June 30, 2019		<u><u>\$ 2,977,954</u></u>

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**15. DEFICIT FUND BALANCES – SPECIAL REVENUE FUND**

The District has a deficit fund balance of \$90,832 in the Special Revenue Fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last 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 (2) state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$90,832 in the Special Revenue Fund is equal to the last state aid payment in the Special Revenue Fund.

**16. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$4,633,489 General Fund fund balance at June 30, 2019, \$199,913 is assigned – for other purposes (encumbrances); \$2,977,954 is restricted for the Capital Reserve Account, \$1,250,000 is restricted for the Maintenance Reserve, and \$205,622 is unassigned.

**Debt Service Fund** – Of the \$1,211,551 Debt Service Fund fund balance at June 30, 2019, \$668,940 is included as revenue in the 2019-2020 debt service fund budget to offset expenditures.

**Capital Projects Fund** – Of the \$12,957,495 Capital Projects Fund fund balance at June 30, 2019 is restricted for capital projects which have been committed.

**17. CONTINGENT LIABILITIES AND COMMITMENTS**

- A. Grant Programs** – The school district participates in federal, state and locally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. Pending Litigation** – As of the date of this report, in the opinion of the management, there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District. There were several matters pending that are being handled by the Board's insurance carrier which should not have any adverse impact.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**17. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**

C. **Interlocal Services Agreement** – The District has an agreement with the Township for reimbursement for unforeseen soil remediation at the High School. The Township adopted an Improvement Authorization to provide funds and the District actually awarded and managed the related contracts. The agreement also requires payment back to the Township for debt service.

D. **Contractual Commitments**

The District has contractual commitments at June 30, 2019 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$199,913 and in the capital projects \$29,080,800 for the construction of a new middle school and other improvements.

E. **Space Rental**

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

**18. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess surplus as a result of the 2017-2018 or 2018-2019 school years at June 30, 2019.

**19. RECONCILIATION OF FUND BALANCE**

Current Fund

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

General Fund

Balance on a Budget Basis on the General Fund	
Budgetary Basic Comparison - Unassigned	\$ 2,055,655
Less: Allocation of state aid payment not recognized on a GAAP basis	<u>1,850,033</u>
	<u>\$ 205,622</u>

**20. ECONOMIC DEPENDENCY**

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**21. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$210,039,534 indicated as part of the Governmental Activities net position is calculated as follows:

	Amount
Capital assets, net of depreciation	\$ 146,260,174
Bonds payable (used to build or acquire capital assets)	(105,048,000)
Deferred loss on defeasance of debt	1,680,640
Unamortized deferred premium	(1,175,289)
Lease Proceeds - ESIP	(13,500,000)
	\$ 28,217,525

**22. TAX ABATEMENTS**

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

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

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

The Township of North Brunswick recognized revenue of \$1,348,200 from the annual service charge in lieu of payment of taxes in 2019 that otherwise would have been due on these long-term tax exemptions. The tax due would be substantially higher and a portion of the abatement would have been allocated to the District.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
<b>Local sources:</b>					
Local tax levy	\$ 80,254,358	(500,000)	\$ 79,754,358	\$ 79,754,358	
Transportation Fees	110,000		110,000	150,672	\$ (40,672)
Miscellaneous	248,500		248,500	799,297	(550,797)
<b>Total - local sources</b>	<u>80,612,858</u>	<u>(500,000)</u>	<u>80,112,858</u>	<u>80,704,327</u>	<u>591,469</u>
<b>State sources:</b>					
Special Education Categorical Aid	3,679,455	1,692,568	5,372,023	5,372,023	
Equalization Aid	9,375,706	\$ 174,397	9,550,103	9,550,103	
Extraordinary aid	1,000,000		1,000,000	2,010,242	(1,010,242)
Security Aid	553,681	1,065,824	1,619,505	1,619,505	
Transportation Aid	1,743,407	567,211	2,310,618	2,310,618	
Non Public Transportation Aid				88,753	(88,753)
Homeless Aide				35,115	
On behalf - TPAF - Pension Contribution (Non-budgeted)				7,845,625	(7,845,625)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,558,763	(3,558,763)
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				9,472	(9,472)
Reimbursed TPAF social security contributions (Non-budgeted)				3,267,244	(3,267,244)
<b>Total - state sources</b>	<u>16,352,249</u>	<u>3,500,000</u>	<u>19,852,249</u>	<u>35,667,463</u>	<u>(15,780,099)</u>
<b>Federal sources:</b>					
Medical Assistance Program	102,473		102,473	221,420	118,947
<b>Total - federal sources</b>	<u>102,473</u>		<u>102,473</u>	<u>221,420</u>	<u>118,947</u>
<b>TOTAL REVENUES</b>	<u>\$ 97,067,580</u>	<u>\$ 3,000,000</u>	<u>\$ 100,067,580</u>	<u>\$ 116,593,210</u>	<u>\$ (15,069,683)</u>

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 1,357,953	\$ (95,049)	\$ 1,262,904	\$ 1,262,904	
Grades 1 - 5	10,029,528	25,938	10,055,466	10,055,466	
Grades 6 - 8	5,933,250	(145,739)	5,787,511	5,787,511	
Grades 9 - 12	8,562,145	(14,197)	8,547,948	8,547,948	
	<u>25,882,876</u>	<u>(229,047)</u>	<u>25,653,829</u>	<u>25,653,829</u>	
Regular programs - home instruction:					
Salaries of teachers		4,671	4,671	4,671	
Purchased professional - education services	50,000	70,134	120,134	120,134	
Total regular programs - home instruction	<u>50,000</u>	<u>74,805</u>	<u>124,805</u>	<u>124,805</u>	
Regular programs - undistributed instruction:					
Other salaries for instruction	202,723	84,754	287,477	287,477	
Purchased professional - educational services	348,500	602,250	950,750	950,750	
Other purchased services (400-500 Series)	480,598	216,122	696,720	696,720	
General supplies	767,116	(42,013)	725,103	724,519	\$ 584
Other objects	21,232	14,952	36,184	36,119	65
Total regular programs - undistributed instruction	<u>1,820,169</u>	<u>876,065</u>	<u>2,696,234</u>	<u>2,695,585</u>	649
Total regular programs - instructions	<u>27,753,045</u>	<u>721,823</u>	<u>28,474,868</u>	<u>28,474,219</u>	649
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	1,073,552	10,057	1,083,609	1,083,609	
Other salaries for instruction	344,004	(5,928)	338,076	338,076	
General supplies	33,681	(2,638)	31,043	31,039	4
Total learning and/or language disabilities	<u>1,451,237</u>	<u>1,491</u>	<u>1,452,728</u>	<u>1,452,724</u>	4
Behavioral Disabilities:					
Salaries of teachers	286,046	(5,332)	280,714	280,714	
Other salaries for instruction	117,708	(22,536)	95,172	95,147	25
General Supplies	20,000	4,069	24,069	23,970	99
Total Behavioral Disabilities	<u>423,754</u>	<u>(23,799)</u>	<u>399,955</u>	<u>399,831</u>	124

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	\$ 120,706	\$ 280,891	\$ 401,597	\$ 401,597	
Other salaries for instruction	70,378	51,217	121,595	121,595	
General supplies	10,530	6,681	17,211	17,211	
<b>Total Multiple Disabilities</b>	<b>201,614</b>	<b>338,789</b>	<b>540,403</b>	<b>540,403</b>	
Resource room/resource center:					
Salaries of teachers	4,696,047	(274,524)	4,421,523	4,421,523	
Other salaries for instruction	580,929	70,214	651,143	651,143	
General supplies	40,729	(24,667)	16,061	16,061	
<b>Total resource room/resource center</b>	<b>5,317,705</b>	<b>(228,977)</b>	<b>5,088,727</b>	<b>5,088,727</b>	
Autism:					
Salaries of teachers	478,432	45,931	524,363	524,363	
Other salaries for instruction	506,649	(110,566)	396,083	396,083	
General Supplies	15,570	1,884	17,454	17,454	
<b>Total Autism</b>	<b>1,000,651</b>	<b>(62,751)</b>	<b>937,900</b>	<b>937,900</b>	
Preschool disabilities - part-time:					
Salaries of teachers	265,697	(42,937)	222,760	\$ 222,760	
Other salaries for instruction	257,928	4,184	262,112	261,946	\$ 166
General supplies	5,000	(2,005)	2,995	2,995	
<b>Total preschool disabilities-part-time</b>	<b>528,625</b>	<b>(40,758)</b>	<b>487,867</b>	<b>487,701</b>	<b>166</b>
Preschool disabilities - full time					
Salaries of teachers	62,903	53,253	116,156	116,156	
Other salaries for instruction	66,395	54,475	120,870	120,870	
General supplies	1,000		1,000	932	68
<b>Total preschool disabilities-full-time</b>	<b>130,298</b>	<b>107,728</b>	<b>238,026</b>	<b>237,958</b>	<b>68</b>
Home Instruction:					
Salaries of teachers	25,000	(15,695)	9,305	9,305	
Purchased professional-educational services	30,000	110,377	140,377	140,377	
<b>Total home instruction</b>	<b>55,000</b>	<b>94,682</b>	<b>149,682</b>	<b>149,682</b>	
<b>Total special education - instruction</b>	<b>9,108,884</b>	<b>186,405</b>	<b>9,295,289</b>	<b>9,294,926</b>	<b>362</b>

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic skills/remedial - Instruction:					
Salaries of teachers	\$ 2,593,847	\$ 333,428	\$ 2,927,275	\$ 2,927,275	
General supplies	4,800		4,800	4,377	\$ 423
<b>Total basic skills/remedial - Instruction</b>	<b>2,598,647</b>	<b>333,428</b>	<b>2,932,075</b>	<b>2,931,652</b>	<b>423</b>
Bilingual education - Instruction:					
Salaries of teachers	1,065,779	(26,141)	1,039,638	1,039,638	
Other salaries for instruction		3,362	3,362	3,362	
General supplies	3,800	(1,629)	2,171	1,903	268
<b>Total bilingual education - Instruction</b>	<b>1,069,579</b>	<b>(24,408)</b>	<b>1,045,171</b>	<b>1,044,903</b>	<b>268</b>
School sponsored co/extra - curricular activities - Instructions:					
Salaries	288,994	15,312	304,306	304,306	
Supplies and materials	64,470	(4,122)	60,348	60,348	
<b>Total school sponsored co/extra - curricular activities - Instruction</b>	<b>353,464</b>	<b>11,190</b>	<b>364,654</b>	<b>364,654</b>	
School sponsored athletics - Instruction:					
Salaries	614,000	(14,559)	599,441	599,441	
Purchased services (300-500 Series)	113,021	11,471	124,492	124,492	
Supplies and materials	199,200	(6,941)	192,259	190,154	2,105
Other objects	64,871	12,736	77,607	77,607	
<b>Total school sponsored athletic activities</b>	<b>991,092</b>	<b>2,707</b>	<b>993,799</b>	<b>991,694</b>	<b>2,105</b>
Before/After School programs:					
Salaries	135,750	6,428	142,178	142,178	
<b>Total Before/After School Programs</b>	<b>135,750</b>	<b>6,428</b>	<b>142,178</b>	<b>142,178</b>	
<b>Total special programs</b>	<b>5,148,532</b>	<b>329,345</b>	<b>5,477,877</b>	<b>5,475,081</b>	<b>2,796</b>
<b>Total instructional programs</b>	<b>42,010,461</b>	<b>1,237,573</b>	<b>43,248,034</b>	<b>43,244,226</b>	<b>3,807</b>
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	78,955	(50,763)	28,192	28,192	
Tuition to other LEAs within the state - special	830,860	(424,715)	406,145	406,145	
Tuition to CSSD and regular day schools	165,000	(92,175)	72,825	72,825	
Tuition to private schools-disabled within the state	1,269,378	54	1,269,432	1,269,432	
Tuition - state facilities	107,856		107,856	107,856	
<b>Total undistributed expenditures - instruction</b>	<b>2,452,049</b>	<b>(567,599)</b>	<b>1,884,450</b>	<b>1,884,450</b>	

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance and social work:					
Salaries	\$ 53,000	\$ (6,976)	\$ 46,024	\$ 46,024	
Total attendance and Social Work	53,000	(6,976)	46,024	46,024	
Health services:					
Salaries	710,467	(15,042)	695,425	695,425	
Purchased professional and technical services	12,000	470	12,470	12,470	
Other purchased services (400-500 Series)	1,900	(1,900)			
Supplies and materials	46,445	(22,260)	24,185	24,185	
Total health services	770,812	(38,732)	732,080	732,080	
Other support services - student-related services:					
Salaries	694,399	(4,752)	689,647	689,647	
Purchased professional - educational services	242,575	244,599	487,174	487,174	
Supplies and materials	4,500	(1,346)	3,154	3,154	
Total other support services - student-related services	941,474	238,501	1,179,975	1,179,975	
Other support services - student extra services					
Salaries	581,159	132,944	714,103	714,103	
Purchased professional - educational services	779,077	(138,132)	640,945	640,945	
Supplies and Materials	2,500		2,500	2,500	
Total other support services - student-extra services	1,362,736	(5,188)	1,357,548	1,357,548	
Other support services - students - regular:					
Salaries of other professional staff	1,213,273	(39,210)	1,174,063	1,174,063	
Salaries of secretarial & clerical assistants	107,282		107,282	107,282	
Purchased professional - educational services	5,000	9,400	14,400	14,400	
Other purchased services (400-500 Series)	20,000	76,139	96,139	96,139	
Supplies and materials	8,000	1,668	9,668	9,668	
Other Objects	2,235	(1,990)	245	245	
Total other support services - students - regular	1,355,790	46,007	1,401,797	1,401,797	
Other support services - students - special:					
Salaries of other professional staff	2,347,720	97,711	2,445,431	2,445,431	
Salaries of secretarial & clerical assistants	268,770	1,950	270,720	270,720	
Purchased professional - educational services	100,000	459,261	559,261	559,261	
Miscellaneous purchased services (400-500 Series)	5,000	(2,925)	2,075	2,075	
Supplies and materials	36,550	17,560	54,110	54,110	
Other Objects	11,600	(2,426)	9,174	9,174	
Total other support services - students - special	2,769,640	571,131	3,340,771	3,340,771	

