

**BRANCBURG TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Branchburg Township School District

Branchburg, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

Branchburg Township Board of Education

BRANCBURG TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart.....	7
Roster of Officials.....	8
Consultants and Advisors	9

FINANCIAL SECTION 10

Independent Auditors' Report.....	11
-----------------------------------	----

Required Supplementary Information.....	14
Management's Discussion and Analysis (Unaudited).....	15

Basic Financial Statements (Sections A. and B.)..... 26

A. District-Wide Financial Statements.....	27
A-1 Statement of Net Position	28
A-2 Statement of Activities	29

B. Fund Financial Statements	31
B-1 Balance Sheet – Governmental Funds.....	32
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	34
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	36
B-4 Statement of Net Position – Proprietary Funds	37
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	38
B-6 Statement of Cash Flows – Proprietary Funds	39
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	40
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	41

Notes to the Basic Financial Statements..... 42

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	73
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	73
L-2 Schedule of District Contributions – Public Employees Retirement System	74
L-3 Schedule of District's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund	75

Notes to Required Supplementary Information..... 76

BRANCBURG TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules (Unaudited)	77
C-1 Budgetary Comparison Schedule – General Fund.....	78
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	89
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information.....	90

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable)	91
E. Special Revenue Fund.....	92
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	93
E-2 Pre-School Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund	95
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance.....	96
F-1a Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Bleacher Safety Rails and Wall Panels at Middle School	97
F-1b Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Middle School New Gym Lighting	98
F-1c Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Stony Brook School New Gym Lighting.....	99
F-1d Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Whiton School New Gym Lighting.....	100
F-1e Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Old York School New Gym Lighting.....	101
F-1f Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Upgrade Building Automation System Controls – Central Middle School.....	102
F-1g Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Upgrade Building Automation System Controls – Stony Brook School.....	103
F-1h Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Upgrade Building Automation System Controls – Whiton School.....	104
G. Proprietary Funds	105
Enterprise Funds:	
G-1 Combining Statement of Net Position	106
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position	107
G-3 Combining Statement of Cash Flows	108
H. Fiduciary Funds.....	109
H-1 Combining Statement of Net Position	110
H-2 Combining Statement of Changes in Net Position	111
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	112
H-4 Student Activity Agency Fund Statement of Activity	113
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements	114

BRANCBURG TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.) (Cont'd)

I.	Long-Term Debt.....	115
	I-1 Schedule of Serial Bonds.....	116
	I-2 Schedule of Obligations Under Capital Leases	118
	I-3 Budgetary Comparison Schedule - Debt Service Fund (Unaudited).....	119
J.	STATISTICAL SECTION (Unaudited).....	120
	J-1 Net Position by Component.....	121
	J-2 Changes in Net Position	122
	J-3 Fund Balances - Governmental Funds.....	125
	J-4 Changes in Fund Balance – Governmental Funds.....	126
	J-5 General Fund Other Local Revenue by Source	128
	J-6 Assessed Value and Actual Value of Taxable Property	129
	J-7 Direct and Overlapping Property Tax Rates.....	130
	J-8 Principal Property Taxpayers	131
	J-9 Property Tax Levies and Collections.....	132
	J-10 Ratios of Outstanding Debt by Type	133
	J-11 Ratios of Net General Bonded Debt Outstanding.....	134
	J-12 Ratios of Overlapping Governmental Activities Debt.....	135
	J-13 Legal Debt Margin Information	136
	J-14 Demographic and Economic Statistics	137
	J-15 Principal Employers	138
	J-16 Full-Time Equivalent District Employees by Function/Program	139
	J-17 Operating Statistics.....	140
	J-18 School Building Information	141
	J-19 Schedule of Required Maintenance for School Facilities.....	142
	J-20 Insurance Schedule	143
K.	SINGLE AUDIT SECTION	144
	K-1 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 <i>Government Auditing Standards</i>	145
	K-2 Independent Auditors’ Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by OMB Circular A-133 and New Jersey’s OMB Circulars 04-04 and 15-08.....	147
	Schedule of Expenditures of Federal Awards	149
	Schedule of Expenditures of State Awards	150
	Notes to the Schedules of Expenditures of Federal and State Awards.....	152
	Schedule of Findings and Questioned Costs	154
	Summary Schedule of Prior Audit Findings	156

INTRODUCTORY SECTION
(UNAUDITED)



BRANCHBURG TOWNSHIP SCHOOL DISTRICT

"Excellence in Education"

240 Baird Road • Branchburg, New Jersey 08876-4200 • Fax (908) 526-6144
Telephone: (908) 722-3335

November 20, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Branchburg Township School District (District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

- The Introductory Section includes this Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors.
- The Financial Section includes the Independent Auditors' Report, the Management's Discussion and Analysis, and the Basic Financial Statements, Notes, and other schedules that provide an overview of the District's financial position.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditors' report on the internal control system and compliance with applicable laws and regulations and findings and recommendations. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and New Jersey's OMB Circulars 04-04 and 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments."

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
 Page 2
 November 20, 2015

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

The Branchburg Township School District provides a full range of educational services for pupils in grades Kindergarten through 8. Resident pupils in grades 9-12 attend Somerville High School on a tuition basis. The K-8 programs include regular, special education and enrichment instruction which offer a wide range of opportunities for pupils of varying abilities. The District also offers a pre-K special education program that accepts up to 22 parent paid regular education students.

The District had K-8 enrollment of 1,563 students during the 2014-2015 school year – a decrease of 73 students from the previous school year.

K - 8 ENROLLMENT

<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2005-06	1,959	(1.95%)
2006-07	1,950	(0.45%)
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)
2012-13	1,696	(2.36%)
2013-14	1,636	(3.54%)
2014-15	1,563	(4.46%)

In addition to the K-8 enrollment, the District had 765 students in 2014-2015 who attended Somerville High School as well as out of district special education placements for which the District pays tuition.

Based on demographic projections prepared in February 2011 by Whitehall Associates, the Board of Education determined that all four schools were no longer needed to meet the District's projected growth in enrollment. On March 3, 2011 the Board of Education voted to request approval of the NJ Department of Education to close Old York School and on April 14, 2011, the New Jersey Department of Education approved the District's request.

For the 2014-15 school year, the District was configured as follows:

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

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
 Page 3
 November 20, 2015

2. 2014-2015 MAJOR INITIATIVES:

The vision of Branchburg Township School District is “*Excellence in Education.*” The mission of the Branchburg Township School District is to *inspire our children to learn, think, grow, and excel in life.* In pursuit of this vision and mission, our major initiatives for the 2014-2015 school year are outlined below, along with highlights of our resulting accomplishments.

District Goal One: Focus on Learning

All students will attain the knowledge and skills necessary to support further learning.

Objective A

By building our capacity to support the Core Content State Standards (CCSS), we will:

- Clarify curriculum materials and expectations for staff with explicit links to CCSS and interdisciplinary connections.
- Increase professional knowledge and skills for research-based practices that integrate the CCSS into daily instructional practices.
- Facilitate staff and student access to technology, including training and support, so all students are presented with relevant curricula that requires critical thinking, clear communication, and the opportunity to create new material through exploration.

Objective B

By building our capacity to support the Core Content State Standards (CCSS), we will:

- Use formative and summative assessments to measure student achievement and gauge our professional effectiveness.
- Insure that students are able to demonstrate appropriate levels of learning, as measured by Student Growth Objectives, in key content areas and based on essential learning outcomes.
- Provide opportunities for students to demonstrate a sense of responsibility for their own learning by self-monitoring progress and guiding their learning.
- Explore and adopt research-based, multi-level academic progress monitoring systems to inform and improve our professional practices and the ways in which we respond to students who need academic support, reinforcement, and/or enrichment of the curriculum.

Honorable President and
 Members of the Board of Education
 Branchburg Township School District
 Page 4
 November 20, 2015

2014-2015 Accomplishments for District Goal 1

- ✓ Common requirements for lesson plan writing were established and published on Google Docs. Access to view and respond to the lesson plans was awarded to building and district administrators. Alignment of lesson plans to the CCSS was established.
- ✓ Teacher Academy Classes were presented that deepened the participants understanding of curricula and strategies to infuse critical thinking and creativity.
- ✓ Blended learning opportunities were piloted in each of the three schools.
- ✓ The number of technology devices was significantly increased in each of the three schools. Training was provided to assist teachers in the use of the devices for authentic instruction within the classrooms. Differentiation of instruction based on student data was emphasized.
- ✓ The development of Student Growth Objectives was initiated and aligned to formative assessment data.

District Goal 2: Build a Collaborative Culture

All staff will develop a clear understanding of the beliefs and practices that support adult and student learning necessary for success.

Objective A

To strengthen our commitment to students through collaboration, we will:

- Improve upon the collaboration performance scores from 2013-2014 related to collaboration and trust (I trust the people I work with; our collaboration creates results; our collaborative team has a positive impact on students.).

Objective B

In order to offer our students a positive climate for learning, we will:

- Insure a greater sense of efficacy for students as they negotiate peer-to-peer conflict resolution.

2014-2015 Accomplishments for District Goal 2

- Survey responses from the staff at all three schools yielded an increase in the number of people who reported that they trusted their colleagues and felt a sense of collaboration.
- Significant work was completed with HIB training and conflict resolution training. The School Safety Officer, Board Attorney, building administrators, faculty and staff all gained a common framework from which to work. Students had opportunities to celebrate positive interactions and gain leadership skills through Social Skills programs in each of the schools.

Honorable President and
Members of the Board of Education
Branchburg Township School District
Page 5
November 20, 2015

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

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

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the voters of the municipality. Annual appropriations budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year ended June 30, 2015 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

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

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

Honorable President and
Members of the Board of Education
Branchburg Township School District
Page 6
November 20, 2015

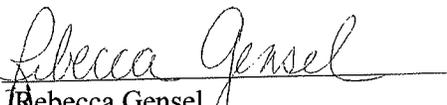
7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in the Statistical Section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

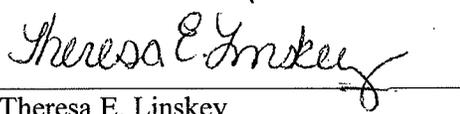
8. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP of Mt. Arlington, New Jersey will perform this service. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08.

The auditors' report on the basic and fund financial statements are 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 the report.