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 2,465,872	\$ 159,654	\$ 2,625,526	\$ 2,625,526	
Salaries of other professional staff	25,000	8,085	33,085	33,085	
Salaries of secretarial & clerical assistants	98,995	2,438	101,433	101,433	
Travel	3,000	(1,190)	1,810	1,810	
Other objects	19,680	(19,680)			
<b>Total improvement of instructional services</b>	<b>2,612,547</b>	<b>149,307</b>	<b>2,761,854</b>	<b>2,761,854</b>	
Educational media services/school library:					
Salaries	526,177	(8,512)	517,665	517,665	
Supplies and materials	27,638	(3,504)	24,134	24,032	\$ 102
<b>Total educational media services/school library</b>	<b>553,815</b>	<b>(12,016)</b>	<b>541,799</b>	<b>541,697</b>	<b>102</b>
Instructional staff training services:					
Salaries of other professional staff	35,000	53,160	88,160	88,160	
Purchased professional - educational services	97,473	(22,711)	74,762	74,762	
Other purchased prof. and tech. services		55	55	55	
Other purchased services (400-500 Series)	78,097	(14,144)	63,953	63,921	32
Supplies and materials	2,000	(786)	1,214	1,214	
Other Objects	8,500	1,158	9,658	9,658	
<b>Total instructional staff training services</b>	<b>221,070</b>	<b>16,732</b>	<b>237,802</b>	<b>237,770</b>	<b>32</b>
Support services - general administration:					
Salaries	740,929	47,629	788,558	788,558	
Legal services	155,000	3,794	158,794	158,794	
Audit fee	46,500	56,750	105,250	52,500	52,750
Architects/Engineering services		7,500	7,500	7,500	
Other purchased professional services	20,965	(9,950)	11,015	11,015	
Purchased technical services	50,000	59,562	109,562	109,562	
Communications/telephone	281,480	(2,744)	278,736	278,647	89
BOE other purchased services	5,000	(1,351)	3,649	3,649	
Other purchased services (400-500)	366,000	26,299	392,299	392,299	
General supplies	20,600	(2,498)	18,102	18,062	40
Miscellaneous expenditures	21,746	2,480	24,226	24,226	
BOE membership dues and fees	32,500	1,340	33,840	33,838	2
<b>Total support services - general administration</b>	<b>1,740,720</b>	<b>188,811</b>	<b>1,931,531</b>	<b>1,878,650</b>	<b>52,881</b>

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,968,152	\$ (49,897)	\$ 1,918,255	\$ 1,918,255	
Salaries of other professional staff	147,247	753	148,000	148,000	
Salaries of secretarial and clerical assistants	850,325	26,954	877,279	877,279	
Other purchased services (400-500 Series)	3,500	(2,737)	763	763	
Supplies and materials	61,562	25,530	87,092	87,092	
Other objects	<u>16,275</u>	<u>(16,155)</u>	<u>120</u>	<u>120</u>	
Total support services - school administration	<u>3,047,061</u>	<u>(15,552)</u>	<u>3,031,509</u>	<u>3,031,509</u>	
Central services:					
Salaries	511,254	(67,534)	443,720	443,720	
Purchased professional services	43,208	190,773	233,981	233,981	
Purchased technical services	25,550	(23,550)	2,000	2,000	
Miscellaneous purchased services (400-500 Series)	4,000	(1,455)	2,545	2,545	
Supplies and materials	15,600	(9,987)	5,613	5,613	
Interest on lease purchase agreements	11,000	1,191	12,191	12,191	
Other Objects	<u></u>	<u>6,429</u>	<u>6,429</u>	<u>6,429</u>	
Total central services	<u>610,612</u>	<u>95,867</u>	<u>706,479</u>	<u>706,479</u>	
Admin. Info. technology:					
Salaries	743,816	16,025	759,841	759,841	
Purchased technical services	175,419	333,987	509,406	509,406	
Other purchased services (400-500 Series)	2,000	(1,952)	48	48	
Supplies and materials	85,000	3,283	88,283	88,283	
Other objects	<u>350</u>	<u>(255)</u>	<u>95</u>	<u>95</u>	
Total admin. Info. technology	<u>1,006,585</u>	<u>351,088</u>	<u>1,357,673</u>	<u>1,357,673</u>	
Required maintenance for school facilities:					
Salaries	989,039	641	989,680	989,680	
Cleaning, repair and maintenance services	272,488	177,693	450,181	450,181	
General supplies	<u>181,200</u>	<u>107,281</u>	<u>288,481</u>	<u>288,481</u>	
Total required maintenance for school facilities	<u>1,442,727</u>	<u>285,615</u>	<u>1,728,342</u>	<u>1,728,342</u>	



**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other operation and maintenance of plant:					
Salaries	\$ 2,195,222	\$ (66,070)	\$ 2,129,152	\$ 2,129,152	
Salaries of non-instructional aids	637,467	(74,377)	563,090	563,090	
Cleaning, repair and maintenance services	93,400	2,391	95,791	95,791	
Rental of land and bldg. other than lease purchase agreement	200,000	(35,360)	164,640	164,640	
Other purchased property services	115,000	(25,746)	89,254	89,254	
Insurance	245,122	(4,137)	240,985	240,985	
Travel	3,000	(2,759)	240	240	
Miscellaneous purchased services	1,000	(1,000)			
General supplies	295,500	(50,405)	245,095	245,095	
Energy (Natural Gas)	260,000	87,526	347,526	347,526	
Energy (Electricity)	1,200,000	23,760	1,223,760	1,223,760	
Other Objects	5,000	(5,000)			
Total other operation and maintenance of plant	5,250,711	(151,177)	5,099,533	5,099,533	
Total operation and maintenance of plant services	6,693,438	134,438	6,827,875	6,827,875	
Care and upkeep of grounds					
Salaries	199,301	(34,695)	164,605	164,605	
General supplies	9,500	(9,500)			
Total care and upkeep of grounds	208,801	(44,195)	164,605	164,605	
Security:					
Salaries	493,832	(192,420)	301,412	301,412	
Purch Prof & Tech Svcs		325,570	325,570	325,570	
General Supplies	15,000	(13,676)	1,324	1,324	
Total security	508,832	119,474	628,306	628,306	
Student transportation services:					
Salaries of Pupil transportation (between home and school) - regular	460,474	87,783	548,257	548,257	
Salaries of Pupil transportation (between home and school) - special education	509,952	48,264	558,216	558,216	
Other purchased professional and technical services	13,100	8,896	21,996	21,996	
Cleaning, repair and maintenance services	21,500	(9,962)	11,538	11,538	
Contracted services - aid in lieu of payments - nonpublic schools	241,000	(18,030)	222,970	222,970	
Contracted services (between home and school) - vendors	1,747,883	94,767	1,842,650	1,842,650	
Contracted services (other than between home and school) - vendors	356,207	(17,734)	338,473	338,407	\$ 66
Contracted services (between home and school) - joint agreements	311,855	91,437	403,292	403,292	
Contracted services (special education students) - vendors	1,353,670	70,436	1,424,106	1,424,106	
Travel	1,100	(600)	500	500	
Supplies and Materials	144,500	37,315	181,815	181,815	
Miscellaneous expenditures	6,025	3,350	9,375	9,375	
Total student transportation services	5,167,266	395,922	5,563,188	5,563,122	66

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits - Employee benefits:					
Social security contribution	\$ 1,175,000	(8,045)	\$ 1,166,955	\$ 1,166,955	
Other retirement contributions - regular	1,200,000	129,525	1,329,525	1,328,115	\$ 1,410
Unemployment compensation	200,000	40,195	240,194	163,157	77,037
Workmen's compensation	525,000	(112,049)	412,951	412,951	
Health benefits	17,137,871	(1,150,555)	15,987,316	15,987,316	
Tuition reimbursement	131,000	(19,847)	111,153	111,153	
Other employee benefits	232,000	149,544	381,544	381,544	
<b>Total unallocated benefits</b>	<b>20,600,871</b>	<b>(971,232)</b>	<b>19,629,638</b>	<b>19,551,191</b>	<b>78,447</b>
On behalf - TPAF - Pension Contribution (Non-budgeted)				7,845,625	\$ (7,845,625)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,558,763	(3,558,763)
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				9,472	(9,472)
Reimbursed TPAF social security contributions (Non-budgeted)				3,267,244	(3,267,244)
<b>Total on behalf - Contributions</b>				<b>14,681,104</b>	<b>(14,681,104)</b>
<b>Total personal services - employee benefits</b>	<b>20,600,871</b>	<b>(971,232)</b>	<b>19,629,638</b>	<b>34,232,295</b>	<b>(14,602,657)</b>
<b>Total undistributed expenditures</b>	<b>52,677,119</b>	<b>645,788</b>	<b>53,324,904</b>	<b>67,874,480</b>	<b>(14,549,576)</b>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$ 94,687,580</b>	<b>\$ 1,883,361</b>	<b>\$ 96,572,938</b>	<b>\$ 111,118,706</b>	<b>\$ (14,545,769)</b>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed expenditures:					
Required Maintenance		\$ 125,000	\$ 125,000	\$ 125,000	
School Buses Special		272,078	272,078	272,078	
<b>Total equipment</b>		<b>397,078</b>	<b>397,078</b>	<b>397,078</b>	
Facilities acquisition and construction services:					
Other purchased professional and technical services	100,000	36,737	229,521	229,521	
Construction services	1,000,000	129,521	1,036,737	968,022	\$ 68,715
Lease purchase agreements - principal	200,000	184,893	384,893	384,893	
Land and Improvements					
Assessment for Debt Service on SDA Funding	263,945		263,945	263,945	
Capital reserve transfer to debt service		500,000	500,000	500,000	
<b>Total facilities acquisition and construction services</b>	<b>1,563,945</b>	<b>851,151</b>	<b>2,415,096</b>	<b>2,346,381</b>	<b>68,715</b>
<b>TOTAL EXPENDITURES - CAPITAL OUTLAY</b>	<b>\$ 1,563,945</b>	<b>\$ 1,248,229</b>	<b>\$ 2,812,174</b>	<b>\$ 2,743,459</b>	<b>\$ 68,715</b>

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of funds to charter schools	\$ 3,000,000	\$ 601,674	\$ 3,601,674	\$ 3,601,674	_____
Total transfer of funds to charter schools	3,000,000	601,674	3,601,674	3,601,674	_____
 <b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 99,251,525</b>	<b>\$ 3,733,264</b>	<b>\$ 102,986,786</b>	<b>\$ 117,463,839</b>	<b>\$ (14,477,054)</b>
Excess/(deficiency) of revenues over/(under) expenditures	\$ (2,183,945)	\$ (733,264)	\$ (2,917,209)	\$ (870,629)	\$ (2,046,580)
Fund balance, July 1	\$ 7,354,151	_____	\$ 7,354,151	\$ 7,354,151	\$ _____
Fund balance, June 30	\$ 5,170,206	\$ (733,264)	\$ 4,436,942	\$ 6,483,522	\$ 2,046,580
 Capital Reserve appropriated per budget	\$ 1,563,945				
Maintenance Reserve appropriated per budget	600,000				
Budgeted Fund Balance	20,000				
	\$ 2,183,945				
 Detail of budget transfers:					
Prior year-end encumbrances		\$ 350,199			
Additional Cap Reserve Appropriate		383,065			
Emergency Reserve Appropriated		\$ 733,264			
 Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 199,913	
Designated for subsequent years expenditures (2016-2017)					
Capital Reserve			\$ 472,378		
Capital Reserve - Designated for subsequent years expenditures			2,505,576	2,977,954	
Maintenance Reserve - Unassigned				1,250,000	
Unassigned 2%				2,055,655	
				\$ 6,483,522	
 Reconciliation to governmental funds statements (GAAP):					
Less: Last Two (2) State Aid Payments not recognized on GAAP basis				1,850,033	
Fund balance per governmental funds (GAAP)				\$ 4,633,489	

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u>
<b>REVENUES:</b>			
Federal Sources	\$ 2,782,672	\$ 2,597,930	\$ 184,742
State Sources	974,263	964,356	9,907
Local Sources	<u>198,518</u>	<u>171,639</u>	<u>26,879</u>
Total Revenues	<u>\$ 3,955,453</u>	<u>\$ 3,733,925</u>	<u>\$ 221,528</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 1,039,933	\$ 991,839	\$ 48,094
Purchased Professional Educational/Technical Services	54,239	43,636	10,603
Other Purchased Services	1,007,106	1,015,330	(8,224)
General Supplies	233,245	170,575	62,670
Other Objects	<u>1,995</u>	<u></u>	<u>1,995</u>
Total Instruction	<u>\$ 2,336,518</u>	<u>\$ 2,221,380</u>	<u>\$ 115,138</u>
Support Services:			
Salaries	\$ 7,107	\$ 7,107	
Salaries of Supervisors of Instruction	98,912	97,828	\$ 1,084
Salaries of Program Directors	90,859	90,859	
Salaries of Secretaries	113,013	104,204	8,809
Salaries Other Professional Staff	1,725	1,725	
Personal Services - Employee Benefits	376,378	365,738	10,640
Purchased Professional Educational/Technical Services	238,028	200,865	37,163
Purchased Educational Services	375,000	375,000	
Cleaning & Repair	24,625	24,625	
Building Rental	72,168	72,168	
Other Objects	19,250		19,250
Other Purchased Services	112,078	101,352	10,726
Other Purchased professional/technical services	27,088	27,088	
Supplies and Materials	<u>62,605</u>	<u>43,986</u>	<u>18,619</u>
Total Support Services	<u>\$ 1,618,836</u>	<u>\$ 1,512,545</u>	<u>\$ 106,291</u>
Total Expenditures	<u>\$ 3,955,354</u>	<u>\$ 3,733,925</u>	<u>\$ 221,429</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 116,593,210	C-2 \$ 3,733,925
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30,2018	None	None
June 30,2019	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,402,775	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,850,033)</u>	<u>(90,832)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>116,145,952</u>	B-2 \$ <u>3,643,093</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 117,463,839	C-2 \$ 3,733,925
Less: Budgetary expenditures that are not expenditures under GAAP - Capital outlay transfer to debt service fund	(1,325,000)	
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30,2018	None	None
June 30,2019	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>116,138,839</u>	B-2 \$ <u>3,733,925</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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



**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SIX (6) FISCAL YEARS**

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>District's Proportionate Share of Net Pension Liability (asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2019	0.1291616400 %	\$ 25,431,283	\$ 9,382,043	271.06 %	46.40 %
2018	0.1231599065	28,669,658	8,947,809	320.41	48.09
2017	0.1175406110	34,812,158	8,820,428	394.68	40.14
2016	0.1169371652	26,250,050	8,296,804	316.39	47.92
2015	0.1144388046	21,426,074	8,150,544	262.88	48.72
2014	0.1160444197	22,178,394	7,851,216	282.48	52.08

Note: Only the last six (6) years of information are presented as GASB 68 was implemented during the year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SIX (6) FISCAL YEARS**

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered-Employee Payroll</u>	<u>Contributions as Percentage of Covered-Employee Payroll</u>
2019	\$ 1,284,741	\$ 1,284,741	None	\$ 9,382,043	13.69 %
2018	1,140,945	1,140,945	None	8,947,809	12.75
2017	1,087,258	1,087,258	None	8,820,428	12.33
2016	954,254	954,254	None	8,296,804	11.50
2015	943,417	943,417	None	8,150,544	11.57
2014	874,371	874,371	None	7,851,216	11.14

Note: Only the last six (6) years of information are presented as GASB 68 was implemented during the year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS PENSION AND ANNUITY FUND (TPAF)**  
**LAST SIX (6) FISCAL YEARS**

Year	District's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (Asset)			District's Covered-Employee Payroll	District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as Percentage of Total Pension Liability
		District	State	Total			
2019	0.3883126563 %	\$ None	\$ 247,036,169	\$ 247,036,169	\$ 45,318,619	None	26.49 %
2018	0.3764293042	None	253,802,214	253,802,214	38,611,684	None	25.41
2017	0.3796856640	None	298,684,842	298,684,842	41,186,013	None	22.33
2016	0.3664226574	None	231,594,767	231,594,767	38,953,673	None	28.71
2015	0.3598476484	None	192,326,856	192,326,856	38,603,846	None	33.64
2014	0.3677159608	None	185,840,754	185,840,754	37,328,236	None	33.76

Note: Only the last six (6) years of information are presented as GASB 68 was implemented during the year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS**

**LAST TWO (2) FISCAL YEARS \***

<u>Total OPEB Liability</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 7,979,278	\$ 9,644,737
Interest	7,297,528	6,293,116
Changes of benefit items	-	-
Differences between expected and actual experience	(18,884,008)	(26,836,209)
Changes of assumptions or other inputs	(19,562,598)	-
Benefit payments	(4,558,380)	(4,587,105)
Contributions from members	157,545	168,909
Net changes in total OPEB liability	(27,570,635)	(15,316,552)
Total OPEB liability - beginning	198,043,361	213,359,913
Total OPEB liability - ending	<u>\$170,472,726</u>	<u>\$ 198,043,361</u>
Covered-employee payroll (PERS and TPAF)	<u>\$ 54,700,622</u>	<u>\$ 47,559,493</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>None</u>	<u>None</u>

Note: Only the last two (2) years of information are presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the 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 trend 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.

Changes of Assumptions - The discount rate utilized was 3.58% as of June 30, 2017 and 3.87% for June 30, 2018.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION  
NORTH BRUNSWICK SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit E-1

	Total Brought Forward (Exh. E-1a)	Title I		I.D.E.A. Part B		Title II	Totals 2019
		2018-2019 Part A	Part D	2018-2019 Regular Program	2018-2019 Preschool	2018-2019 Part A	
<b>REVENUES:</b>							
State sources	\$ 964,356						\$ 964,356
Federal sources	118,322	\$ 753,838	\$ 175,191	\$ 1,340,844	\$ 20,003	\$ 189,733	2,597,930
Local sources	171,639						171,639
<b>Total revenues</b>	<b>\$ 1,254,317</b>	<b>\$ 753,838</b>	<b>\$ 175,191</b>	<b>\$ 1,340,844</b>	<b>\$ 20,003</b>	<b>\$ 189,733</b>	<b>\$ 3,733,925</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of teachers	\$ 251,997	\$ 479,760	\$ 103,575	\$ 156,507			\$ 991,839
Purchased professional and technical services	20,936			22,700			43,636
Other purchased services	8,224			1,007,106			1,015,330
General supplies	56,885	32,341	19,425	51,742	\$ 10,182		170,575
<b>Total instruction</b>	<b>338,042</b>	<b>512,101</b>	<b>123,000</b>	<b>1,238,055</b>	<b>10,182</b>		<b>2,221,381</b>
<b>Support services:</b>							
Salaries of coaches							
Salaries of Supervisors of Instruction	64,723	26,845	8,765			\$ 3,657	103,990
Salaries of program director	945			40,724		50,135	91,804
Salaries of other professional staff						1,725	1,725
Salaries of secretarial and clerical		37,792				66,412	104,204
Personal services-employee benefits	89,767	167,578	30,176	39,515		38,702	365,738
Purchased Educational Services	375,000						375,000
Purchased professional/technical services	170,665	8,629	13,250		6,821	1,500	200,865
Cleaning & Repair	24,625						24,625
Building Rental	72,168						72,168
Other Purchased Services	5,233	893		19,250		27,602	52,978
Other Purchased professional/technical services	72,163			3,300			75,463
Supplies and materials	40,985				3,000		43,985
<b>Total support services</b>	<b>\$ 916,274</b>	<b>241,737</b>	<b>52,191</b>	<b>102,789</b>	<b>9,821</b>	<b>189,733</b>	<b>1,512,545</b>
<b>Total expenditures</b>	<b>\$ 1,254,317</b>	<b>\$ 753,838</b>	<b>\$ 175,191</b>	<b>\$ 1,340,844</b>	<b>\$ 20,003</b>	<b>\$ 189,733</b>	<b>\$ 3,733,925</b>

**BOARD OF EDUCATION  
NORTH BRUNSWICK SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit E-1a

	Total Brought Forward (Exh. E-1b)	Title III		Title IV	Perkins Grant	Nonpublic Textbooks	Nonpublic Security	Nonpublic Nursing	Nonpublic Technology	Totals Carried Forward 2019
		2018-2019	Immigrant 2017-2018	2018-2019						
<b>REVENUES:</b>										
State sources	\$ 949,949					\$ 2,123	\$ 6,587	\$ 4,265	\$ 1,432	\$ 964,356
Federal sources		\$ 59,561	\$ 15,786	\$ 10,108	\$ 32,867					118,322
Local sources	171,639									171,639
<b>Total revenues</b>	<b>\$ 1,121,588</b>	<b>\$ 59,561</b>	<b>\$ 15,786</b>	<b>\$ 10,108</b>	<b>\$ 32,867</b>	<b>\$ 2,123</b>	<b>\$ 6,587</b>	<b>\$ 4,265</b>	<b>\$ 1,432</b>	<b>\$ 1,254,317</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of teachers	\$ 201,136	\$ 36,414	\$ 14,447							\$ 251,997
Purchased professional and technical services	19,504							\$ 1,432		20,936
Other purchased services	1,637						\$ 6,587			8,224
General supplies	6,447	10,863		\$ 8,000	\$ 29,432	\$ 2,123				56,865
<b>Total instruction</b>	<b>228,724</b>	<b>\$ 47,297</b>	<b>\$ 14,447</b>	<b>\$ 8,000</b>	<b>\$ 29,432</b>	<b>\$ 2,123</b>	<b>6,587</b>		<b>1,432</b>	<b>\$ 338,042</b>
<b>Support services:</b>										
Salaries of coaches										
Salaries of Supervisors of Instruction	58,523	5,947	173	80						64,723
Salaries of program director		945								945
Salaries of other professional staff										
Salaries of secretarial and clerical										
Personal services-employee benefits	85,000	3,573	1,166	28						89,767
Purchased Educational Services	375,000									375,000
Purchased professional/technical services	164,400			2,000				\$ 4,265		170,665
Cleaning & Repair	24,625									24,625
Building Rental	72,168									72,168
Other Purchased Services		1,798			3,435					5,233
Other Purchased professional/technical services	72,163									72,163
Supplies and materials	40,985									40,985
<b>Total support services</b>	<b>892,864</b>	<b>12,263</b>	<b>1,339</b>	<b>2,108</b>	<b>3,435</b>			<b>4,265</b>		<b>\$ 916,274</b>
<b>Total expenditures</b>	<b>\$ 1,121,588</b>	<b>\$ 59,561</b>	<b>\$ 15,786</b>	<b>\$ 10,108</b>	<b>\$ 32,867</b>	<b>\$ 2,123</b>	<b>6,587</b>	<b>\$ 4,265</b>	<b>\$ 1,432</b>	<b>\$ 1,254,317</b>



**BOARD OF EDUCATION  
NORTH BRUNSWICK SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit E-1b

	Pre-School Education Expansion Aid	New Jersey Chapter 192 Auxiliary		New Jersey Chapter 193 Handicapped			Local Grants	Soil Remediation	Totals Carried Forward 2019
		Nonpublic Comp. Education	Nonpublic Transp.	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Corrective Speech			
<b>REVENUES:</b>									
State sources	\$ 928,808	\$ 3,384	\$ 1,637	\$ 7,613	\$ 5,829	\$ 2,678			\$ 949,949
Federal sources									
Local sources							\$ 22,169	\$ 149,470	171,639
<b>Total revenues</b>	<b>\$ 928,808</b>	<b>\$ 3,384</b>	<b>\$ 1,637</b>	<b>\$ 7,613</b>	<b>\$ 5,829</b>	<b>\$ 2,678</b>	<b>\$ 22,169</b>	<b>\$ 149,470</b>	<b>\$ 1,121,588</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of teachers	\$ 201,136								\$ 201,136
Purchased professional and technical services		\$ 3,384		\$ 7,613	\$ 5,829	\$ 2,678			19,504
Other purchased services			\$ 1,637						1,637
General supplies	6,447								6,447
<b>Total instruction</b>	<b>207,583</b>	<b>3,384</b>	<b>\$ 1,637</b>	<b>7,613</b>	<b>5,829</b>	<b>2,678</b>			<b>228,724</b>
<b>Support services:</b>									
Salaries of coaches									
Salaries of Supervisors of Instruction	58,523								58,523
Salaries of program director									
Salaries of other professional staff									
Salaries of secretarial and clerical									
Personal services-employee benefits	85,000								85,000
Purchased Educational Services	375,000								375,000
Purchased professional/technical services	14,930							\$ 149,470	\$ 164,400
Cleaning & Repair	24,625								24,625
Building Rental	72,168								72,168
Other Purchased Services									
Other Purchased professional/technical services	72,163								72,163
Supplies and materials	18,816						\$ 22,169		40,985
<b>Total support services</b>	<b>721,225</b>						<b>\$ 22,169</b>	<b>\$ 149,470</b>	<b>\$ 892,864</b>
<b>Total expenditures</b>	<b>\$ 928,808</b>	<b>\$ 3,384</b>	<b>\$ 1,637</b>	<b>\$ 7,613</b>	<b>\$ 5,829</b>	<b>\$ 2,678</b>	<b>\$ 22,169</b>	<b>\$ 149,470</b>	<b>\$ 1,121,588</b>