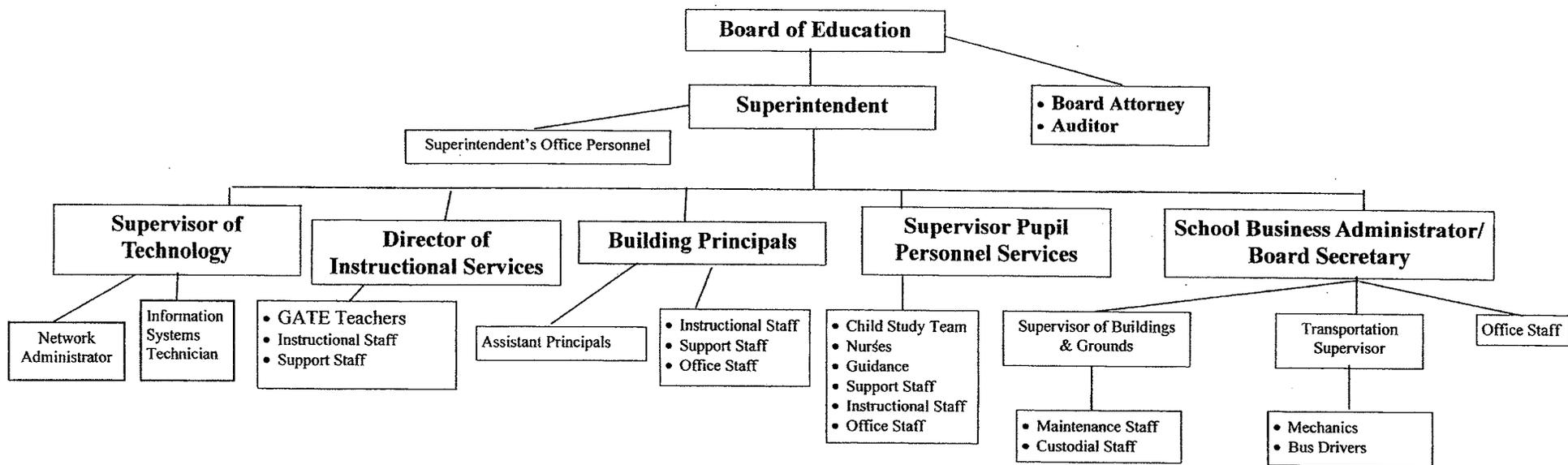
9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Branchburg Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,


Rebecca Gensel
Acting Superintendent of Schools


Theresa E. Linskey
Business Administrator/Board
Secretary

**Branchburg Township School District
1110 ORGANIZATIONAL CHART**



BRANCBURG TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Rehe, President	January 2016
Patricia Santos, Vice President	January 2016
Zoltan Ambrus	January 2017
Jack Dempsey	January 2018
Terri Joyce	January 2016
Catherine Curcio Palmieri	January 2018
Carmelo Noto	January 2018
Olga Phelps	January 2017
Jose-Ramon Suarez	January 2017

OTHER OFFICIALS

TITLE

Carol Kelley	Superintendent of Schools
Theresa E. Linskey	School Business Administrator/Board Secretary
David B. Rubin, Esquire	Solicitor
Carol Kelley	Director of Curriculum and Instruction
Carol Webb	Director of Pupil Personnel Services
Rebecca Gensel	Principal, Whiton Elementary School
Frank Altmire	Principal, Stony Brook Elementary School
Matthew Barbosa	Principal, Branchburg Central Middle School
Alison Watkins	Supervisor of Language Arts and Humanities
Karen Dudley	Supervisor of Science, Technology, Engineering, Mathematics, and the Arts

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

ARCHITECT

(No Architect of Record)

ATTORNEY

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

AUDIT FIRM

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320

BOND COUNSEL

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

FINANCIAL ADVISOR

Phoenix Advisors
4 West Park Street
Bordentown, New Jersey 08505

OFFICIAL DEPOSITORY

TD Bank
Milltown Road
Bridgewater, New Jersey 08807

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District, in the County of Somerset, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 20 to the basic financial statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nisivoccia, LLP

November 20, 2015
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

This section of the Branchburg Township School District's (the "District's") annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's overall net position at June 30, 2015 was \$10,184,121.
- Overall net position decreased \$590,498 on a district-wide basis over the course of the year.
- Overall revenue was \$49,503,636.
- Overall expenditures were \$50,094,134.
- General Fund fund balance at June 30, 2015 was \$4,323,296 (on the GAAP basis), a decrease of \$966,728 from the prior year.

Overview of the Financial Statements

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

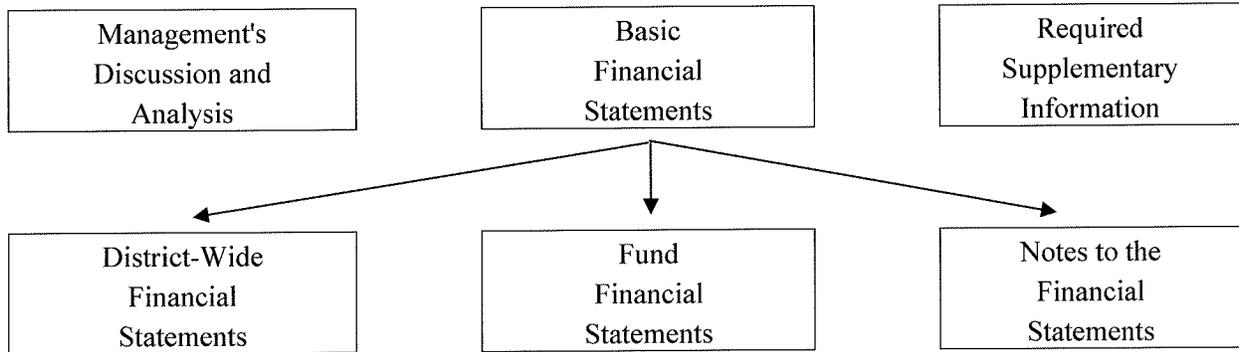


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$10,184,121 on June 30, 2015, \$590,498 or 5.48% less than the year before (See Figure A-3). Net position from governmental activities decreased \$561,647 and net position from business-type activities decreased by \$28,851 (See Figure A-4). Net investment in capital assets increased \$708,778, restricted net position decreased \$1,333,386 and unrestricted net position increased \$34,110.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2014/2015	2013/2014*	2014/2015	2013/2014	2014/2015	2013/2014*	
Current and Other Assets	\$ 4,455,945	\$ 5,657,468	\$ 201,263	\$ 212,297	\$ 4,657,208	\$ 5,869,765	-20.66%
Capital Assets, Net	39,187,752	39,724,056	117,109	117,919	39,304,861	39,841,975	-1.35%
Total Net Assets	<u>43,643,697</u>	<u>45,381,524</u>	<u>318,372</u>	<u>330,216</u>	<u>43,962,069</u>	<u>45,711,740</u>	-3.83%
Deferred Outflows of Resources	<u>1,035,360</u>	<u>812,220</u>			<u>1,035,360</u>	<u>812,220</u>	27.47%
Long-Term Debt	33,679,751	34,928,078			33,679,751	34,928,078	-3.57%
Other Liabilities	685,727	814,416	23,854	6,847	709,581	821,263	-13.60%
Total Liabilities	<u>34,365,478</u>	<u>35,742,494</u>	<u>23,854</u>	<u>6,847</u>	<u>34,389,332</u>	<u>35,749,341</u>	-3.80%
Deferred Inflows of Resources	<u>423,976</u>				<u>423,976</u>		100.00%
Net Position:							
Net Investment in Capital Assets	13,397,752	12,688,164	117,109	117,919	13,514,861	12,806,083	5.53%
Restricted	2,933,223	4,266,609			2,933,223	4,266,609	-31.25%
Unrestricted (Deficit)	<u>(6,441,372)</u>	<u>(6,503,523)</u>	<u>177,409</u>	<u>205,450</u>	<u>(6,263,963)</u>	<u>(6,298,073)</u>	-0.54%
Total Net Position	<u>\$ 9,889,603</u>	<u>\$ 10,451,250</u>	<u>\$ 294,518</u>	<u>\$ 323,369</u>	<u>\$ 10,184,121</u>	<u>\$ 10,774,619</u>	-5.48%

*Restated

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net position. The District's combined net position decreased by \$590,498, or 5.48%, over the course of the fiscal year. Net investment in capital assets increased \$708,778 due to a \$1,165,000 reduction in debt from current year maturities, \$80,892 reduction in capital leases and \$1,135,900 in capital additions (\$1,124,100 from governmental and \$11,800 from business-type activities) offset by \$1,673,014 in depreciation (\$1,660,404 from governmental and \$12,610 from business-type activities). Restricted net position decreased by \$1,333,386 due to decreases in the maintenance reserve of \$200,000, capital reserve and capital projects of \$981,925 and a reduction of excess surplus designated for subsequent year's expenditures of \$200,561 offset by an increase in debt service of \$49,100. Unrestricted net position increased \$34,110 primarily due to unexpended General Fund budget appropriations. The net position of the business-type activities decreased \$28,851 due to a combination of a slight reduction in revenue and an increase in expenses in the Food Service program. (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Revenue:							
Program Revenue:							
Charges for Services	\$ 117,608	\$ 154,218	\$ 544,113	\$ 555,927	\$ 661,721	\$ 710,145	-6.82%
Operating Grants/Contributions	8,493,488	5,269,020	90,134	87,321	8,583,622	5,356,341	60.25%
Capital Grants/Contributions	71,615	55,470			71,615	55,470	29.11%
General Revenue:							
Property Taxes	39,742,056	38,904,430			39,742,056	38,904,430	2.15%
Unrestricted Federal/State Aid	335,832	299,973			335,832	299,973	11.95%
Other	106,726	365,534	2,064	1,446	108,790	366,980	-70.36%
Total Revenue	<u>48,867,325</u>	<u>45,048,645</u>	<u>636,311</u>	<u>644,694</u>	<u>49,503,636</u>	<u>45,693,339</u>	8.34%
Expenses:							
Instruction	19,690,258	17,619,671			19,690,258	17,619,671	11.75%
Pupil and Instruction Services	18,326,610	17,097,385			18,326,610	17,097,385	7.19%
Administrative and Business	3,611,131	3,097,433			3,611,131	3,097,433	16.58%
Maintenance and Operations	2,296,007	1,904,141			2,296,007	1,904,141	20.58%
Transportation	2,920,064	2,584,224			2,920,064	2,584,224	13.00%
Other	2,584,902	2,586,421	665,162	646,166	3,250,064	3,232,587	0.54%
Total Expenses	<u>49,428,972</u>	<u>44,889,275</u>	<u>665,162</u>	<u>646,166</u>	<u>50,094,134</u>	<u>45,535,441</u>	10.01%
Change in Net Position	<u>\$ (561,647)</u>	<u>\$ 159,370</u>	<u>\$ (28,851)</u>	<u>\$ (1,472)</u>	<u>\$ (590,498)</u>	<u>\$ 157,898</u>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2014-2015 fiscal school year was \$49,503,636. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$39,742,056, or 80.28% of total revenue. (See Figure A-5). Another 18.16% came from state and federal aid and the remaining 1.56% came from charges for services and miscellaneous sources. The District basically conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5

Sources of School District Revenue - Fiscal Years 2015 and 2014

	<u>2015</u>	<u>Percentage</u>	<u>2014</u>	<u>Percentage</u>
Sources of Income:				
State Formula Aid	\$ 1,952,515	3.94%	\$ 1,917,680	4.20%
Property Taxes	39,742,056	80.28%	38,904,430	85.14%
Federal and State Categorical Grants	7,038,554	14.22%	3,794,104	8.30%
Charges for Services	661,721	1.34%	710,145	1.55%
Other	108,790	0.22%	366,980	0.81%
Total Revenue	<u>\$ 49,503,636</u>	<u>100.00%</u>	<u>\$ 45,693,339</u>	<u>100.00%</u>

The total cost of all programs and services was \$50,094,134. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.72%). (See Figure A-6). The District's administration and business activities accounted for 7.21% of total expenses. The District's maintenance and operations accounted for 4.58% of total expenses. It is important to note that other expenses for the year (6.49%) include \$1,156,024 of interest on long-term debt, \$1,428,878 of unallocated depreciation and \$665,162 of expenses from its business-type activities.

Figure A-6

Sources of School District Expenses - Fiscal Years 2015 and 2014

Expense Category:	<u>2015</u>	<u>Percentage</u>	<u>2014</u>	<u>Percentage</u>
Instruction	\$ 19,690,258	39.31%	\$ 17,619,671	38.69%
Pupil and Instruction Services	18,326,610	36.58%	17,097,385	37.55%
Administrative and Business	3,611,131	7.21%	3,097,433	6.80%
Maintenance and Operations	2,296,007	4.58%	1,904,141	4.18%
Transportation	2,920,064	5.83%	2,584,224	5.68%
Other	3,250,064	6.49%	3,232,587	7.10%
	<u>\$ 50,094,134</u>	<u>100.00%</u>	<u>\$ 45,535,441</u>	<u>100.00%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Governmental Activities

The financial position of the District's Governmental Activities decreased by \$498,853; however, it remains relatively stable. Maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits costs and the costs associated with training new teachers.

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

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

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

Figure A-7 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 19,690,258	\$ 17,619,671	\$ 13,685,028	\$ 13,380,876
Pupil and Instruction Services	18,326,610	17,097,385	17,318,215	16,521,820
Administration and Business	3,611,131	3,097,433	2,992,822	2,909,288
Maintenance and Operations	2,296,007	1,904,141	2,050,973	1,848,671
Transportation	2,920,064	2,584,224	2,114,321	2,163,491
Other	2,584,902	2,586,421	2,584,902	2,586,421
	<u>\$ 49,428,972</u>	<u>\$ 44,889,275</u>	<u>\$ 40,746,261</u>	<u>\$ 39,410,567</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$49,428,972.
- The federal and state governments subsidized certain programs with grants and contributions (\$7,038,554).
- Most of the District's costs were financed by \$39,742,056 of District taxes.
- A portion of governmental activities was financed with \$1,952,515 in State Aid based on the SFRAPAY formula.
- The remaining \$106,726 of the District's funding came from \$101,085 in miscellaneous revenue and \$5,641 in investment earnings.

Business-Type Activities

- Net position from the District's business-type activities (Food Service and Community Education programs) decreased \$28,851 due to a 2% reduction in revenue combined with a 3% increase in expenses in the Food Service program during the fiscal year. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite difficult economic times. The majority of the increase in expenditures in the current year was largely in the areas of Employee Benefits, Instruction, and Out-of-District Tuition.

Student enrollment decreased by 73 students in 2014-15. The District anticipates an additional decrease in enrollment of 83 students for the upcoming 2015-16 school year.

The District anticipates that the difficult economic times will continue to impact its operations. The District has had a multi-year practice of utilizing funds from its restricted and assigned fund balance to offset or reduce the tax levy.

The District must continue practice sound financial management in order to maintain a stable financial position.

General Fund Budgetary Highlights

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Capital Asset and Debt Administration

The District's capital assets decreased \$537,114 – from \$39,841,975 to \$39,304,861 – or 1.35%, over the course of the fiscal year. (See Figure A-8.) (More detailed information about the District's capital assets is presented in Note 8 to the basic financial statements.)

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600	0.00%
Construction in Progress	64,609	55,470			64,609	55,470	16.48%
Site Improvements	264,956	162,067			264,956	162,067	63.49%
Buildings and Building Improvements	34,750,825	35,622,518			34,750,825	35,622,518	-2.45%
Furniture, Machinery & Equipment	1,739,762	1,516,401	\$ 117,109	\$ 117,919	1,856,871	1,634,320	13.62%
Total Capital Assets, Net	\$ 39,187,752	\$ 39,724,056	\$ 117,109	\$ 117,919	\$ 39,304,861	\$ 39,841,975	-1.35%

The decrease in capital assets was attributable to current year depreciation of \$1,673,014 (\$1,660,404 from its governmental and \$12,610 from its business-type activities) which were offset by \$1,135,900 (\$1,124,100 from its governmental activities and \$11,800 from its business-type activities) in current year capital asset acquisitions.

Long-Term Debt

The District's long-term debt decreased \$1,248,327 – from \$34,928,078 to \$33,679,751 – or 3.57%, over the course of the fiscal year. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percent Change
	2014/2015	2013/2014*	
General Obligation Bonds (Financed with Property Taxes)	\$ 25,790,000	\$ 26,955,000	-4.32%
Net Pension Liability	7,114,332	7,195,002	-1.12%
Obligations Under Capital Leases		80,892	-100.00%
Other Long-term Liabilities	775,419	697,184	11.22%
	\$ 33,679,751	\$ 34,928,078	-3.57%

*Restated

The decrease in long-term debt was attributable to current maturities of bonds of \$1,165,000, capital leases of \$80,892 and a decrease in net pension liability of \$80,670 offset by a net increase in compensated absences payable of \$78,235.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Factors Bearing on the District's Future

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were full day Kindergarten, declining enrollment, unpredictable state and federal aid, increasing salary and benefit costs, and reduction of rental income. Additionally, the Affordable Care Act (ACA) could have a substantial negative effect (by increasing costs) on the District's future budgets and financial position.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,045,689	\$ 113,546	\$ 1,159,235
Internal Balances	(76,655)	76,655	
Receivable from State Government	509,299	388	509,687
Receivable from Federal Government	49,357	5,575	54,932
Other Accounts Receivable	91,382		91,382
Inventories		5,099	5,099
Restricted Assets - Cash and Cash Equivalents			
Capital Reserve	866,873		866,873
Maintenance Reserve	50,000		50,000
Emergency Reserve	120,000		120,000
Tuition Reserve	1,800,000		1,800,000
Capital Assets:			
Sites (Land) and Construction in Progress	2,432,209		2,432,209
Depreciable Site Improvements, Building & Building Improvements & Furniture, Machinery & Equipment	36,755,543	117,109	36,872,652
Total Assets	43,643,697	318,372	43,962,069
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	754,848		754,848
Changes in Proportion - Pensions	56,799		56,799
Changes in Assumptions - Pensions	223,713		223,713
Total Deferred Outflows of Resources	1,035,360		1,035,360
LIABILITIES:			
Accrued Interest Payable	469,742		469,742
Interfund Payable	18,067		18,067
Accounts Payable	20,121	3,668	23,789
Payable to State Government	4,647		4,647
Unamortized Bond Premium	162,210		162,210
Prepaid Sales		16,855	16,855
Unearned Revenue	10,940	3,331	14,271
Noncurrent Liabilities:			
Due Within One Year	1,273,768		1,273,768
Due Beyond One Year	32,405,983		32,405,983
Total Liabilities	34,365,478	23,854	34,389,332
DEFERRED INFLOWS OF RESOURCES:			
Investment Gains - Pensions	423,976		423,976
Total Deferred Inflows of Resources	423,976		423,976
NET POSITION:			
Net Investment in Capital Assets	13,397,752	117,109	13,514,861
Restricted for:			
Capital Projects	896,646		896,646
Debt Service	49,101		49,101
Other Purposes	1,987,476		1,987,476
Unrestricted (Deficit)	(6,441,372)	177,409	(6,263,963)
Total Net Position	\$ 9,889,603	\$ 294,518	\$ 10,184,121

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 12,601,388		\$ 2,455,921		\$ (10,145,467)		\$ (10,145,467)
Special Education	5,035,984	\$ 117,608	3,018,212		(1,900,164)		(1,900,164)
Other Special Instruction	1,603,234		326,714		(1,276,520)		(1,276,520)
School-Sponsored/Other Instruction	449,652		86,775		(362,877)		(362,877)
Support Services:							
Tuition	13,260,547				(13,260,547)		(13,260,547)
Student & Instruction Related Services	5,066,063		1,008,395		(4,057,668)		(4,057,668)
General Administration Services	886,590		103,555		(783,035)		(783,035)
School Administration Services	1,804,833		359,166		(1,445,667)		(1,445,667)
Central Services	555,198		105,475		(449,723)		(449,723)
Administrative Information Technology	364,510		50,113		(314,397)		(314,397)
Plant Operations and Maintenance	2,296,007		173,419	\$ 71,615	(2,050,973)		(2,050,973)
Pupil Transportation	2,920,064		805,743		(2,114,321)		(2,114,321)
Interest on Long-Term Debt	1,156,024				(1,156,024)		(1,156,024)
Unallocated Depreciation	1,428,878				(1,428,878)		(1,428,878)
Total Governmental Activities	49,428,972	117,608	8,493,488	71,615	(40,746,261)		(40,746,261)