**NORTH BRUNSWICK BOARD OF EDUCATION SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES**  
**PRESCHOOL - ALL PROGRAMS**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
State sources	\$ 928,808.00	\$ 928,808.00	\$ 928,808.00	_____
Total revenues	\$ 928,808.00	\$ 928,808.00	\$ 928,808.00	_____
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	\$ 201,136.00	\$ 201,136.00	\$ 201,136.00	_____
General Supplies	6,447.00	6,447.00	6,447.00	_____
Total instruction	207,583.00	207,583.00	207,583.00	_____
Support services:				
Salaries of Supervisors of instruction	58,523.00	58,523.00	58,523.00	_____
Personal services-employee benefits	85,000.00	85,000.00	85,000.00	_____
Purchased professional/technical services	14,930.00	14,930.00	14,930.00	_____
Cleaning & Repair	24,625.00	24,625.00	24,625.00	_____
Building Rental	72,168.00	72,168.00	72,168.00	_____
Other Purchased Services	72,163.00	72,163.00	72,163.00	_____
Other Purchased professional/technical services	18,816.00	18,816.00	18,816.00	_____
Supplies & Materials	375,000.00	375,000.00	375,000.00	_____
Purchased professional-educational services	_____	_____	_____	_____
Total support services	721,225.00	721,225.00	721,225.00	_____
Total expenditures	\$ 928,808.00	\$ 928,808.00	\$ 928,808.00	_____

**CALCULATION OF BUDGET & CARRYOVER**

Total 2018 - 2019 PreK Aid Allocation	\$ 928,808.00
Add: Actual PreK Aid Carryover June 30, 2018	_____
Total Funds Available for 2018 - 2019 Budget	928,808.00
Less: 2018 - 2019 Budgeted PreK (Including prior year budgeted carryover)	(928,808.00)
Available & Unbudgeted Funds as of June 30, 2019	\$ None

**CAPITAL PROJECTS FUND**

BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2019</u>
			<u>Prior Years</u>	<u>Current Year</u>	
New Middle School	12/13/16	\$ 77,348,000	\$ 16,170,479	\$ 29,839,288	31,338,233
ESIP	04/01/19	<u>13,500,000</u>	<u>                    </u>	<u>2,865,602</u>	\$ <u>10,634,398</u>
		\$ <u>90,848,000</u>	\$ <u>16,170,479</u>	\$ <u>32,704,890</u>	\$ <u>41,972,631</u>

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues		
Lease Proceeds	\$	13,500,000
Interest on investments		<u>607,267</u>
Total revenues	\$	<u>14,107,267</u>
Expenditures		
Land and Land Improvements	\$	120,000
Purchased professional and technical services		77,760
Architect Fees		433,135
Construction services		28,626,288
Equipment		<u>3,447,707</u>
Total expenditures	\$	<u>32,704,890</u>
Excess/(deficiency) of revenues over/(under) expenditures:	\$	(18,597,623)
Other financing sources/(uses):		
Transfer in/(out):		
Debt Service Fund		<u>(541,611)</u>
Net change in fund balance	\$	(19,139,234)
Fund balance, beginning		<u>61,177,521</u>
Fund balance, ending	\$	<u><u>42,038,287</u></u>
Analysis of Balance:		
Bond proceeds	\$	31,338,233
Lease proceeds including interest		<u>10,700,054</u>
	\$	<u><u>42,038,287</u></u>

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
CONSTRUCTION OF NEW MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds	\$ 77,348,000		\$ 77,348,000	\$ 77,348,000
Total revenues	<u>\$ 77,348,000</u>		<u>\$ 77,348,000</u>	<u>\$ 77,348,000</u>
Expenditures and Other Financing Uses				
Legal Fees	\$ 653		\$ 653	\$ 653
Purchase Professional/Technical Services	391,908	\$ 77,760	469,668	469,668
Architect Fees	2,365,976	433,135	2,799,111	2,799,111
Land and Land Improvements	10,609,664	120,000	10,729,664	10,729,664
Supplies and Material	2,802,278		2,802,278	2,802,278
Construction		28,626,288	28,626,288	28,626,288
Equipment		582,105	582,105	582,105
Total expenditures	<u>\$ 16,170,479</u>	<u>\$ 29,839,288</u>	<u>\$ 46,009,767</u>	<u>\$ 46,009,767</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 61,177,521</u>	<u>\$ (29,839,288)</u>	<u>\$ 31,338,233</u>	<u>\$ 31,338,233</u>

## Additional project information:

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

Percentage Increase over Original Authorized Cost	
Percentage completion	59.84%
Original target completion date	4/1/2020

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
DISTRICT WIDE ENERGY PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Proceeds		\$ 13,500,000	\$ 13,500,000	\$ 13,500,000
Interest Earnings		65,656	65,656	65,656
<b>Total revenues</b>		<b>\$ 13,565,656</b>	<b>\$ 13,565,656</b>	<b>\$ 13,565,656</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries				
Employee Benefits				
Legal Fees				
Purchase Professional/Technical Services				
Other Purchased Services				
Construction Services				
Equipment		\$ 2,865,602	\$ 2,865,602	\$ 2,865,602
<b>Total expenditures</b>		<b>\$ 2,865,602</b>	<b>\$ 2,865,602</b>	<b>\$ 2,865,602</b>
<b>Excess (deficiency) of revenues over/(under) expenditures</b>		<b>\$ 10,700,054</b>	<b>\$ 10,700,054</b>	<b>\$ 10,700,054</b>
<b>Additional project information:</b>				
Project Number				
Grant Date				
Lease Authorization Date		3/15/2019		
Leases Authorized		\$ 13,500,000		
Leases Issued		\$ 13,500,000		
Original Authorized Cost				
Additional Authorized Cost				
Revised Authorized Cost		\$ 13,500,000		
Percentage Increase over Original Authorized Cost				
Percentage completion		21.12%		
Original target completion date		9/15/2020		
Revised target completion date		9/15/2026		
<b>Analysis of Excesses:</b>				
Lease Proceeds		\$ 10,634,398		
Interest on Lease Proceeds		65,656		
		<b>\$ 10,700,054</b>		

**FIDUCIARY FUNDS**



**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance July 1, <u>2018</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2019</u>
Elementary Schools:				
Judd	\$ 28,279	\$ 68,380	\$ 70,477	\$ 26,182
John Adams	14,792	19,033	19,931	13,894
Livingston Park	12,384	42,457	43,847	10,994
Parsons	4,681	29,865	31,429	3,117
Early Childhood Center	<u>1,583</u>	<u>3,215</u>	<u>2,770</u>	<u>2,028</u>
Total Elementary Schools	\$ <u>61,718</u>	\$ <u>162,950</u>	\$ <u>168,454</u>	\$ <u>56,215</u>
Middle School:				
Linwood	\$ 30,601	\$ 66,965	\$ 69,644	\$ 27,922
Athletic Account	<u>839</u>	<u>11,288</u>	<u>11,407</u>	<u>720</u>
Total Middle School	\$ <u>31,440</u>	\$ <u>78,253</u>	\$ <u>81,051</u>	\$ <u>28,642</u>
Senior High School:				
High School	\$ 232,410	\$ 356,165	\$ 353,402	\$ 235,173
School Store	23,066	5,402	8,093	20,375
Athletic Account	<u>1,610</u>	<u>57,502</u>	<u>59,112</u>	<u></u>
Total Senior High School	\$ <u>257,086</u>	\$ <u>419,069</u>	\$ <u>420,607</u>	\$ <u>255,548</u>
Total All Schools	\$ <u><u>350,245</u></u>	\$ <u><u>660,272</u></u>	\$ <u><u>670,112</u></u>	\$ <u><u>340,405</u></u>

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2019</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ <u>193,684</u>	\$ <u>99,315,615</u>	\$ <u>99,384,293</u>	\$ <u>125,006</u>
Total Assets	\$ <u><u>193,684</u></u>	\$ <u><u>99,315,615</u></u>	\$ <u><u>99,384,293</u></u>	\$ <u><u>125,006</u></u>
<b><u>LIABILITIES</u></b>				
Payroll Deductions and Withholdings	\$ 162,253	\$ 27,506,098	\$ 27,578,372	\$ 89,979
Flexible Spending Account	31,431	83,638	80,042	35,027
Net Pay	<u>                    </u>	<u>71,725,878</u>	<u>71,725,878</u>	<u>                    </u>
Total Liabilities	\$ <u><u>193,684</u></u>	\$ <u><u>99,315,615</u></u>	\$ <u><u>99,384,293</u></u>	\$ <u><u>125,006</u></u>

**NONCURRENT DEBT**

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**NONCURRENT DEBT**  
**SCHEDULE OF SERIAL BONDS**  
**AS OF JUNE 30, 2019**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
	Date of Original Issue	Amount of Issue	Date	Amount					
2010 Refunding Bonds - (Refunding a Portion of 2002 Bonds)	3/25/2010	\$ 17,865,000	7/15/2019	\$ 2,035,000	4.500%	\$ 10,710,000		\$ 1,940,000	\$ 8,770,000
			7/15/2020	2,135,000	4.500%				
			7/15/2021	2,250,000	5.000%				
			7/15/2022	2,350,000	5.000%				
2012 Refunding Bonds - (Refunding a Portion of 2005 Bonds)	5/23/2012	23,540,000	1/15/2020	1,735,000	4.000%	18,315,000		1,700,000	16,615,000
			1/15/2021	1,795,000	5.000%				
			1/15/2022	1,875,000	5.000%				
			1/15/2023	1,980,000	4.000%				
			1/15/2024	4,530,000	4.000%				
			1/15/2025	4,700,000	4.250%				
2014 Refunding Bonds - (Refunding a Portion of 2006 Bonds)	5/23/2012	4,260,000	3/15/2020	400,000	4.000%	3,525,000		385,000	3,140,000
			3/15/2021	420,000	4.000%				
			3/15/2022	435,000	4.000%				
			3/15/2023	455,000	4.000%				
			3/15/2024	470,000	4.000%				
			3/15/2025	480,000	4.000%				
			3/15/2026	480,000	4.000%				
School District Bonds Series 2017	9/1/2017	\$ 35,000,000	9/15/2019	\$ 825,000	2.500%				
			9/15/2020	825,000	2.500%				
			9/15/2021	825,000	2.500%				
			9/15/2022	825,000	2.500%				
			9/15/2023	825,000	2.500%				
			9/15/2024	825,000	2.750%				
			9/15/2025	1,600,000	3.000%				
			9/15/2026	1,600,000	3.000%				
			9/15/2027	1,600,000	3.000%				
			9/15/2028	1,600,000	3.000%				
			9/15/2029	1,600,000	3.000%				
			9/15/2030	1,600,000	3.000%				
			9/15/2031	1,600,000	3.000%				
			9/15/2032	1,600,000	3.000%				
			9/15/2033	1,600,000	3.000%				

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
NONCURRENT DEBT  
SCHEDULE OF SERIAL BONDS  
AS OF JUNE 30, 2019**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
	Date of Original Issue	Amount of Issue	Date	Amount					
School District Bonds Series 2017 (Continued)			9/15/2034	\$ 1,625,000	3.000%				
			9/15/2035	1,650,000	3.000%				
			9/15/2036	1,650,000	3.000%				
			9/15/2037	1,650,000	3.000%				
			9/15/2038	1,650,000	3.000%				
			9/15/2039	1,650,000	3.000%				
			9/15/2040	1,650,000	3.000%				
			9/15/2041	1,650,000	3.000%				
			9/15/2042	1,650,000	3.000%	\$ 35,000,000		\$ 825,000.00	\$ 34,175,000
School District Bonds Series 2019	1/24/2019	\$ 42,348,000	8/15/2020	\$ 993,000	3.125%				
			8/15/2021	990,000	3.125%				
			8/15/2022	990,000	3.125%				
			8/15/2023	990,000	3.125%				
			8/15/2024	990,000	3.125%				
			8/15/2025	1,980,000	3.125%				
			8/15/2026	1,980,000	3.125%				
			8/15/2027	1,980,000	3.125%				
			8/15/2028	1,980,000	3.125%				
			8/15/2029	1,980,000	3.125%				
			8/15/2030	1,980,000	3.250%				
			8/15/2031	1,980,000	3.250%				
			8/15/2032	1,980,000	3.250%				
			8/15/2033	1,980,000	3.250%				
			8/15/2034	1,980,000	3.250%				
			8/15/2035	1,980,000	3.250%				
			8/15/2036	1,980,000	3.375%				
			8/15/2037	1,980,000	3.375%				
			8/15/2038	1,980,000	3.500%				
			8/15/2039	1,980,000	3.500%				
			8/15/2040	1,980,000	3.500%				
			8/15/2041	1,915,000	3.500%				
			8/15/2042	1,900,000	3.625%				
			8/15/2043	1,900,000	3.625%				
							\$ 42,348,000		\$ 42,348,000
Total						\$ 67,550,000	\$ 42,348,000	\$ 4,850,000	\$ 105,048,000

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**AS OF JUNE 30, 2019**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Issued Current Year</u>	<u>Balance June 30, 2019</u>
ESIP	2.984%	\$ <u>13,500,000</u>	\$ <u>13,500,000</u>	\$ <u>13,500,000</u>
		\$ <u>13,500,000</u>	\$ <u>13,500,000</u>	\$ <u>13,500,000</u>