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities:							
Food Service Program	\$ 665,162	\$ 544,113	\$ 90,134			\$ (30,915)	\$ (30,915)
Total Business-type Activities	<u>665,162</u>	<u>544,113</u>	<u>90,134</u>			<u>(30,915)</u>	<u>(30,915)</u>
Total Primary Government	<u>\$ 50,094,134</u>	<u>\$ 661,721</u>	<u>\$ 8,583,622</u>	<u>\$ 71,615</u>	\$ (40,746,261)	(30,915)	(40,777,176)
General Revenue:							
Property Taxes, Levied for General Purposes, Net					37,536,975		37,536,975
Taxes Levied for Debt Service					2,205,081		2,205,081
Federal and State Aid not Restricted					335,832		335,832
Miscellaneous Income					106,726	2,064	108,790
Total General Revenue					40,184,614	2,064	40,186,678
Change in Net Position					(561,647)	(28,851)	(590,498)
Net Position - Beginning (Restated)					10,451,250	323,369	10,774,619
Net Position - Ending					<u>\$ 9,889,603</u>	<u>\$ 294,518</u>	<u>\$ 10,184,121</u>

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

FUND FINANCIAL STATEMENTS

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 996,588			\$ 49,101	\$ 1,045,689
Receivables From State Government	363,164		\$ 146,135		509,299
Receivables From Federal Government		\$ 49,357			49,357
Interfund Receivable	150,257				150,257
Other Accounts Receivable	91,382				91,382
Restricted Cash and Cash Equivalents	2,836,873				2,836,873
Total Assets	\$ 4,438,264	\$ 49,357	\$ 146,135	\$ 49,101	\$ 4,682,857
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 19,446	\$ 675			\$ 20,121
Interfund Payable	94,722	33,895	\$ 116,362		244,979
Payable to State Government		4,647			4,647
Unearned Revenue	800	10,140			10,940
Total Liabilities	114,968	49,357	116,362		280,687
Fund Balances:					
Restricted for:					
Capital Reserve	\$ 866,873				\$ 866,873
Maintenance Reserve	50,000				50,000
Emergency Reserve	120,000				120,000
Tuition Reserve - For 2015-2016	900,000				900,000
Tuition Reserve - For 2016-2017	900,000				900,000
Debt Service Fund				\$ 49,101	49,101
Excess Surplus	17,476				17,476
Committed:					
Capital Projects Fund			\$ 29,773		29,773

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Fund Balances:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assigned:					
For Subsequent Year's Expenditures	\$ 400,000				\$ 400,000
Year-end Encumbrances	414,758				414,758
Unassigned	654,189				654,189
Total Fund Balances	<u>4,323,296</u>		<u>\$ 29,773</u>	<u>\$ 49,101</u>	<u>4,402,170</u>
Total Liabilities and Fund Balances	<u>\$ 4,438,264</u>	<u>\$ 49,357</u>	<u>\$ 146,135</u>	<u>\$ 49,101</u>	<u>\$ 4,682,857</u>

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

Total Fund Balances (Above) \$ 4,402,170

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$68,809,640 and accumulated depreciation is \$29,621,888. 39,187,752

Long-Term Liabilities, including Bonds Payable, and Net Pension Liability for PERS are not due and payable in the current period and therefore are not reported as liabilities in the Funds. (33,679,751)

Certain Amounts Related to the net pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Change in Assumptions - Pensions	223,713
Change in Proportions - Pensions	56,799
Investment Gains - Pensions	(423,976)

Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due. (469,742)

Bond Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original premium was \$210,069 and accumulated amortization is \$47,859. (162,210)

Deferred interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The deferred interest is \$1,582,038 of which \$827,190 has been amortized. 754,848

Net Position - Governmental Activities \$ 9,889,603

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 37,536,975			\$ 2,205,081	\$ 39,742,056
Tuition	117,608				117,608
Interest Earned on Capital Reserve Funds	1,155				1,155
Interest Earned on Investments	4,486				4,486
Miscellaneous	101,085	\$ 21,275			122,360
Total - Local Sources	37,761,309	21,275		2,205,081	39,987,665
State Sources	5,080,401	4,964	\$ 71,615	100,369	5,257,349
Federal Sources		592,524			592,524
Total Revenue	42,841,710	618,763	71,615	2,305,450	45,837,538
EXPENDITURES:					
Current:					
Regular Instruction	7,927,194	28,057			7,955,251
Special Education Instruction	2,749,461	524,115			3,273,576
Other Special Instruction	964,216				964,216
School-Sponsored/Other Instruction	274,810				274,810
Support Services and Undistributed Costs:					
Tuition	13,260,547				13,260,547
Student & Instruction Related Services	3,065,038	66,591			3,131,629
General Administration Services	693,985				693,985
School Administration Services	1,077,939				1,077,939
Central Services	344,400				344,400
Administrative Information Technology	266,495				266,495
Plant Operations and Maintenance	1,926,153				1,926,153

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Current:					
Support Services and Undistributed Costs:					
Pupil Transportation	\$ 2,152,300				\$ 2,152,300
Unallocated Benefits	8,334,630				8,334,630
Capital Outlay	771,270		\$ 262,243		1,033,513
Debt Service:					
Principal				\$ 1,165,000	1,165,000
Interest and Other Charges				1,091,350	1,091,350
Total Expenditures	<u>43,808,438</u>	<u>\$ 618,763</u>	<u>262,243</u>	<u>2,256,350</u>	<u>46,945,794</u>
Excess/(Deficit) of Revenue over/(under) Expenditures	<u>(966,728)</u>		<u>(190,628)</u>	<u>49,100</u>	<u>(1,108,256)</u>
Net Change in Fund Balances	<u>(966,728)</u>		<u>(190,628)</u>	<u>49,100</u>	<u>(1,108,256)</u>
Fund Balance—July 1	<u>5,290,024</u>		<u>220,401</u>	<u>1</u>	<u>5,510,426</u>
Fund Balance—June 30	<u>\$ 4,323,296</u>	<u>\$ - 0 -</u>	<u>\$ 29,773</u>	<u>\$ 49,101</u>	<u>\$ 4,402,170</u>

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (1,108,256)

Amounts Reported for Governmental Activities in the Statement Activities (Exhibit A-2) are Different Because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation of capital assets in the period.

	Depreciation Expense	\$ (1,660,404)	
	Capital Outlays	<u>1,124,100</u>	
			(536,304)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). (78,235)

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+). 80,892

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+). 1,165,000

The governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-). (57,372)

Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition to the reconciliation (+). 19,469

The governmental funds report the effect of premiums and deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 15,953

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	80,670
---------------------------------	--------

Deferred Outflows:

Changes in Assumptions	223,713
------------------------	---------

Changes in Proportion	56,799
-----------------------	--------

Deferred Inflows:

Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>(423,976)</u>
---	------------------

Change in Net Position of Governmental Activities (from Exhibit A-2)	<u>\$ (561,647)</u>
--	---------------------

Exhibit B-4

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>		
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 88,217	\$ 25,329	\$ 113,546
Accounts Receivable:			
State	388		388
Federal	5,575		5,575
Interfund Receivable:			
General Fund	76,655		76,655
Food Service Fund		1,352	1,352
Inventories	5,099		5,099
Total Current Assets	<u>175,934</u>	<u>26,681</u>	<u>202,615</u>
Non-Current Assets:			
Capital Assets	514,039		514,039
Less: Accumulated Depreciation	<u>(396,930)</u>		<u>(396,930)</u>
Total Non-Current Assets	<u>117,109</u>		<u>117,109</u>
Total Assets	<u>293,043</u>	<u>26,681</u>	<u>319,724</u>
LIABILITIES:			
Current Liabilities:			
Interfund Payable:			
Community Education Fund	1,352		1,352
Accounts Payable - Vendors	3,668		3,668
Prepaid Sales	16,855		16,855
Unearned Revenue	<u>3,331</u>		<u>3,331</u>
Total Current Liabilities	<u>25,206</u>		<u>25,206</u>
NET POSITION:			
Net Investment in Capital Assets	117,109		117,109
Unrestricted	<u>150,728</u>	<u>26,681</u>	<u>177,409</u>
Total Net Position	<u>\$ 267,837</u>	<u>\$ 26,681</u>	<u>\$ 294,518</u>

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

Exhibit B-5

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 242,290		\$ 242,290
Daily Sales - Non-Reimbursable Programs	301,823		301,823
Total Operating Revenue	544,113		544,113
Operating Expenses:			
Cost of Sales	304,553		304,553
Salaries, Benefits & Payroll Taxes	276,101		276,101
Supplies and Materials	46,331		46,331
Food Service Management Fee	16,179		16,179
Purchased Professional Services	9,388		9,388
Depreciation	12,610		12,610
Total Operating Expenses	665,162		665,162
Operating (Loss)	(121,049)		(121,049)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	4,467		4,467
Federal Sources:			
National School Lunch Program	64,190		64,190
Food Distribution Program	21,477		21,477
Local Sources:			
Interest Income	1,982	\$ 82	2,064
Total Non-Operating Revenue	92,116	82	92,198
Change in Net Position	(28,933)	82	(28,851)
Net Position - Beginning of Year	296,770	26,599	323,369
Net Position - End of Year	\$ 267,837	\$ 26,681	\$ 294,518

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 556,715		\$ 556,715
Payments to Employees	(276,101)		(276,101)
Payments to Suppliers	(350,134)		(350,134)
Net Cash Used for Operating Activities	(69,520)		(69,520)
Cash Flows from Investing Activities:			
Interest Income	1,982	\$ 82	2,064
Net Cash Provided by Investing Activities	1,982	82	2,064
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(11,800)		(11,800)
Net Cash Used for Capital and Related Financing Activities	(11,800)		(11,800)
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	68,609		68,609
Net Cash Provided by Noncapital Financing Activities	68,609		68,609
Net Increase (Decrease) in Cash and Cash Equivalents	(10,729)	82	(10,647)
Cash and Cash Equivalents, July 1	98,946	25,247	124,193
Cash and Cash Equivalents, June 30	<u>\$ 88,217</u>	<u>\$ 25,329</u>	<u>\$ 113,546</u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (121,049)		\$ (121,049)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,610		12,610
Federal Food Distribution Program	21,477		21,477
Changes in Assets and Liabilities:			
Decrease in Inventory	435		435
Increase in Prepaid Sales	12,602		12,602
Increase in Unearned Revenue	994		994
Increase in Accounts Payable	3,411		3,411
Net Cash Used for Operating Activities	<u>\$ (69,520)</u>	<u>\$ -0-</u>	<u>\$ (69,520)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$22,471 and utilized \$21,477 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2015.

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

Exhibit B-7

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	Agency	Unemployment Compensation Trust	Flexible Spending Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 199,239	\$ 637,060	\$ 1,757
Interfund Receivable:			
General Fund	18,067	_____	_____
Total Assets	217,306	637,060	1,757
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	133,022		
Accrued Salaries and Wages	18,356		
Summer Savings Deductions Payable	1,197		
Due to Student Groups	64,731	_____	_____
Total Liabilities	217,306	_____	_____
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		637,060	
Held in Trust for Flexible Spending Claims	_____	_____	1,757
Total Net Position	\$ -0-	\$ 637,060	\$ 1,757

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

Exhibit B-8

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 47,725	\$ 8,020
Interest Earnings	624	
Total Additions	<u>48,349</u>	<u>8,020</u>
 DEDUCTIONS:		
Unemployment Benefit Claims	35,516	
Flexible Spending Claims		9,251
Total Deductions	<u>35,516</u>	<u>9,251</u>
Change in Net Position	12,833	(1,231)
Net Position - July 1	<u>624,227</u>	<u>2,988</u>
Net Position - June 30	<u><u>\$ 637,060</u></u>	<u><u>\$ 1,757</u></u>

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two elementary schools and a middle school located in the Township of Branchburg. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budgets for the fiscal year ended June 30, 2015 was submitted to the County office and approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,848,795	\$ 613,513
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		5,250
Prior Year State Aid payments recognized for GAAP Statements	181,901	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(188,986)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 42,841,710</u>	<u>\$ 618,763</u>
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,808,438	\$ 613,513
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		<u>5,250</u>
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,808,438</u>	<u>\$ 618,763</u>

E. Cash and Cash Equivalents and Investments:

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

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

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

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

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

L. Long Term Liabilities:

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amount earned by these employees but not disbursed was \$18,356.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$4,323,296 General Fund balance at June 30, 2015, \$414,758 is assigned for encumbrances; \$866,873 is restricted in the capital reserve account; \$50,000 is restricted in the maintenance reserve account; \$120,000 is restricted in the emergency reserve account; \$1,800,000 is restricted in the tuition reserve account of which \$900,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2016 and \$900,000 will be appropriated as anticipated revenue for the year ending June 30, 2017; \$17,476 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2017; \$400,000 is designated for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016; and \$654,189 is unassigned fund balance which is \$188,986 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2016.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2015 of \$29,773 is committed.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Debt Service Fund: The Debt Service Fund balance at June 30, 2015 of \$49,101 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2015 as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$188,986 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$6,441,372 in governmental activities, which is primarily due to accrued interest payable of \$469,742, \$775,419 of compensated absences payable, an unamortized bond premium of \$162,210, investment gains in pensions of \$423,976 and net pension liability of \$7,114,332; net of changes in proportion in pensions of \$56,799, \$400,000 of fund balance assigned for subsequent year's expenditures, \$414,758 assigned for encumbrances, \$754,848 of deferred amount on refunding, \$654,189 unassigned in General Fund and changes in pension assumptions of \$223,713. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources for the deferred amount on refunding and changes in assumptions and in proportion in pension.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

R. Net Position: (Cont'd)

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures at June 30, 2015.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve	Tuition Reserve	
Checking and Savings Accounts	\$ 1,997,291	\$ 866,873	\$ 50,000	\$ 120,000	\$ 1,800,000	\$ 4,834,164

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$4,834,164 and the bank balance was \$6,405,233.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014		\$ 1,658,170
Increased by:		
Interest Earnings	\$ 1,155	
Unexpended Funds of Budgeted Withdrawal for Capital Outlay	357,548	
		358,703
		2,016,873
Decreased by:		
Budgeted Withdrawal for Capital Outlay		(1,150,000)
Ending Balance, June 30, 2015		\$ 866,873

The balance in the capital reserve account as of June 30, 2015 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 250,000
Decreased by:	
Budget Withdrawals	<u>(200,000)</u>
Ending Balance, June 30, 2015	<u>\$ 50,000</u>

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	<u>\$ 120,000</u>
Ending Balance, June 30, 2015	<u>\$ 120,000</u>

NOTE 7: TUITION RESERVE ACCOUNT:

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

The District established a \$900,000 tuition reserve during 2013/2014 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2016 and a \$900,000 tuition reserve during 2014/2015 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2017.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,367,600			\$ 2,367,600
Construction in Progress	55,470	\$ 326,852	\$ (317,713)	64,609
Total Capital Assets not Being Depreciated	2,423,070	326,852	(317,713)	2,432,209
Capital Assets Being Depreciated				
Site Improvements	950,900	148,825		1,099,725
Buildings and Building Improvements	56,635,806	144,705	317,713	57,098,224
Machinery and Equipment	7,675,764	503,718		8,179,482
Total Capital Assets Being Depreciated	65,262,470	797,248	317,713	66,377,431
Governmental Activities Capital Assets	67,685,540	1,124,100		68,809,640
Less Accumulated Depreciation for:				
Site Improvements	(788,833)	(45,936)		(834,769)
Buildings and Building Improvements	(21,013,288)	(1,334,111)		(22,347,399)
Machinery and Equipment	(6,159,363)	(280,357)		(6,439,720)
Total Accumulated Depreciation	(27,961,484)	(1,660,404)		(29,621,888)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 39,724,056	\$ (536,304)	\$ -0-	\$ 39,187,752
Business -Type Activities:				
Capital Assets Being Depreciated				
Furniture and Equipment	\$ 502,239	\$ 11,800		\$ 514,039
Less: Accumulated Depreciation	(384,320)	(12,610)		(396,930)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 117,919	\$ (810)	\$ -0-	\$ 117,109

Depreciation expense was charged to governmental functions as follows:

Student & Instruction Related Services	\$ 83,766
Plant Operations and Maintenance	26,060
Pupil Transportation	121,700
Unallocated Depreciation	1,428,878
	<u>\$ 1,660,404</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	(Restated) Balance June 30, 2014	Accrued	Retired	Balance June 30, 2015
Serial Bonds Payable	\$ 26,955,000		\$ 1,165,000	\$ 25,790,000
Net Pension Liability	7,195,002		80,670	7,114,332
Capital Leases Payable	80,892		80,892	
Compensated Absences Payable	697,184	\$ 111,503	33,268	775,419
	<u>\$ 34,928,078</u>	<u>\$ 111,503</u>	<u>\$ 1,359,830</u>	<u>\$ 33,679,751</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund. The current portion of bonds payable is \$1,235,000 and the long-term portion is \$24,555,000.

Serial Bonds Outstanding as of June 30, 2015

Issue Date	Final Maturity	Interest Rates	Amount
07/15/06	07/15/31	4.00% to 5.00%	\$ 16,695,000
02/01/07	02/01/22	4.00%	1,790,000
11/16/10	02/01/26	3.00% to 4.00%	7,305,000
			<u>\$ 25,790,000</u>

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

Fiscal Year	Bonds		Total
	Principal	Interest	
2016	\$ 1,235,000	\$ 1,045,300	\$ 2,280,300
2017	1,215,000	995,925	2,210,925
2018	1,305,000	941,050	2,246,050
2019	1,395,000	883,425	2,278,425
2020	1,485,000	824,925	2,309,925
2021-2025	8,705,000	3,143,247	11,848,247
2026-2030	7,395,000	1,963,169	9,358,169
2031-2032	3,055,000	128,406	3,183,406
	<u>\$ 25,790,000</u>	<u>\$ 9,925,447</u>	<u>\$ 35,715,447</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the District has no bonds authorized but not issued.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

C. Capital Leases Payable:

The District entered into leases for buses totaling \$380,000 in prior years. The capital lease was liquidated as of June 30, 2015.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$38,768 and the long-term portion is \$736,651.

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

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$7,114,332. See Note 11 for further information on the PERS.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2015, the District made transfers to capital outlay accounts in the amount of \$24,135 for equipment which did not require County Superintendent approval.

NOTE 11. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$313,253 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$7,114,332 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.038%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2013.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$379,644. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 223,713	
Changes in Proportion	56,799	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ (423,976)
	<u>\$ 280,512</u>	<u>\$ (423,976)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (64,870)
2016	(64,870)
2017	(64,870)
2018	(64,870)
2019	41,124
Thereafter	18,093
	<u>\$ (200,263)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 8,950,072	\$ 7,114,332	\$ 5,572,778

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$707,480 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,737,267.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$69,453,811. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.130%, which was a decrease of 0.004% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>69,453,811</u>
Total	<u>\$ 69,453,811</u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$3,737,267 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,268

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$8,977 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$16,457 for the fiscal year ended June 30, 2015.

NOTE 12. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,123,126, \$901,366 and \$977,966 for 2015, 2014, and 2013, respectively.

NOTE 13. DEFERRED COMPENSATION

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

AXA Equitable
Lincoln Investment Planning
Fidelity Investments

AXA Equitable is the plan administrator for the District's Internal Revenue Code Section 457 plan.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 150,257	\$ 94,722
Special Revenue Fund		33,895
Capital Projects Fund		116,362
Proprietary Fund - Food Service	76,655	1,352
Proprietary Fund - Community Education	1,352	
Fiduciary Funds	18,067	
	<u>\$ 246,331</u>	<u>\$ 246,331</u>

The interfund receivable in the General Fund and the interfund payable in Special Revenue Fund represent funds advanced to the Special Revenue Fund for cash flow purposes awaiting the collection of federal grants receivable. The interfund between the General Fund and the Payroll Agency Fiduciary Fund is the amount of accrued salary earned which will be transferred to the fiduciary funds. The interfund between the Capital Projects Fund and the General Fund represents unexpended project balances which have not yet been transferred to the General Fund. The interfund between the Food Service Fund and the General Fund is attributable to federal and state subsidies which have not yet been transferred to the Food Service Fund. The interfund between the Food Service and Community Education Funds represents a prior year interfund that has not been liquidated.