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 6,189,010	_____	\$ 6,189,010	\$ 6,189,010	_____
Total - Local Sources	\$ 6,189,010	_____	\$ 6,189,010	\$ 6,189,010	_____
State Sources:					
Debt Service Aid Type II	\$ 194,898	_____	\$ 194,898	\$ 194,898	_____
Total - State Sources	\$ 194,898	_____	\$ 194,898	\$ 194,898	_____
Total Revenues	\$ 6,383,908	_____	\$ 6,383,908	\$ 6,383,908	_____
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	\$ 2,858,908	_____	\$ 2,858,908	\$ 2,858,908	_____
Redemption of Principal	4,850,000	_____	4,850,000	4,850,000	_____
Total Regular Debt Service	\$ 7,708,908	_____	\$ 7,708,908	\$ 7,708,908	_____
Total Expenditures	\$ 7,708,908	_____	\$ 7,708,908	\$ 7,708,908	_____

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Transfers In/(Out)				\$ 500,000	\$ 500,000
Capital Projects Fund				<u>541,611</u>	<u>541,611</u>
Total Other Financing Sources/(Uses)				<u>\$ 1,041,611</u>	<u>\$ 1,041,611</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 1,325,000		\$ (1,325,000)	\$ (283,389)	\$ (1,608,389)
Fund Balance, July 1	<u>1,493,940</u>		<u>1,493,940</u>	<u>1,493,940</u>	
Fund Balance, June 30	<u>\$ 2,818,940</u>		<u>\$ 168,940</u>	<u>\$ 1,210,551</u>	<u>\$ (1,608,389)</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures: Budgeted Fund Balance	<u>\$ 1,325,000</u>		<u>\$ 1,325,000</u>	<u>\$ 1,210,551</u>	<u>\$ 1,210,551</u>



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

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

<b><u>Contents</u></b>	<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 to J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
<b>Debt Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-10 to J-13
<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.	J-14 & J-15
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

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

## FINANCIAL TRENDS

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 45,258,337	\$ 49,179,858	\$ 49,238,774	\$ 55,181,838	\$ 59,606,188	\$ 60,817,113	\$ 62,963,514	\$ 64,422,276	\$ 46,810,376	\$ 28,217,525
Restricted	3,774,522	2,698,717	6,070,628	7,137,475	4,728,729	4,389,769	5,602,959	4,312,604	22,340,628	45,216,162
Unrestricted (Deficit)	<u>(3,112,579)</u>	<u>(2,494,202)</u>	<u>(1,945,535)</u>			<u>(21,583,862)</u>	<u>(24,095,986)</u>	<u>(25,872,968)</u>	<u>(27,771,570)</u>	<u>(29,632,721)</u>
<b>Total governmental activities net position</b>	<u>\$ 45,920,280</u>	<u>\$ 49,384,373</u>	<u>\$ 53,363,867</u>	<u>\$ 62,319,313</u>	<u>\$ 64,334,917</u>	<u>\$ 43,623,020</u>	<u>\$ 44,470,487</u>	<u>\$ 42,861,912</u>	<u>\$ 41,379,434</u>	<u>\$ 43,800,966</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 54,654	\$ 29,448	\$ 42,053	\$ 119,144	\$ 139,222	\$ 120,178	\$ 128,124	\$ 277,577	\$ 279,167	\$ 233,340
Unrestricted	602,880	7,369,657	786,711	823,174	992,897	1,046,310	949,518	541,785	554,993	398,626
<b>Total business-type activities net position</b>	<u>\$ 657,534</u>	<u>\$ 7,399,105</u>	<u>\$ 828,764</u>	<u>\$ 942,318</u>	<u>\$ 1,132,119</u>	<u>\$ 1,166,488</u>	<u>\$ 1,077,642</u>	<u>\$ 819,362</u>	<u>\$ 834,160</u>	<u>\$ 631,966</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 42,956,339	\$ 49,209,306	\$ 49,280,827	\$ 55,300,982	\$ 55,300,982	\$ 60,937,291	\$ 63,091,638	\$ 64,699,853	\$ 47,089,543	\$ 28,450,865
Restricted	3,774,522	2,698,717	6,070,628	6,070,628	7,137,475	4,728,729	5,602,959	4,312,604	22,340,628	45,216,162
Unrestricted (Deficit)	<u>(2,509,699)</u>	<u>4,875,455</u>	<u>(1,158,824)</u>	<u>(1,158,824)</u>	<u>823,174</u>	<u>992,897</u>	<u>(20,537,552)</u>	<u>(25,331,183)</u>	<u>(27,216,577)</u>	<u>(29,234,095)</u>
<b>Total district net position</b>	<u>\$ 44,221,162</u>	<u>\$ 56,783,478</u>	<u>\$ 54,192,631</u>	<u>\$ 60,212,786</u>	<u>\$ 63,261,631</u>	<u>\$ 66,658,917</u>	<u>\$ 48,157,045</u>	<u>\$ 43,681,274</u>	<u>\$ 42,213,594</u>	<u>\$ 44,432,932</u>

Source: CAFR Exhibit A-1

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability and other related data for PERS & TPAF data for periods prior to 2015 is not available..

2017 includes OPEB expense in accordance with GASB Statement No. 75 related to post-retirement benefits other than pension amounts prior 2017 are not available.

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 36,301,673	\$ 35,648,397	\$ 36,624,290	\$ 37,921,983	\$ 39,207,495	\$ 39,199,442	\$ 42,406,923	\$ 51,004,075	\$ 49,104,993	\$ 47,362,218
Special education	8,246,705	9,266,801	9,778,820	10,076,486	10,264,997	14,935,960	16,587,884	20,880,083	19,775,812	21,376,879
Other special education	4,314,135	3,085,874	3,333,878	3,202,706	3,189,618	3,599,276	4,204,642	5,523,165	6,290,261	6,614,351
Other instruction	1,632,581	1,306,892	1,554,490	1,631,826	1,606,666	1,837,034	2,002,021	2,583,783	2,513,464	2,492,554
<b>Support Services:</b>										
Tuition	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896	2,684,498	2,431,882	2,367,233	1,884,450
Student & instruction related services	10,960,787	10,587,389	11,034,746	11,721,237	11,948,893	13,702,695	15,469,731	19,128,659	20,656,200	23,322,315
School Administrative services	3,302,398	3,331,728	3,721,657	1,518,462	1,631,703	6,467,081	7,330,606	8,876,197	8,452,595	8,167,249
General administration	3,875,200	3,655,573	3,485,962	5,377,784	5,520,690	2,426,073	2,669,144	3,304,717	3,152,880	3,433,380
Plant operations and maintenance	10,181,775	10,121,944	9,445,869	9,639,299	11,245,538	10,918,984	11,774,688	14,322,137	13,191,633	12,675,934
Pupil transportation	5,792,096	5,483,252	5,841,954	6,313,663	6,235,929	7,099,988	8,408,418	10,170,754	9,728,987	9,253,346
Charter Schools	416,436	450,170	395,187	583,725	809,793	1,024,971	1,213,693	1,731,185	2,293,492	3,601,674
Scholarships	297	172	37							
Interest on long-term debt	2,676,629	2,968,672	2,346,157	2,464,283	2,482,388	2,303,872	2,124,370	2,126,318	2,686,874	3,281,679
<b>Total governmental activities expenses</b>	<b>90,862,757</b>	<b>88,724,973</b>	<b>90,199,176</b>	<b>92,800,362</b>	<b>96,651,742</b>	<b>105,762,271</b>	<b>116,876,619</b>	<b>142,082,955</b>	<b>140,214,424</b>	<b>143,466,029</b>
<b>Business-type activities:</b>										
Food service	2,540,000	2,618,095	2,733,456	2,965,761	2,816,626	2,918,502	3,135,363	3,384,197	3,413,001	3,514,672
School Facilities	330,186	155,924	204,155	211,707	216,633	330,158	354,943	378,595	322,255	348,591
Integrated Pre-K	122,627	109,307	71,048	129,137	277,602	400,735	418,303	344,767	258,845	168,838
Summer Enrichment	70,356	63,579	62,070	57,947	49,216					
After School					21,768	37,231	25,096	26,477	27,562	28,076
Data processing	127,947									
<b>Total business-type activities expense</b>	<b>3,191,116</b>	<b>2,946,905</b>	<b>3,070,729</b>	<b>3,364,552</b>	<b>3,381,845</b>	<b>3,686,626</b>	<b>3,933,705</b>	<b>4,134,036</b>	<b>4,021,663</b>	<b>4,060,177</b>
<b>Total district expenses</b>	<b>\$ 94,053,873</b>	<b>\$ 91,671,878</b>	<b>\$ 93,269,905</b>	<b>\$ 96,164,914</b>	<b>\$ 100,033,587</b>	<b>\$ 109,448,897</b>	<b>\$ 120,810,324</b>	<b>\$ 146,216,991</b>	<b>\$ 144,236,087</b>	<b>\$ 147,526,206</b>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 64,371	\$ 109,994	\$ 126,875	\$ 127,091	\$ 75,286	\$ 34,061	\$ 31,282	\$ 14,291		
Pupil transportation	22,881	47,593	75,991	94,954	134,304	115,425	100,878	114,161	\$ 129,006	\$ 150,672
Operating grants and contributions	2,711,376	3,530,067	3,285,833	2,258,008	2,172,056	2,746,290	2,391,375	2,443,869	2,807,394	3,928,823
<b>Total governmental activities program revenues</b>	<b>2,798,628</b>	<b>\$ 3,687,654</b>	<b>\$ 3,488,699</b>	<b>\$ 2,480,053</b>	<b>\$ 2,381,646</b>	<b>\$ 2,895,776</b>	<b>\$ 2,523,535</b>	<b>\$ 2,572,321</b>	<b>\$ 2,936,400</b>	<b>\$ 4,079,495</b>
Business-type activities:										
Charges for services:										
Food service	\$ 1,446,796	\$ 1,407,422	\$ 1,352,580	\$ 1,325,315	\$ 1,367,431	\$ 1,321,990	\$ 1,337,928	\$ 1,378,611	\$ 1,307,173	\$ 1,323,832
School Facilities	363,380	250,605	272,090	342,360	343,947	344,086	316,677	293,954	352,486	253,510
Integrated Pre-K	144,810	153,946	184,655	214,005	242,922	286,214	322,360	319,624	348,001	172,722
Summer Enrichment	64,905	48,880	53,530	45,085	25,165					
After School					22,460	33,965	29,400	21,677	24,791	27,125
Operating grants and contributions	1,152,815	1,214,623	1,267,360	1,551,341	1,569,720	1,734,740	1,838,495	1,894,902	2,037,395	2,080,793
<b>Total business type activities program revenues</b>	<b>3,172,706</b>	<b>3,075,476</b>	<b>3,130,215</b>	<b>3,478,106</b>	<b>3,571,645</b>	<b>3,720,995</b>	<b>3,844,860</b>	<b>3,908,768</b>	<b>4,069,846</b>	<b>3,857,982</b>
<b>Total district program revenues</b>	<b>\$ 5,971,334</b>	<b>\$ 6,763,130</b>	<b>\$ 6,618,914</b>	<b>\$ 5,958,159</b>	<b>\$ 5,953,291</b>	<b>\$ 6,616,771</b>	<b>\$ 6,368,395</b>	<b>\$ 6,481,089</b>	<b>\$ 7,006,246</b>	<b>\$ 7,937,477</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (88,064,129)	\$ (85,037,319)	\$ (86,710,477)	\$ (90,320,309)	\$ (94,270,096)	\$ (102,866,495)	\$ (114,353,084)	\$ (139,510,634)	\$ (137,278,024)	\$ (139,386,534)
Business-type activities	(18,410)	128,571	59,486	113,554	189,800	34,369	(88,845)	(225,268)	48,183	(202,195)
<b>Total district-wide net expense</b>	<b>\$ (88,082,539)</b>	<b>\$ (84,908,748)</b>	<b>\$ (86,650,991)</b>	<b>\$ (90,206,755)</b>	<b>\$ (94,080,296)</b>	<b>\$ (102,832,126)</b>	<b>\$ (114,441,929)</b>	<b>\$ (139,735,902)</b>	<b>\$ (137,229,841)</b>	<b>\$ (139,588,729)</b>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Change in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 62,874,980	\$ 65,791,344	\$ 67,817,203	\$ 69,174,056	\$ 70,797,537	\$ 72,463,487	\$ 74,574,523	\$ 76,515,723	\$ 78,416,037	\$ 79,754,358
Taxes levied for debt service	5,971,725	5,986,596	5,998,781	6,108,985	6,007,891	6,102,675	5,351,035	5,331,602	5,366,247	6,189,010
Unrestricted grants and contributions	15,988,052	14,995,966	17,824,144	19,462,987	19,083,081	27,825,358	34,192,622	55,742,461	51,474,481	46,999,919
Miscellaneous income	980,738	487,617	(8,872)	295,921	247,334	679,388	460,339	638,032	715,577	1,406,564
Special and Extraordinary Items									(176,796)	7,458,215
Transfers	410,389			80,526	149,858	244,168	622,031	(325,759)		
<b>Total governmental activities</b>	<b>\$ 86,225,884</b>	<b>\$ 87,261,523</b>	<b>\$ 91,631,256</b>	<b>\$ 95,122,475</b>	<b>\$ 96,285,701</b>	<b>\$ 107,315,076</b>	<b>\$ 115,200,550</b>	<b>\$ 137,902,059</b>	<b>\$ 135,795,546</b>	<b>\$ 141,808,066</b>
Business-type activities:										
Prior year accounts receivable canceled								(33,013)	(33,384)	
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,013)</b>	<b>(33,384)</b>	<b>-</b>
<b>Total district-wide</b>	<b>\$ 86,225,884</b>	<b>\$ 87,261,523</b>	<b>\$ 91,631,256</b>	<b>\$ 95,122,475</b>	<b>\$ 96,285,701</b>	<b>\$ 107,315,076</b>	<b>\$ 115,200,550</b>	<b>\$ 137,869,046</b>	<b>\$ 135,762,162</b>	<b>\$ 141,808,066</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (1,838,245)	\$ 2,224,204	\$ 4,920,779	\$ 4,802,166	\$ 2,015,605	\$ 4,448,581	\$ 847,466	\$ (1,608,575)	\$ (1,482,478)	\$ 2,421,532
Business-type activities	(18,410)	128,571	59,486	113,554	189,800	34,369	(88,845)	(258,281)	14,799	(202,195)
<b>Total district</b>	<b>\$ (1,856,655)</b>	<b>\$ 2,352,775</b>	<b>\$ 4,980,265</b>	<b>\$ 4,915,720</b>	<b>\$ 2,205,405</b>	<b>\$ 4,482,950</b>	<b>\$ 758,621</b>	<b>\$ (1,866,856)</b>	<b>\$ (1,467,679)</b>	<b>\$ 2,219,337</b>

Source: CAFR Exhibit A-2

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability and other related data for PERS & TPAF data for periods prior to 2015 is not available..