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. RISK MANAGEMENT

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

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

Property and Liability Insurance

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 16. RISK MANAGEMENT (Cont'd)

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

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

The June 30, 2015 audit report for the fund is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 293,795,686
Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenses	\$ 119,843,435
Change in Net Position	\$ 780,440
Member Dividends	\$ -0-

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

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060

New Jersey Unemployment Compensation Insurance

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 16. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ - 0 -	\$ 48,349	\$ 35,516	\$ 637,060
2014	- 0 -	49,464	42,947	624,227
2013	- 0 -	46,182	56,756	617,710

NOTE 17. TAX CALENDAR

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

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

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2015:

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Business-type Activities</u>	
Vendors	\$ 19,446	\$ 675	\$ 3,668	\$ 23,789
	<u>\$ 19,446</u>	<u>\$ 675</u>	<u>\$ 3,668</u>	<u>\$ 23,789</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 19. CONTINGENT LIABILITIESGrant Programs

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

Litigation

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

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
\$ 414,758	\$ -0-	\$ 414,758

NOTE 20. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	<u>Balance 6/30/14 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/14 as Restated</u>
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
<u>Statement of Net Position:</u>			
<u>Liabilities:</u>			
Non-Current Liabilities	\$ 27,733,076	\$ 7,195,002	\$ 34,928,078
Total Liabilities	28,547,492	7,195,002	35,742,494
<u>Net Position:</u>			
Unrestricted/(Deficit)	691,479	(7,195,002)	(6,503,523)
Total Net Position	17,646,252	(7,195,002)	10,451,250

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0376465414%	0.0379983601%
District's proportionate share of the net pension liability	\$ 7,195,002	\$ 7,114,332
District's covered employee payroll	\$ 2,552,695	\$ 2,625,017
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	281.86%	271.02%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