2017 includes OPEB expense in accordance with GASB Statement No. 75 related to post-retirement benefits other than pension amounts prior 2017 are not available.

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 3,729,697									
Unreserved	723,672									
Restricted		\$ 2,181,293	\$ 5,332,434	\$ 4,400,000	\$ 4,087,866	\$ 5,856,769	\$ 7,319,959	\$ 6,168,336	\$ 4,660,911	\$ 4,227,954
Assigned		72,596	348,111	4,230,138	2,814,143	1,506,355	398,602	71,608	350,199	199,913
Unassigned		1,787,523	1,617,229	1,722,223	936,764	710,730	630,956	1,706,015	940,267	205,622
<b>Total general fund</b>	<b>\$ 4,453,369</b>	<b>\$ 4,041,412</b>	<b>\$ 7,297,774</b>	<b>\$ 10,352,361</b>	<b>\$ 7,838,773</b>	<b>\$ 8,073,854</b>	<b>\$ 8,349,517</b>	<b>\$ 7,945,959</b>	<b>\$ 5,951,377</b>	<b>\$ 4,633,489</b>
All Other Governmental Funds										
Restricted	\$ 127,228									
Capital projects fund	893,305	\$ 2,602,456	\$ 390,083	\$ 304,668	\$ 162,943	\$ 101,302	\$ 86,572	\$ 24,575,435	\$ 18,829,519	\$ 42,038,295
Debt service fund	8,095	12,547	7,413	114,474	140,079	66,064	37,499	1	1,493,941	1,211,551
Permanent fund	44,825	44,828	44,838							
<b>Total all other governmental funds</b>	<b>\$ 1,073,453</b>	<b>\$ 2,659,831</b>	<b>\$ 442,334</b>	<b>\$ 419,142</b>	<b>\$ 303,022</b>	<b>\$ 167,366</b>	<b>\$ 124,071</b>	<b>\$ 24,575,436</b>	<b>\$ 20,323,460</b>	<b>\$ 43,249,846</b>

Source: CAFR Schedule B-1

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



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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax levy	\$ 68,846,705	\$ 71,777,940	\$ 73,816,484	\$ 75,283,041	\$ 76,805,428	\$ 78,566,162	\$ 79,925,558	\$ 81,847,325	\$ 83,782,284	\$ 85,943,368
Tuition charges	64,371	109,994	126,875	127,091	75,286	34,061	31,282	14,291	97,090	
Transportation charges	22,881	47,593	75,991	94,954	134,304	115,425	100,878	114,161	129,006	150,672
Interest earnings	90,263	38,453	19,608	6,862	5,769	5,384	8,053	13,097	169,064	607,267
Miscellaneous	832,255	490,662	223,436	272,108	363,675	828,874	408,997	545,852	570,139	3,976,936
State sources	16,084,758	15,809,020	16,550,079	19,406,805	18,951,157	19,936,331	22,030,785	24,676,744	28,692,074	36,288,627
Federal sources	2,614,669	3,467,340	3,708,611	2,364,625	2,181,863	3,091,020	2,608,803	2,752,475	2,826,985	2,819,350
<b>Total revenue</b>	<b>88,555,902</b>	<b>91,741,002</b>	<b>94,521,084</b>	<b>97,555,486</b>	<b>98,517,482</b>	<b>102,577,257</b>	<b>105,114,356</b>	<b>109,963,945</b>	<b>116,266,642</b>	<b>126,780,220</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	26,661,828	25,428,332	25,589,520	26,138,451	27,345,502	25,057,883	25,213,491	25,699,997	27,181,546	28,474,219
Special education instruction	5,947,877	6,498,827	6,662,010	6,826,261	7,045,952	9,986,789	10,273,565	10,902,305	10,946,691	11,516,307
Other special instruction	3,111,539	2,164,130	2,276,291	2,169,656	2,189,372	2,300,804	2,499,916	2,783,019	3,481,907	3,976,555
Other instruction	1,177,487	916,526	1,053,998	1,105,472	1,102,825	1,174,307	1,190,323	1,301,920	1,391,301	1,498,526
<b>Support Services:</b>										
Tuition	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896	2,684,498	2,431,882	2,367,233	1,884,450
Student & inst. related services	7,897,928	7,528,989	7,702,323	8,060,308	8,278,014	8,809,458	9,246,267	9,678,386	11,434,020	13,112,059
General administration	946,033	865,159	1,033,625	1,028,674	1,120,010	1,550,845	1,586,968	1,665,185	1,745,243	2,064,152
School administrative services	2,794,960	2,563,661	2,556,472	2,459,455	2,495,936	2,752,852	2,844,390	2,929,953	2,933,601	2,921,060
Central services	957,052	928,882	632,660	586,778	519,007	509,284	484,749	573,599	516,050	1,308,061
Admin. information technology	478,746	576,108	728,284	596,918	774,490	871,886	1,029,352	968,997	1,229,193	681,038
Plant operations and maintenance	7,343,532	7,098,540	6,488,535	6,530,091	7,719,001	6,979,860	7,000,767	7,216,656	7,191,380	7,620,786
Pupil transportation	4,177,508	3,845,416	4,012,942	4,277,157	4,280,377	4,538,602	4,999,315	5,124,852	5,385,377	5,563,122
Employee benefits	19,351,600	20,712,880	22,410,920	24,138,367	23,269,863	25,120,168	27,509,184	30,242,798	31,881,337	34,232,296
Charter Schools	416,436	450,170	395,187	583,725	809,793	1,024,971	1,213,693	1,731,185	2,293,492	3,601,674
Scholarships	297	172	37							
Capital outlay	3,135,604	3,503,525	3,224,644	1,627,063	5,678,163	3,362,949	1,782,061	13,296,303	6,753,243	34,948,349
<b>Debt service:</b>										
Principal	3,030,000	3,360,000	3,375,000	4,000,000	3,840,000	4,205,000	3,600,000	3,735,000	3,875,000	4,850,000
Interest and other charges	2,941,726	2,626,596	2,631,875	2,013,323	2,170,851	1,988,899	1,779,600	1,634,100	1,501,600	2,858,908
<b>Total expenditures</b>	<b>93,532,198</b>	<b>91,886,022</b>	<b>93,410,452</b>	<b>94,490,607</b>	<b>101,147,188</b>	<b>102,481,453</b>	<b>104,938,139</b>	<b>121,916,137</b>	<b>122,108,214</b>	<b>161,111,562</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(4,976,296)</b>	<b>(145,020)</b>	<b>1,110,632</b>	<b>3,064,879</b>	<b>(2,629,706)</b>	<b>95,804</b>	<b>176,217</b>	<b>(11,952,192)</b>	<b>(5,841,572)</b>	<b>(34,331,342)</b>
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing								35,000,000		42,348,000
Capital leases (non-budgeted)								1,000,000		13,500,000
Proceeds from refunding		4,452		11,399		3,619				
Scholarship Refund to Donor				(44,883)						
Cancellation of prior years payable							56,151			
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,452</b>	<b>-</b>	<b>(33,484)</b>	<b>-</b>	<b>3,619</b>	<b>56,151</b>	<b>36,000,000</b>	<b>-</b>	<b>55,848,000</b>
<b>Net change in fund balances</b>	<b>\$ (4,976,296)</b>	<b>\$ (140,568)</b>	<b>\$ 1,110,632</b>	<b>\$ 3,031,395</b>	<b>\$ (2,629,706)</b>	<b>\$ 99,423</b>	<b>\$ 232,368</b>	<b>\$ 24,047,808</b>	<b>\$ (5,841,572)</b>	<b>\$ 21,516,658</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.61%</b>	<b>6.77%</b>	<b>6.66%</b>	<b>6.48%</b>	<b>6.30%</b>	<b>6.25%</b>	<b>5.22%</b>	<b>4.94%</b>	<b>4.66%</b>	<b>6.11%</b>

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	<u>Refund of Prior Years Expenditures</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2010	\$ 504,340	\$ 64,371	\$ 67,293	\$ 103,102	\$ 739,106
2011	143,994	109,994	37,540	258,415	549,943
2012	72,875	126,975	19,608	146,451	365,909
2013	68,139	127,091	27,619	217,069	439,918
2014	108,763	75,286	30,211	236,887	451,147
2015	20,241	34,062	20,735	627,754	702,792
2016	11,562	31,282	16,658	129,318	188,820
2017	55,267	14,291	12,757	553,930	636,245
2018	69,420	97,090	137,246	363,473	667,229
2019	86,338	103,401	161,413	448,145	799,297

Source: District records

## REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2010	34,166,900	1,520,957,300	1,338,600	167,800	386,870,800	320,832,600	201,998,200	2,466,332,200	3,630,868	414,100,000	2,884,063,068	4,944,885,360	2.906
2011	33,009,000	1,521,256,500	1,182,300	101,200	385,961,700	310,748,100	201,412,800	2,453,671,600	3,238,211	421,386,900	2,878,296,711	4,794,235,881	3.005
2012	33,445,900	1,519,468,700	1,182,300	101,200	375,135,100	287,812,700	201,112,800	2,418,258,700	3,329,077	423,253,100	2,844,840,877	4,713,954,776	2.856
2013	29,108,500	1,524,669,700	1,182,400	101,200	368,459,600	283,655,200	201,112,800	2,408,289,400	2,071,600	421,567,100	2,831,928,100	4,350,946,294	3.184
2014	41,203,600	1,535,377,100	1,182,400	36,100	379,262,800	290,745,200	201,554,600	2,449,361,800	2,789,231	417,671,700	2,869,822,731	4,573,448,641	3.204
2015	39,881,100	1,544,335,100	1,182,300	36,100	380,685,800	286,469,800	201,554,600	2,454,144,800	2,905,820	417,856,200	2,874,906,820	4,488,181,475	3.253
2016	51,134,100	1,541,110,700	1,182,300	36,100	396,166,900	267,856,900	201,554,600	2,459,041,600	2,888,810	417,465,800	2,879,396,210	4,535,680,708	3.325
2017	55,505,800	1,543,724,900	1,182,300	36,100	392,856,900	264,787,200	201,554,600	2,459,647,800	2,983,967	418,226,400	2,880,858,167	4,498,276,710	3.402
2018	42,898,900	1,565,223,600	1,182,300	36,100	398,754,000	271,527,800	206,404,100	2,486,026,800	-	422,608,400	2,908,635,200	4,591,529,090	3.458
2019	43,147,500	1,578,813,800	1,218,400		394,855,200	286,815,400	201,325,800	2,506,176,100	-	428,545,100	2,934,721,200	4,653,563,648	3.548

Source: Municipal Tax Assessor

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

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

<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 valuation

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

Fiscal Year Ended June 30,	<u>North Brunswick Township School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate <sup>a</sup></u>	<u>General Obligation Debt Service <sup>b</sup></u>	(From J-6) Total Direct School Tax Rate <sup>c</sup>	<u>Municipality of North Brunswick</u>	<u>County of Middlesex</u>	
2010	2.664	0.242	2.906	1.109	0.504	4.519
2011	2.762	0.243	3.005	1.093	0.602	4.700
2012	2.603	0.253	2.856	1.105	0.643	4.604
2013	2.935	0.249	3.184	1.224	0.695	5.103
2014	2.950	0.254	3.204	1.245	0.741	5.190
2015	3.035	0.218	3.253	1.267	0.729	4.619
2016	3.108	0.217	3.325	1.292	0.723	5.340
2017	3.184	0.218	3.402	1.322	0.730	5.454
2018	3.210	0.248	3.458	1.356	0.738	5.552
2019	3.236	0.312	3.548	1.392	0.728	5.668

Source: Municipal Tax Collector

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

**c** Tax rates are per \$100 of assessed valuation.

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

	2019			2009			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
ER Squibb & Sons Inc.	\$ 144,194,700	1	5.75%	ER Squibb & Sons Inc.	\$ 148,612,900	1	5.15%
Kimco North Brunswick 617 Inc.	33,000,000	2	1.32%	Kimco North Brunswick 617 Inc.	35,000,000	2	1.21%
Kalikow & Sadowick & Klivant Trust	27,900,000	3	1.11%	Sadowick S. Etals c/o No. Vill Assn.	28,700,000	3	1.00%
Kaplan Associates LLC	26,000,000	4	1.04%	Kaplan Assoc. LLC	26,000,000	4	0.90%
Maebrook at Renaissance LLC	26,000,000	5	1.04%	North Brunswick TOD Associates LLC	28,065,200	5	0.97%
North Brunswick Manor	23,664,700	6	0.94%	Maebrook at Renaissance	23,515,600	6	0.82%
Renaissance Terrace LLC	21,000,000	7	0.84%	Levin Properties LLC	23,267,400	7	0.81%
Brunswick Circle Developers LLC	17,245,000	8	0.69%	Renaissance Terrace LLC	19,000,000	8	0.66%
Levin Properties LLC	17,000,000	9	0.68%	North Brunswick Manor LLC	18,986,000	9	0.66%
North Brunswick Tod Associates LLC	16,212,800	10	0.65%	Commerce CTR NB LLC % Perstige Inc	17,272,000	10	0.60%
<b>Total</b>	<b>\$ 352,217,200</b>		<b>14.05%</b>	<b>Total</b>	<b>\$ 368,419,100</b>		<b>12.77%</b>
<b>Total Assessed Valuation</b>	<b>\$ 2,506,176,100</b>			<b>Total Assessed Valuation</b>	<b>\$ 2,884,063,068</b>		

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2010	\$ 111,491,046	\$ 111,393,791	99.91%	\$ N/A
2011	116,080,734	115,983,210	99.92%	N/A
2012	120,744,776	120,218,424	99.56%	N/A
2013	123,267,695	122,910,122	99.71%	2,972
2014	125,871,013	125,466,068	99.68%	375,582
2015	129,659,436	129,522,487	99.89%	23,640
2016	129,973,745	129,855,000	99.91%	62,775
2017	133,808,210	133,726,337	99.94%	149,425
2018	136,252,492	136,556,446	100.22%	513,611
2019	141,191,607	142,325,091	100.80%	N/A

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

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

## **DEBT CAPACITY**



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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Capital Leases</u>	<u>Total District</u>		
2010	\$ 62,502,000	\$ 1,151,635	-	\$ 63,653,635	5.61%	\$ 1,580
2011	59,142,000	1,151,635	-	60,293,635	4.40%	1,461
2012	55,976,000		-	55,976,000	4.16%	1,387
2013	51,976,000			51,976,000	3.83%	1,261
2014	48,136,000			48,136,000	3.55%	1,170
2015	43,760,000			43,760,000	3.23%	1,064
2016	40,160,000			40,160,000	2.96%	976
2017	36,425,000	-		36,425,000	2.69%	885
2018	67,550,000	-		67,550,000	4.98%	1,641
2019	105,048,000	13,500,000		118,548,000	8.74%	2,881

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

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

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value <sup>a</sup> of Property</u>	<u>Per Capita <sup>b</sup></u>
2010	\$ 62,502,000	-	\$ 62,502,000	2.15%	1,580
2011	59,142,000	-	59,142,000	2.15%	1,461
2012	55,976,000	-	55,976,000	1.96%	1,387
2013	51,976,000	-	51,976,000	1.83%	1,261
2014	48,136,000	-	48,136,000	1.67%	1,170
2015	43,760,000	-	43,760,000	1.52%	1,064
2016	40,160,000	-	40,160,000	1.39%	976
2017	36,425,000	-	36,425,000	1.26%	885
2018	67,550,000	-	67,550,000	2.32%	885
2019	105,048,000	-	105,048,000	4.19%	2,553

**Notes:**

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

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

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2019**  
**(UNAUDITED)**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable <sup>a</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Debt repaid with property taxes			
Township of North Brunswick	\$ 64,752,782	100.000%	\$ 64,752,782
County of Middlesex	459,878,537	4.1231%	<u>18,961,252</u>
Subtotal, overlapping debt			\$ 83,714,034
<b>Township of North Brunswick District Direct Debt</b>			
Bonds Issued	\$ 105,048,000.00		
Bonds and Notes Authorized but Not Issued	<u>1,200,000.00</u>		<u>\$ 106,248,000</u>
<b>Total direct and overlapping debt</b>			<b><u>\$ 189,962,034</u></b>

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

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized valuation basis
	2018    4,580,014,370
	2017    4,506,500,183
	2016 <u>4,456,400,145</u>
	<u>\$ 13,542,914,698</u>
Average equalized valuation of taxable property	\$ 4,514,304,899
Debt limit (4 % of average equalization value)	180,572,196 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>106,248,000</u>
Legal debt margin	<u>\$ 74,324,196</u>

	Fiscal Year									
	<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>
Debt limit	\$203,952,560	\$ 199,506,495	\$ 192,878,596	\$ 185,942,650	\$ 181,299,319	\$ 176,689,504	\$ 178,382,034	\$ 178,391,775	\$ 179,315,118	\$ 180,572,196
Total net debt applicable to limit	<u>63,702,000</u>	<u>60,342,000</u>	<u>57,176,000</u>	<u>53,176,000</u>	<u>49,336,000</u>	<u>44,960,000</u>	<u>41,360,000</u>	<u>114,973,000</u>	<u>111,098,000</u>	<u>106,248,000</u>
Legal debt margin	<u>\$ 140,250,560</u>	<u>\$ 139,164,495</u>	<u>\$ 135,702,596</u>	<u>\$ 132,766,650</u>	<u>\$ 131,963,319</u>	<u>\$ 131,729,504</u>	<u>\$ 137,022,034</u>	<u>\$ 63,418,775</u>	<u>\$ 68,217,118</u>	<u>\$ 74,324,196</u>
Total net debt applicable to the limit as a percentage of debt limit	31.23%	30.25%	29.64%	28.60%	27.21%	25.45%	23.19%	64.45%	61.96%	58.84%

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

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

## DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2010	39,586	1,125,469,566	28,431	8.30%
2011	40,742	1,342,204,448	32,944	9.40%
2012	40,961	1,349,419,184	32,944	9.20%
2013	41,218	1,357,885,792	32,944	8.10%
2014	41,153	1,355,744,432	32,944	6.10%
2015	41,153	1,355,744,432	32,944	5.60%
2016	41,153	1,355,744,432	32,944	4.60%
2017	41,153	1,355,744,432	32,944	4.20%
2018	41,153	1,355,744,432	32,944	4.00%
2019	41,153	1,355,744,432	32,944	3.50%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census for 2010 and 2010 census for 2011-2019 published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

	2019		2010	
Employer	Employees	Rank	Employees	Rank
	N/A	1	N/A	
	N/A	2	N/A	
	N/A	3	N/A	
	N/A	4	N/A	
	N/A	5	N/A	
	N/A	6	N/A	
	N/A	7	N/A	
	N/A	8	N/A	
	N/A	9	N/A	
	N/A	10	N/A	
	N/A		N/A	
	N/A		N/A	

## **OPERATING INFORMATION**



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

<b><u>Function/Program</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Instruction										
Regular	463	388	402	402	405	405	428	431	430	435
Special education	131	157	164	164	178	178	185	190	191	197
Other special education	-									
Support Services:										
Student & instruction related services	162	96	112	112	131	131	134	141	148	160
General administration	3	2	4	4	5	5	5	5	6	6
School administrative services	36	31	31	31	27	27	28	34	42	40
Central services	12	15	9	9	8	8	8	8	9	7
Administrative Information Technology	7	8	8	8	11	11	12	13	13	11
Plant operations and maintenance	104	96	85	85	102	102	107	108	120	114
Pupil transportation	30	26	29	29	31	31	34	33	34	38
Other support services	-	21	4	4	-	-	-			
Total	<u>948</u>	<u>840</u>	<u>848</u>	<u>848</u>	<u>898</u>	<u>898</u>	<u>941</u>	<u>963</u>	<u>993</u>	<u>1,008</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Attendance			
						Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	5,521	84,424,571	15,292	6.00%	575	1:10.6	1:10.4	1:11	5,824.9	5,372.0	2.80%	92.22%
2011	5,886	82,395,729	13,999	-0.11%	539	1:10.7	1:10.5	1:11.2	5,947.1	5,545.4	4.81%	93.25%
2012	5,968	81,746,641	13,697	-2.15%	500	1:12.6	1:11.3	1:11.8	6,040.6	5,662.4	1.57%	93.74%
2013	6,148	86,850,221	14,127	3.13%	562	1:10.2	1:10.4	1:10.9	6,120.3	5,777.4	1.32%	94.40%
2014	6,162	89,458,174	14,518	2.77%	583	1:10.4	1:10.8	1:10.3	6,162.5	5,828.5	0.69%	94.58%
2015	6,224	92,924,605	14,930	2.84%	583	1:10.4	1:10.8	1:10.3	6,147.2	5,853.1	-0.25%	95.22%
2016	6,245	99,543,809	15,940	6.76%	613	1:11.1	1:11.9	1:11.3	6,068.5	5,779.9	-1.28%	95.24%
2017	6,175	103,250,734	16,721	4.90%	621	1:11.2	1:12.0	1:11.4	6,044.6	5,729.1	-0.39%	94.78%
2018	6,206	109,978,371	17,721	5.98%	621	1:11.2	1:12.0	1:11.4	5,987.0	5,688.5	-0.95%	95.01%
2019	6,211	118,454,305	19,072	7.62%	632	1:11.2	1:12.0	1:11.4	5,939.1	5,627.6	-0.80%	94.76%

Sources: District records

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

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

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

	<u>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>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b>Judd (1967)</b>										
Square Feet	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595
Capacity (students)	709	709	709	709	709	709	709	709	709	709
Enrollment	683	721	737	779	792	805	749	714	720	720
<b>John Adams (1961)</b>										
Square Feet	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257
Capacity (students)	634	634	634	634	634	634	634	634	634	634
Enrollment	675	703	706	715	725	719	649	672	650	650
<b>Livingston Park (1930)</b>										
Square Feet	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573
Capacity (students)	677	677	677	677	677	677	677	677	677	677
Enrollment	712	684	793	734	716	702	646	600	593	593
<b>Parsons (1965)</b>										
Square Feet	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079
Capacity (students)	673	673	673	673	673	673	673	673	673	673
Enrollment	637	649	726	738	771	790	770	769	735	735
<b>Early Childhood Center</b>										
Square Feet							14,340	14,340	14,340	14,340
Capacity (students)							174	174	174	174
Enrollment							174	153	154	154
<b><u>Middle School</u></b>										
<b>Linwood (1951)</b>										
Square Feet	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557
Capacity (students)	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527
Enrollment	1,274	1,317	1,352	1,371	1,341	1,334	1,345	1,347	1,380	1,380
<b><u>High School</u></b>										
<b>North Brunswick High School (1973)</b>										
Square Feet	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716
Capacity (students)	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614
Enrollment	1,684	1,766	1,725	1,758	1,796	1,777	1,752	1,789	1,781	1,781
<b><u>Other</u></b>										
<b>Athletic Building (1979)</b>										
Square Feet	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704
<b>Central Administration (1927)</b>										
Square Feet	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
<b>Warehouse</b>										
Square Feet	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376
<b>Number of Buildings at June 30, 2019</b>										
Elementary Schools =	4									
Middle School =	1									
High School =	1									
Other =	3									

Source: District Facilities Office

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

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

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

	* School Facilities Project # (s)	Early Childhood Center	John Adams	Judd	Livingston Park	Parsons	Linwood M.S.	North Brunswick H.S.	Other Facilities	Total
2010	N/A		125,010	134,054	128,073	127,198	309,535	597,335	37,488	1,458,693
2011	N/A		140,047	151,001	153,944	125,259	277,182	548,728	40,450	1,436,610
2012	N/A		109,016	121,943	122,042	144,825	284,249	555,275	45,579	1,382,930
2013	N/A		116,464	124,876	119,207	118,511	288,327	556,361	34,733	1,358,479
2014	N/A		136,974	122,454	130,687	129,939	316,164	610,172	50,598	1,496,988
2015	N/A		132,599	142,176	135,722	134,929	328,271	633,436	39,545	1,546,678
2016	N/A	23,268	128,603	143,755	137,229	136,428	331,917	640,471	53,096	1,571,499
2017	N/A	25,842	142,827	159,654	152,406	151,516	368,626	711,307	58,967	1,771,145
2018	N/A	21,084	116,529	130,259	124,345	123,619	300,755	580,341	48,110	1,445,042
2019	N/A	25,217	139,375	155,796	148,723	147,855	359,718	694,116	57,542	1,728,342
<b>Total School Facilities</b>		<b>\$ 95,411</b>	<b>\$ 1,287,444</b>	<b>\$ 1,385,969</b>	<b>\$ 1,352,378</b>	<b>\$ 1,340,079</b>	<b>\$ 3,164,744</b>	<b>\$ 6,127,542</b>	<b>\$ 466,108</b>	<b>\$ 15,196,406</b>

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

Source: District records

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2019**  
**UNAUDITED**

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

Source: District records.