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

	Fiscal Year Ending June 30,	
	2014	2015
Contractually required contribution	\$ 283,659	\$ 313,253
Contributions in relation to the contractually required contribution	<u>(283,659)</u>	<u>(313,253)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,552,695	\$ 2,625,017
Contributions as a percentage of covered employee payroll	11.11%	11.93%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.1338509220%	0.1299495616%
State's proportionate share of the net pension liability attributable to the District	\$ 67,647,203	\$ 69,453,811
District's covered employee payroll	\$ 12,821,832	\$ 13,262,413
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	527.59%	523.69%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources:					
Local Tax Levy	\$ 37,536,975		\$ 37,536,975	\$ 37,536,975	
Tuition - From Individuals	70,000		70,000	96,400	\$ 26,400
Tuition - From Other LEA's	32,000		32,000	21,208	(10,792)
Rents and Royalties				22,552	22,552
Interest Earned on Capital Reserve Funds				1,155	1,155
Interest on Investments				4,486	4,486
Unrestricted Miscellaneous Revenue	38,000		38,000	78,533	40,533
Total - Local Sources	<u>37,676,975</u>		<u>37,676,975</u>	<u>37,761,309</u>	<u>84,334</u>
State Sources:					
Transportation Aid	408,584		408,584	408,584	
Categorical Special Education Aid	1,310,668		1,310,668	1,310,668	
Security Aid	194,058		194,058	194,058	
Per Pupil Growth Aid	23,145		23,145	23,145	
PARCC Readiness Aid	23,145		23,145	23,145	
Extraordinary Aid	300,000		300,000	291,961	(8,039)
Nonpublic Transportation				23,260	23,260
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				707,480	707,480
Post-Retirement Medical Benefits				1,123,126	1,123,126
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				982,059	982,059
Total State Sources	<u>2,259,600</u>		<u>2,259,600</u>	<u>5,087,486</u>	<u>2,827,886</u>
Total Revenue	<u>39,936,575</u>		<u>39,936,575</u>	<u>42,848,795</u>	<u>2,912,220</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 95,148	\$ 1,074	\$ 96,222	\$ 96,222	
Kindergarten - Salaries of Teachers	310,783	220,991	531,774	529,505	\$ 2,269
Grades 1-5 - Salaries of Teachers	3,904,011	(172,444)	3,731,567	3,729,211	2,356
Grades 6-8 - Salaries of Teachers	2,776,878	32,528	2,809,406	2,804,526	4,880
Regular Programs - Home Instruction:					
Salaries of Teachers	21,000	(13,800)	7,200	636	6,564
Purchased Professional-Educational Services	3,500	13,800	17,300	12,962	4,338
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	2,225		2,225	800	1,425
Other Purchased Services	232,828	(1,830)	230,998	152,391	78,607
General Supplies	611,877	(32,244)	579,633	559,046	20,587
Textbooks	89,570	(48,683)	40,887	40,887	
Workmen's Compensation	10,000	(10,000)			
Other Objects	380	648	1,028	1,008	20
Total Regular Programs - Instruction	<u>8,058,200</u>	<u>(9,960)</u>	<u>8,048,240</u>	<u>7,927,194</u>	<u>121,046</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	254,570		254,570	253,922	648
Other Salaries for Instruction	54,519	3,365	57,884	57,487	397
Purchased Professional-Educational Services	24,000		24,000	12,313	11,687
General Supplies	2,000		2,000	1,900	100
Total Learning and/or Language Disabilities	<u>335,089</u>	<u>3,365</u>	<u>338,454</u>	<u>325,622</u>	<u>12,832</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,935,371	\$ 1,800	\$ 1,937,171	\$ 1,907,887	\$ 29,284
Other Salaries for Instruction	207,093	18,835	225,928	192,536	33,392
General Supplies	17,183	10,000	27,183	24,261	2,922
Workmen's Compensation	5,000	(5,000)			
Total Resource Room/Resource Center	<u>2,164,647</u>	<u>25,635</u>	<u>2,190,282</u>	<u>2,124,684</u>	<u>65,598</u>
Autism:					
Salaries of Teachers	60,525		60,525	52,537	7,988
Other Salaries for Instruction	36,730		36,730	36,730	
Purchased Professional-Educational Services	24,000		24,000	24,000	
General Supplies	350		350	335	15
Total Autism	<u>121,605</u>		<u>121,605</u>	<u>113,602</u>	<u>8,003</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	117,050		117,050	115,675	1,375
Other Salaries for Instruction	55,742	5,511	61,253	61,157	96
Purchased Professional-Educational Services	12,000		12,000	8,250	3,750
General Supplies	500		500	471	29
Total Preschool Disabilities - Part Time	<u>185,292</u>	<u>5,511</u>	<u>190,803</u>	<u>185,553</u>	<u>5,250</u>
Total Special Education - Instruction	<u>2,806,633</u>	<u>34,511</u>	<u>2,841,144</u>	<u>2,749,461</u>	<u>91,683</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	902,583	(72,123)	830,460	830,460	
Other Salaries for Instruction	17,165		17,165	17,165	
Other Objects	2,400	(512)	1,888		1,888
Total Basic Skills/Remedial - Instruction	<u>922,148</u>	<u>(72,635)</u>	<u>849,513</u>	<u>847,625</u>	<u>1,888</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 115,900		\$ 115,900	\$ 115,900	
General Supplies	450	\$ 500	950	691	\$ 259
Total Bilingual Education - Instruction	<u>116,350</u>	<u>500</u>	<u>116,850</u>	<u>116,591</u>	<u>259</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	54,490		54,490	46,666	7,824
Supplies and Materials	4,675	(1,088)	3,587	3,052	535
Total School-Sponsored Cocurricular Activities - Instruction	<u>59,165</u>	<u>(1,088)</u>	<u>58,077</u>	<u>49,718</u>	<u>8,359</u>
Other Instructional Programs:					
Salaries	72,407	4,397	76,804	76,804	
Supplies and Materials	9,125		9,125	8,764	361
Total Other Instructional Programs	<u>81,532</u>	<u>4,397</u>	<u>85,929</u>	<u>85,568</u>	<u>361</u>
Before/After School Programs- Support Services:					
Salaries	8,800	630	9,430	9,430	
Total Before/After School Programs - Support Services	<u>8,800</u>	<u>630</u>	<u>9,430</u>	<u>9,430</u>	
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	62,635	60,375	123,010	123,010	
Purchased Professional & Technical Services	16,500	(3,939)	12,561	6,734	5,827
General Supplies	500		500	350	150
Total Other Supplemental/At-Risk Programs - Instruction	<u>79,635</u>	<u>56,436</u>	<u>136,071</u>	<u>130,094</u>	<u>5,977</u>
Total Instruction	<u>12,132,463</u>	<u>12,791</u>	<u>12,145,254</u>	<u>11,915,681</u>	<u>229,573</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 10,458,472		\$ 10,458,472	\$ 10,432,439	\$ 26,033
Tuition to Other LEAs Within the State - Special	1,148,374	\$ (138,950)	1,009,424	983,690	25,734
Tuition to Private Schools for the Disabled - Within the State	1,812,503	(5,550)	1,806,953	1,771,283	35,670
Tuition to Co. Voc. School District - Regular	97,700		97,700	73,135	24,565
Total Undistributed Expenditures - Instruction	<u>13,517,049</u>	<u>(144,500)</u>	<u>13,372,549</u>	<u>13,260,547</u>	<u>112,002</u>
Attendance & Social Work:					
Salaries	10,107		10,107	10,107	
Total Attendance & Social Work	<u>10,107</u>		<u>10,107</u>	<u>10,107</u>	
Health Services:					
Salaries	353,360	(3,171)	350,189	336,760	13,429
Purchased Professional and Technical Services	5,500		5,500	5,300	200
Supplies and Materials	6,900		6,900	5,124	1,776
Total Health Services	<u>365,760</u>	<u>(3,171)</u>	<u>362,589</u>	<u>347,184</u>	<u>15,405</u>
Speech, OT, PT and Related Services:					
Salaries	581,541	(13,777)	567,764	541,224	26,540
Purchased Professional - Educational Services	59,000	(2,823)	56,177	39,320	16,857
Supplies and Materials	9,000	(558)	8,442	8,328	114
Total Speech, OT, PT and Related Services	<u>649,541</u>	<u>(17,158)</u>	<u>632,383</u>	<u>588,872</u>	<u>43,511</u>
Other Support Services - Students - Extra Services					
Salaries	147,079	(16,300)	130,779	130,279	500
Total Other Support Services - Students - Extra Services	<u>147,079</u>	<u>(16,300)</u>	<u>130,779</u>	<u>130,279</u>	<u>500</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Guidance:					
Salaries of Other Professional Staff	\$ 361,843	\$ (1,000)	\$ 360,843	\$ 358,043	\$ 2,800
Purchased Professional - Educational Services		1,000	1,000	1,000	
Total Guidance	<u>361,843</u>		<u>361,843</u>	<u>359,043</u>	<u>2,800</u>
Child Study Team:					
Salaries of Other Professional Staff	538,569	7,660	546,229	541,848	4,381
Salaries of Secretarial and Clerical Assistants	101,361	(48,398)	52,963	50,021	2,942
Purchased Professional - Educational Services	7,500	130,873	138,373	111,935	26,438
Miscellaneous Purchased Services (400-500 series)	16,400	522	16,922	12,243	4,679
Supplies and Materials	20,000	(822)	19,178	15,462	3,716
Other Objects	2,000		2,000	1,728	272
Total Child Study Team	<u>685,830</u>	<u>89,835</u>	<u>775,665</u>	<u>733,237</u>	<u>42,428</u>
Educational Media Services - School Library:					
Salaries	492,835	50	492,885	492,834	51
Supplies and Materials	14,200		14,200	12,993	1,207
Total Educational Media Services - School Library	<u>507,035</u>	<u>50</u>	<u>507,085</u>	<u>505,827</u>	<u>1,258</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	178,002	10,778	188,780	188,779	1
Salaries of Other Professional Staff	71,329		71,329	63,345	7,984
Salaries of Secretarial and Clerical Assistants	57,963		57,963	56,553	1,410
Purchased Professional - Educational Services	15,000		15,000	4,787	10,213
Other Purchased Services (400-500 series)	7,604	901	8,505	5,960	2,545
Supplies and Materials	2,119		2,119	1,431	688
Other Objects	4,000		4,000	3,334	666
Total Improvement of Instructional Services	<u>336,017</u>	<u>11,679</u>	<u>347,696</u>	<u>324,189</u>	<u>23,507</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 8,000	\$ 1,230	\$ 9,230	\$ 7,715	\$ 1,515
Purchased Professional - Educational Services	60,000		60,000	45,200	14,800
Other Purchased Services (400-500 series)	20,060		20,060	13,385	6,675
Total Instructional Staff Training Services	<u>88,060</u>	<u>1,230</u>	<u>89,290</u>	<u>66,300</u>	<u>22,990</u>
General Administration:					
Salaries	293,251	12,148	305,399	305,399	
Legal Services	50,000	(9,212)	40,788	40,788	
Audit Fees	36,500		36,500	36,500	
Other Purchased Professional Services	29,025	28,561	57,586	56,564	1,022
Communications/Telephone	67,500	1,704	69,204	68,713	491
BOE Other Purchased Services	1,200		1,200	1,117	83
Miscellaneous Purchased Services (400-500 series)	153,443	(8,931)	144,512	141,937	2,575
General Supplies	4,000		4,000	2,857	1,143
BOE In-House Training and Meeting Supplies	1,000		1,000	17	983
Miscellaneous Expenditures	19,780	(270)	19,510	17,577	1,933
Board of Education Dues and Fees	23,000		23,000	22,516	484
Total General Administration	<u>678,699</u>	<u>24,000</u>	<u>702,699</u>	<u>693,985</u>	<u>8,714</u>
School Administration:					
Salaries of Principals/Assistant Principals	616,234		616,234	616,233	1
Salaries of Other Professional Staff	96,086	(3,836)	92,250	92,250	
Salaries of Secretarial and Clerical Assistants	351,359	2,645	354,004	350,746	3,258
Other Purchased Services (400-500 series)	10,475	(154)	10,321	8,688	1,633
Supplies and Materials	6,070	(500)	5,570	4,892	678
Other Objects	5,760		5,760	5,130	630
Total School Administration	<u>1,085,984</u>	<u>(1,845)</u>	<u>1,084,139</u>	<u>1,077,939</u>	<u>6,200</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Central Services:					
Salaries	\$ 311,810	\$ (434)	\$ 311,376	\$ 311,060	\$ 316
Purchased Professional Services	5,300		5,300	3,600	1,700
Miscellaneous Purchased Services (400-500 series)	20,500		20,500	19,672	828
Supplies and Materials	12,000		12,000	7,653	4,347
Miscellaneous Expenditures	2,000	434	2,434	2,415	19
Total Central Services	<u>351,610</u>		<u>351,610</u>	<u>344,400</u>	<u>7,210</u>
Administrative Information Technology:					
Salaries	130,197	17,659	147,856	147,789	67
Purchased Technical Services	80,900		80,900	77,447	3,453
Other Purchased Services (400-500 series)	28,600		28,600	27,097	1,503
Supplies and Materials	34,902		34,902	14,087	20,815
Other Objects	295		295	75	220
Workmen's Compensation	500	(500)			
Total Administrative Information Technology	<u>275,394</u>	<u>17,159</u>	<u>292,553</u>	<u>266,495</u>	<u>26,058</u>
Required Maintenance for School Facilities:					
Salaries	341,632	473	342,105	331,300	10,805
Cleaning, Repair and Maintenance Services	187,960	(19,420)	168,540	119,093	49,447
Travel		1,783	1,783	1,783	
General Supplies	108,964	11,419	120,383	103,030	17,353
Other Objects	1,500	(1,500)			
Workmen's Compensation	55,000	(55,000)			
Total Required Maintenance for School Facilities	<u>695,056</u>	<u>(62,245)</u>	<u>632,811</u>	<u>555,206</u>	<u>77,605</u>
Custodial Services:					
Salaries	166,578	14,716	181,294	180,137	1,157
Cleaning, Repair and Maintenance Services	613,888	(1,304)	612,584	607,990	4,594
Other Purchased Property Services	24,500	392	24,892	22,994	1,898
Insurance	41,246		41,246	40,243	1,003
Miscellaneous Purchased Services	800	(283)	517	263	254
General Supplies	68,776	(459)	68,317	53,648	14,669
Energy (Natural Gas)	113,600	4,000	117,600	102,124	15,476
Energy (Electricity)	522,090	(4,392)	517,698	361,344	156,354
Other Objects	1,614	700	2,314	2,204	110
Total Custodial Services	<u>1,553,092</u>	<u>13,370</u>	<u>1,566,462</u>	<u>1,370,947</u>	<u>195,515</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	\$ 652,638	\$ 82,183	\$ 734,821	\$ 701,083	\$ 33,738
Between Home & School - Special Education	211,295	(17,518)	193,777	193,776	1
Other than Between Home & School	72,382	(7,193)	65,189	57,006	8,183
Between Home & School - Nonpublic Students	36,678	55,258	91,936	89,209	2,727
Other Purchased Professional and Technical Services	65,155		65,155	55,950	9,205
Cleaning, Repair and Maintenance Services	5,600		5,600	1,851	3,749
Lease Purchase Payments - School Buses	83,497		83,497	83,497	
Contracted Services:					
Regular Students - ESC's & CTSA's	184,510	(94,786)	89,724	89,600	124
Special Ed. Students - ESC's & CTSA's	580,000	62,000	642,000	637,926	4,074
Aid in Lieu Payments - Nonpublic Students	65,416		65,416	45,802	19,614
Miscellaneous Purchased Services - Transportation	500		500		500
General Supplies	127,136	(23,000)	104,136	57,297	46,839
Transportation Supplies	231,952	(57,339)	174,613	139,069	35,544
Workmen's Compensation	75,297	(75,297)			
Other Objects	700		700	234	466
Total Student Transportation Services	<u>2,392,756</u>	<u>(75,692)</u>	<u>2,317,064</u>	<u>2,152,300</u>	<u>164,764</u>
Unallocated Benefits:					
Social Security Contributions	340,000		340,000	318,254	21,746
Other Retirement Contributions - PERS	353,920	(34,667)	319,253	313,253	6,000
Other Retirement Contributions - Regular	10,930		10,930	10,374	556
Workmen's Compensation		148,786	148,786	148,786	
Health Benefits	4,727,000	12,177	4,739,177	4,608,571	130,606
Tuition Reimbursement	70,565		70,565	70,315	250
Other Employee Benefits	72,550	366	72,916	52,412	20,504
Total Unallocated Benefits	<u>5,574,965</u>	<u>126,662</u>	<u>5,701,627</u>	<u>5,521,965</u>	<u>179,662</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				\$ 707,480	\$ (707,480)
On-Behalf TPAF Post-Retirement Medical Benefits (Non-Budgeted)				1,123,126	(1,123,126)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				982,059	(982,059)
Total On-Behalf Contributions				<u>2,812,665</u>	<u>(2,812,665)</u>
Total Personal Services - Employee Benefits	\$ 5,574,965	\$ 126,662	\$ 5,701,627	8,334,630	(2,633,003)
Total Undistributed Expenditures	<u>29,275,877</u>	<u>(36,926)</u>	29,238,951	31,121,487	(1,882,536)
Total Current Expense	<u>41,408,340</u>	<u>(24,135)</u>	<u>41,384,205</u>	<u>43,037,168</u>	<u>(1,652,963)</u>
Capital Outlay:					
Equipment:					
Auditory Impairments	6,000		6,000	2,525	3,475
School Administrative		59,135	59,135	58,918	217
Administrative Information Technology	75,000	(45,566)	29,434	29,332	102
Required Maintenance of School Facilities	6,500		6,500	4,908	1,592
School Buses - Regular	<u>235,000</u>	<u>10,566</u>	<u>245,566</u>	<u>245,566</u>	
Total Equipment	<u>322,500</u>	<u>24,135</u>	<u>346,635</u>	<u>341,249</u>	<u>5,386</u>
Facilities Acquisition and Construction Services:					
Construction Services	1,219,852		1,219,852	387,297	832,555
Other Objects - SDA Debt Service Assessment	<u>42,724</u>		<u>42,724</u>	<u>42,724</u>	
Total Facilities Acquisition and Construction Services	<u>1,262,576</u>		<u>1,262,576</u>	<u>430,021</u>	<u>832,555</u>
Total Capital Outlay Expenditures	<u>1,585,076</u>	<u>24,135</u>	<u>1,609,211</u>	<u>771,270</u>	<u>837,941</u>
Total Expenditures	<u>42,993,416</u>		<u>42,993,416</u>	<u>43,808,438</u>	<u>(815,022)</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,056,841)		\$ (3,056,841)	\$ (959,643)	\$ 2,097,198
Fund Balance, July 1	<u>5,471,925</u>		<u>5,471,925</u>	<u>5,471,925</u>	
Fund Balance, June 30	<u>\$ 2,415,084</u>	<u>\$ -0-</u>	<u>\$ 2,415,084</u>	<u>\$ 4,512,282</u>	<u>\$ 2,097,198</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 866,873	
Maintenance Reserve				50,000	
Tuition Reserve - For 2015-2016				900,000	
Tuition Reserve - For 2016-2017				900,000	
Emergency Reserve				120,000	
Excess Surplus				17,476	
Assigned:					
Designated for Subsequent Year's Expenditures				400,000	
Year-end Encumbrances				414,758	
Unassigned				<u>843,175</u>	
				4,512,282	
Reconciliation to Governmental Fund Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(188,986)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,323,296</u>	