**SINGLE AUDIT SECTION**

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

Exhibit K-1  
Sheet 1 of 2

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of North Brunswick Board of Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Township of North Brunswick Board of Education's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
December 13, 2019



550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

Exhibit K-2  
Sheet 1 of 3

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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

**Opinion on Each Major Federal and State Program**

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

**Report on Internal Control over Compliance**

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

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

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

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

Purpose of Report

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

December 13, 2019  
Freehold, New Jersey

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2018						Balance, June 30, 2019			
						Due to Grantor	Deferred Revenue	(Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Deferred Revenue	Due to Grantor	
															From
U.S. Department of Education:															
General Fund:															
Medical Assistance Program	93.778	1805NJ5MAP	\$ 221,420	7/1/2018	6/30/2019				\$ 221,420	\$ (221,420)					
Total General Fund									\$ 221,420	\$ (221,420)					
U.S. Department of Education															
Passed - Through State Department of Education:															
Special Revenue Fund:															
Title 1, Part D	84.010	S013A170030	\$ 274,733	7/1/2017	6/30/2018			\$ (3,027)	\$ 3,027						
Title 1, Part D	84.010	S013A180030	229,746	7/1/2018	6/30/2019				7,670	\$ (175,191)		\$ (167,521)			
Title 1, Part A	84.010	S013A170030	726,087	7/1/2017	6/30/2018			(175,322)	175,322						
Title 1, Part A	84.010	S013A160030	716,763	7/1/2016	6/30/2017			(934)	934						
Title 1, Part A	84.010	S013A180030	716,763	7/1/2018	6/30/2019				518,035	(753,838)		(235,803)			
Title II, Part A	84.367	S367A170029	158,153	7/1/2017	6/30/2018			(44,857)	44,857						
Title II, Part A	84.367	S367A160029	81,666	7/1/2016	6/30/2017			(5,682)	5,682						
Title II, Part A	84.367	S367A180029	187,333	7/1/2018	6/30/2019				133,248	(189,733)		(56,485)			
Title III, Part A	84.365	S365A170030	61,024	7/1/2017	6/30/2018			(7,049)	4,889		\$ 2,160				
Title III, Part A	84.365	S365A160030	62,833	7/1/2016	6/30/2017		\$ 1,860				(1,860)				
Title III, Part A	84.365	S365A180030	61,581	7/1/2018	6/30/2019				54,086	(59,561)		(5,475)			
Title III, Immigrant	84.365	S365A170030	19,767	7/1/2017	6/30/2018			(1,514)	1,514						
Title III, Immigrant	84.365	S365A190030	22,766	7/1/2016	6/30/2017			(38)	38						
Title III, Immigrant	84.365	S365A180030	22,768	7/1/2018	6/30/2019				14,598	(15,786)		(1,188)			
Title IV	84.369	S369A180031	12,917	7/1/2018	6/30/2019				10,071	(10,109)		(38)			
Impact Aide	84.938C	S938C18005	27,450	7/1/2017	6/30/2018			(27,450)	21,750		5,700				
I.D.E.A. Part B, Basic	84.027	H027A170100	1,327,635	7/1/2017	6/30/2018			(203,211)	203,211						
I.D.E.A. Part B, Basic	84.027	H027A160100	1,333,795	7/1/2016	6/30/2017			(9,084)	9,084						
I.D.E.A. Part B, Basic	84.027	H027A190100	1,325,526	7/1/2018	6/30/2019				965,760	(1,340,844)		(375,084)			
I.D.E.A. Preschool	84.173	H173A170114	36,684	7/1/2017	6/30/2018			(7,825)	7,825						
I.D.E.A. Preschool	84.173	H173A160114	36,857	7/1/2016	6/30/2017			(1,107)	1,107						
I.D.E.A. Preschool	84.173	H173A180114	37,543	9/1/2018	6/30/2019				11,487	(20,003)		(8,516)			
Perkins Grant	84.048	V048A170030	34,992	7/1/2017	6/30/2018			(15,797)	16,199	(402)					
Perkins Grant	84.048	V048A180030	38,978	7/1/2018	6/30/2019				19,621	(32,465)		(12,844)			
Total Special Revenue Fund							\$ 1,860	\$ (502,897)	\$ 2,230,015	\$ (2,597,932)	\$ 6,000	\$ (862,954)			

**BOARD OF EDUCATION**  
**NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2018			Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2019		
				From	To	Due to Grantor	Deferred Revenue	(Accounts Receivable)				(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.555	191NJ304N1099	239,439	7/1/2019	6/30/2019				\$ 239,439	\$ (214,038)			\$ 25,401	
Food Distribution Program	10.555	18NJ304N1099	293,457	7/1/2017	6/30/2019		\$ 35,862			(35,862)				
School Breakfast Program	10.553	191NJ304N1099	504,390	7/1/2019	6/30/2019			459,882	(504,390)		\$ (44,508)			
School Breakfast Program	10.553	18NJ304N1099	454,869	7/1/2017	6/30/2018			40,279						
National School Lunch Program	10.555	191NJ304N1099	1,256,978	7/1/2018	6/30/2019			1,159,095	(1,256,978)		(97,883)			
National School Lunch Program	10.555	181NJ304N1099	1,211,383	7/1/2017	6/30/2018			93,271			(93,271)			
National School Lunch Program (PB)	10.555	191NJ304N1099	36,215	7/1/2018	6/30/2019			33,392	(36,215)		(2,823)			
National School Lunch Program (PB)	10.555	18NJ304N1099	35,616	7/1/2017	6/30/2018			2,783			(2,783)			
School Snack Program	10.555	191NJ304N1099	11,799	7/1/2018	6/30/2019			10,994	(11,799)		(805)			
School Snack Program	10.555	181NJ304N1099	10,601	7/1/2017	6/30/2018			818			(818)			
Total Enterprise Fund							\$ 35,862	\$ (137,151)	\$ 2,039,953	\$ (2,059,282)		\$ (146,019)	\$ 25,401	
Total Federal Awards							\$ 37,722	\$ (640,048)	\$ 4,491,388	\$ (4,878,634)	\$ 6,000	\$ (1,008,973)	\$ 25,401	

(1) Equals inventory.

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2018		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2019		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Categorical Special Education Aid	19-495-034-5120-089	\$ 5,372,023	7/1/2018 - 6/30/2019			\$ 5,372,023	\$ (5,372,023)			\$ 527,139	\$ (5,372,023)	
Equalization Aid	19-495-034-5120-078	9,550,103	7/1/2018 - 6/30/2019			9,550,103	(9,550,103)			937,050	(9,550,103)	
Categorical Security Aid	19-495-034-5120-084	1,619,505	7/1/2018 - 6/30/2019			1,619,505	(1,619,505)			158,957	(1,619,505)	
Transportation Aid	19-495-034-5120-014	2,310,618	7/1/2018 - 6/30/2019			2,310,618	(2,310,618)			226,887	(2,310,618)	
Adequacy Aid	19-495-034-5120-083		7/1/2018 - 6/30/2019									
Extraordinary Aid	18-495-034-5120-044	1,443,059	7/1/2017 - 6/30/2018	\$ (1,443,059)		1,443,059						
Extraordinary Aid	19-495-034-5120-044	2,010,242	7/1/2018 - 6/30/2019				(2,010,242)		\$ (2,010,242)		(2,010,242)	
Reimbursed TPAF Social Security Contributions On Behalf TPAF - Non-Contributory Insurance	18-495-034-5094-003	3,105,395	7/1/2017 - 6/30/2018									
On Behalf TPAF - Non-Contributory Insurance	19-495-034-5094-003	9,472	7/1/2018 - 6/30/2019			9,472	(9,472)				(9,472)	
On Behalf TPAF-Pension	19-495-034-5094-002	7,845,625	7/1/2018 - 6/30/2019			7,845,625	(7,845,625)				(7,845,625)	
On Behalf TPAF - Post Retirement Medical	19-495-034-5094-001	3,558,763	7/1/2018 - 6/30/2019			3,558,763	(3,558,763)				(3,558,763)	
On Behalf TPAF - FICA	19-495-034-5094-004	3,267,244	7/1/2018 - 6/30/2019			3,267,244	(3,267,244)				(3,267,244)	
Non Public Transportation	18-495-034-5120-014	92,847	7/1/2017 - 6/30/2018	(92,847)		92,847						
Non Public Transportation	19-495-034-5120-014	88,753	7/1/2018 - 6/30/2019				(88,753)		(88,753)		(88,753)	
Homeless Aid	19-495-034-5120-102	35,115	7/1/2018 - 6/30/2019				(35,115)		(35,115)		(35,115)	
<b>Total General Fund</b>				\$ (1,535,906)		\$ 35,069,259	\$ (35,667,463)		\$ (2,134,110)	\$ 1,850,033	\$ (35,667,463)	
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	18-100-034-5120-064	\$ 2,410	7/1/2017 - 6/30/2018		\$ 173			\$ 173				
Textbook Aid	19-100-034-5120-064	2,189	7/1/2018 - 6/30/2019			\$ 2,189	(2,123)		\$ 66		(2,123)	
Nursing Services	18-100-034-5120-070	4,365	7/1/2017 - 6/30/2018		1			1				
Nursing Services	19-100-034-5120-070	4,268	7/1/2018 - 6/30/2019			4,268	(4,265)		3		(4,265)	
Technology	18-100-034-5120-373	1,628	7/1/2017 - 6/30/2018		1			1				
Technology	19-100-034-5120-373	1,476	7/1/2018 - 6/30/2019			1,476	(1,432)		44		(1,432)	
Security	18-100-034-5120-509	3,375	7/1/2017 - 6/30/2018		4			4				
Security	19-100-034-5120-509	6,600	7/1/2018 - 6/30/2019			6,600	(6,587)		13		(6,587)	

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2018		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2019		MEMO		
			From	To	(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Special Revenue Fund: (Continued)														
Auxiliary Services:														
Compensatory Education	18-100-034-5120-067	\$ 23,032	7/1/2017	- 6/30/2018		\$ 9,744			\$ 9,744					
Compensatory Education	19-100-034-5120-067	10,998	7/1/2018	- 6/30/2019			\$ 10,998	\$ (3,384)			\$ 7,614		\$ (3,384)	
ESL	18-100-034-5120-069	903	7/1/2017	- 6/30/2018					903					
Handicapped Services:														
Examination and Classification	18-100-034-5120-066	10,735	7/1/2017	- 6/30/2018		1,274			1,272					
Examination and Classification	19-100-034-5120-066	7,103	7/1/2018	- 6/30/2019			7,103	(5,829)			1,274		(5,829)	
Supplemental Instruction	19-100-034-5120-066	7,613	7/1/2018	- 6/30/2019			7,613	(7,613)					(7,613)	
Corrective Speech	19-100-034-5120-066	3,571	7/1/2018	- 6/30/2019			3,571	(2,678)			893		(2,678)	
Transportation	19-100-034-5120-068	1,637	7/1/2018	- 6/30/2019			1,637	(1,637)					(1,637)	
Preschool Educ. Expansion Aid	19-495-034-5120-104	928,808	7/1/2018	- 6/30/2019			928,808	(928,808)				\$ 90,832	(928,808)	
Total Special Revenue Fund						\$ 11,197	\$ 974,263	\$ (964,356)	\$ 12,098		\$ 9,907	90,832	\$ (964,356)	
Debt Service Fund:														
Debt Service Aid Type II	19-495-034-5120-075	\$ 194,898	7/1/2018	- 6/30/2019			\$ 194,898	\$ (194,898)					\$ (194,898)	
Total Debt Service Fund							\$ 194,898	\$ (194,898)					\$ (194,898)	
State Department of Agriculture Enterprise Fund:														
State School Lunch Program	19-100-010-3350-023	\$ 31,992	7/1/2018	- 6/30/2019			\$ 29,499	\$ (31,992)			\$ (2,493)		\$ (31,992)	
State School Lunch Program	18-100-010-3350-023	31,469	7/1/2017	- 6/30/2018	\$ (2,456)		2,456							
Total Enterprise Fund					\$ (2,456)		\$ 31,955	\$ (31,992)			\$ (2,493)		\$ (31,992)	
Total State Financial Assistance					\$ (1,538,362)	\$ 11,197	\$ 36,270,375	\$ (36,858,709)	\$ 12,098		\$ (2,136,603)	\$ 9,907	\$ 1,940,865	\$ (36,858,709)
Less On-behalf TPAF:														
Pension	18-495-034-5094-002							\$ 7,845,625						
Post-Retirement Medical	18-495-034-5094-001							3,558,763						
Non-Contributory Insurance	18-495-034-5094-004							9,472						
								\$ (25,444,849)						

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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



**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$447,258 for the general fund and a decrease of \$90,832 in the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented are as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 221,420	\$ 35,220,205	\$ 35,441,625
Special Revenue Fund	2,597,930	873,524	3,471,454
Debt Service Fund		194,898	194,898
Food Service Fund	<u>2,048,810</u>	<u>31,992</u>	<u>2,080,802</u>
Total Awards and Assistance	<u>\$ 4,868,160</u>	<u>\$ 36,320,619</u>	<u>\$ 41,188,779</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no federal or state loans outstanding.

**6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contribution and Post-Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

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

**7. INDIRECT COSTS**

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

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified, dated  
December 13, 2019

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes      x   no

**Federal Awards**

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified, dated  
December 13, 2019

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**State Financial Assistance**

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

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

Type of auditor's report issued on compliance for major programs:           Unmodified, dated  
December 13, 2019          

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
<u>19-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>19-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>19-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u>19-100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>19-495-034-5120-014</u>	<u>Categorical Transportation Aid</u>
<u>19-495-034-5120-104</u>	<u>Pre-School Education Expansion Aid</u>

**Section II - Schedule of Financial Statement Findings**

None

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

None

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FOR THE YEAR ENDED JUNE 30, 2018:**

There were no findings for the year ended June 30, 2018.