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 3,000	\$ 27,415	\$ 30,415	\$ 17,367	\$ (13,048)
State Sources	9,574	(95)	9,479	4,872	(4,607)
Federal Sources	510,000	86,901	596,901	591,274	(5,627)
Total Revenue	522,574	114,221	636,795	613,513	(23,282)
Expenditures:					
Instruction:					
Salaries of Teachers	22,676	(15,080)	7,596	4,715	2,881
Purchased Professional and Technical Services		2,331	2,331		2,331
Other Purchased Services	1,184	4,000	5,184		5,184
Tuition	450,000	72,865	522,865	522,865	
General Supplies	3,000	21,099	24,099	17,630	6,469
Textbooks	2,205		2,205	1,712	493
Total Instruction	479,065	85,215	564,280	546,922	17,358
Support Services:					
Salaries of Other Professional Staff	3,509	880	4,389	3,855	534
Purchased Professional/Educational Services	20,000	20,692	40,692	40,692	
Other Purchased Services		22,700	22,700	18,596	4,104
Supplies and Materials	20,000	(15,266)	4,734	3,448	1,286
Total Support Services	43,509	29,006	72,515	66,591	5,924
Total Expenditures	522,574	114,221	636,795	613,513	23,282
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

BRANCBURG TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,848,795	\$ 613,513
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.	181,901	5,250
Prior Year State Aid Payments recognized for GAAP statements	181,901	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(188,986)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 42,841,710	\$ 618,763
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,808,438	\$ 613,513
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		5,250
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,808,438	\$ 618,763

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>		<u>IDEA, Part B</u>	
	<u>Title I</u>	<u>Title IIA</u>	<u>Basic</u>	<u>Preschool</u>
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 21,927	\$ 46,482	\$ 502,849	\$ 20,016
Total Revenue	<u>21,927</u>	<u>46,482</u>	<u>502,849</u>	<u>20,016</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	4,715			
Tuition			502,849	20,016
General Supplies	15			
Textbooks				
Total Instruction	<u>4,730</u>		<u>502,849</u>	<u>20,016</u>
Support Services:				
Salaries of Other Professional Staff	943			
Purchased Professional and Educational Services		40,692		
Other Purchased Services	12,806	5,790		
Supplies and materials	3,448			
Total Support Services	<u>17,197</u>	<u>46,482</u>		
Total Expenditures	<u>\$ 21,927</u>	<u>\$ 46,482</u>	<u>\$ 502,849</u>	<u>\$ 20,016</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Nonpublic			Local Grants	Totals June 30, 2015
	Technology	Nursing	Textbooks		
REVENUE:					
Local Sources				\$ 17,367	\$ 17,367
State Sources	\$ 308	\$ 2,912	\$ 1,652		4,872
Federal Sources					591,274
					<hr/>
Total Revenue	<hr/> 308	<hr/> 2,912	<hr/> 1,652	<hr/> 17,367	<hr/> 613,513
EXPENDITURES:					
Instruction:					
Salaries of Teachers					4,715
Tuition					522,865
General Supplies	308			17,367	17,690
Textbooks			1,652		1,652
					<hr/>
Total Instruction	<hr/> 308		<hr/> 1,652	<hr/> 17,367	<hr/> 546,922
Support Services:					
Salaries of Other Professional Staff		2,912			3,855
Purchased Professional and Educational Services					40,692
Other Purchased Services					18,596
Supplies and materials					3,448
					<hr/>
Total Support Services		<hr/> 2,912			<hr/> 66,591
Total Expenditures	<hr/> \$ 308	<hr/> \$ 2,912	<hr/> \$ 1,652	<hr/> \$ 17,367	<hr/> \$ 613,513

CAPITAL PROJECTS FUND

Exhibit F-1

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue:	
State Sources - SDA Grant	<u>\$ 71,615</u>
Total Revenue	<u>71,615</u>
Expenditures:	
Construction Services	<u>262,243</u>
Total Expenditures	<u>262,243</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(190,628)</u>
Fund Balance - July 1	<u>220,401</u>
Fund Balance - June 30	<u>\$ 29,773</u>
Recapitulation:	
Committed	<u>\$ 29,773</u>
Total Fund Balance	<u>\$ 29,773</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASISBLEACHER SAFETY RAILS AND WALL PANELS AT MIDDLE SCHOOLFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 4,298		\$ 4,298	\$ 4,298
Transfer from Capital Reserve	5,787		5,787	5,787
Total Revenue and Other Financing Sources	<u>10,085</u>		<u>10,085</u>	<u>10,085</u>
Expenditures:				
Construction Services	<u>3,250</u>		<u>3,250</u>	<u>10,085</u>
Total Expenditures	<u>3,250</u>		<u>3,250</u>	<u>10,085</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 6,835</u>	<u>\$ - 0 -</u>	<u>\$ 6,835</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number:	SP0510-020-01-OAED
Grant Date	11/10/2005
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 10,745
Returned to Capital Reserve	\$ (660)
Revised Authorized Cost	\$ 10,085
Percentage Completion	100%
Original Target Completion Date	12/31/2006
Revised Target Completion Date	12/31/2007

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 9,863		\$ 9,863	\$ 9,863
Transfer from Capital Reserve	14,795		14,795	14,795
Total Revenue and Other Financing Sources	<u>24,658</u>		<u>24,658</u>	<u>24,658</u>
Expenditures:				
Purchased Professional and Technical Services	10,084		10,084	24,658
Total Expenditures	<u>10,084</u>		<u>10,084</u>	<u>24,658</u>
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	<u>\$ 14,574</u>	<u>\$ - 0 -</u>	<u>\$ 14,574</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-020-09-0ZXU
Grant Date	9/24/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 24,658
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
STONY BROOK SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,633		\$ 1,633	\$ 1,633
Transfer from Capital Reserve	2,449		2,449	2,449
Total Revenue and Other Financing Sources	<u>4,082</u>		<u>4,082</u>	<u>4,082</u>
Expenditures:				
Purchased Professional and Technical Services	2,832		2,832	4,082
Total Expenditures	<u>2,832</u>		<u>2,832</u>	<u>4,082</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,250</u>	<u>\$ - 0 -</u>	<u>\$ 1,250</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-060-09-0ZXW
Grant Date	9/24/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 4,082
Revised Authorized Cost	4,082
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
WHITON SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 3,255		\$ 3,255	\$ 3,255
Transfer from Capital Reserve	4,884		4,884	4,884
Total Revenue and Other Financing Sources	8,139		8,139	8,139
Expenditures:				
Purchased Professional and Technical Services	1,416		1,416	8,139
Total Expenditures	1,416		1,416	8,139
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 6,723</u>	<u>\$ - 0 -</u>	<u>\$ 6,723</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-090-09-0ZXX
Grant Date	9/27/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 8,139
Revised Authorized Cost	8,139
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
OLD YORK SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,855		\$ 2,855	\$ 2,855
Total Revenue and Other Financing Sources	<u>2,855</u>		<u>2,855</u>	<u>2,855</u>
Expenditures:				
Supplies and Materials	<u>2,463</u>		<u>2,463</u>	<u>2,855</u>
Total Expenditures	<u>2,463</u>		<u>2,463</u>	<u>2,855</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 392</u>	<u>\$ - 0 -</u>	<u>\$ 392</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,855
Revised Authorized Cost	2,855
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
UPGRADE BUILDING AUTOMATION SYSTEM CONTROLS - CENTRAL MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Curent Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 71,976		\$ 71,976	\$ 71,976
SDA Grant	21,079	\$ 26,905	47,984	47,984
Total Revenues	<u>93,055</u>	<u>26,905</u>	<u>119,960</u>	<u>119,960</u>
Expenditures:				
Purchased Professional and Technical Services	21,079		21,079	21,079
Construction Services		98,881	98,881	98,881
Total Expenditures	<u>21,079</u>	<u>98,881</u>	<u>119,960</u>	<u>119,960</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 71,976</u>	<u>\$ (71,976)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	SP0510-020-14-G2OF
Grant Date	6/12/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 119,960
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 119,960
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	4/30/2015

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
UPGRADE BUILDING AUTOMATION SYSTEM CONTROLS - STONY BROOK SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Curent Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 43,715		\$ 43,715	\$ 43,715
SDA Grant	12,758	\$ 16,385	29,143	29,143
Total Revenues	<u>56,473</u>	<u>16,385</u>	<u>72,858</u>	<u>72,858</u>
Expenditures:				
Purchased Professional and Technical Services	12,758		12,758	12,758
Construction Services		60,100	60,100	60,100
Total Expenditures	<u>12,758</u>	<u>60,100</u>	<u>72,858</u>	<u>72,858</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 43,715</u>	<u>\$ (43,715)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	SP0510-060-14-G2OG
Grant Date	6/12/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 72,858
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 72,858
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	4/30/2015

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
UPGRADE BUILDING AUTOMATION SYSTEM CONTROLS - WHITON SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Curent Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 74,937		\$ 74,937	\$ 74,937
SDA Grant	21,633	\$ 28,325	49,958	49,958
Total Revenues	<u>96,570</u>	<u>28,325</u>	<u>124,895</u>	<u>124,895</u>
Expenditures:				
Purchased Professional and Technical Services	21,633		21,633	21,633
Construction Services		103,262	103,262	103,262
Total Expenditures	<u>21,633</u>	<u>103,262</u>	<u>124,895</u>	<u>124,895</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 74,937</u>	<u>\$ (74,937)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	SP0510-090-14-G2OH
Grant Date	6/12/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 124,895
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 124,895
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	4/30/2015

PROPRIETARY FUNDS

Exhibit G-1

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 88,217	\$ 25,329	\$ 113,546
Accounts Receivable:			
State	388		388
Federal	5,575		5,575
Interfund Receivable:			
General Fund	76,655		76,655
Food Service Fund		1,352	1,352
Inventories	5,099		5,099
Total Current Assets	<u>175,934</u>	<u>26,681</u>	<u>202,615</u>
Capital Assets:			
Furniture & Equipment	514,039		514,039
Accumulated Depreciation	<u>(396,930)</u>		<u>(396,930)</u>
Total Capital Assets, Net	<u>117,109</u>		<u>117,109</u>
Total Assets	<u>293,043</u>	<u>26,681</u>	<u>319,724</u>
LIABILITIES:			
Current Liabilities:			
Interfund Payable:			
Community Education Fund	1,352		1,352
Accounts Payable	3,668		3,668
Prepaid Sales	16,855		16,855
Unearned Revenue	3,331		3,331
Total Current Liabilities	<u>25,206</u>		<u>25,206</u>
NET POSITION:			
Net Investment in Capital Assets	117,109		117,109
Unrestricted	<u>150,728</u>	<u>26,681</u>	<u>177,409</u>
Total Net Position	<u>\$ 267,837</u>	<u>\$ 26,681</u>	<u>\$ 294,518</u>

Exhibit G-2

BRANCBURG BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Totals</u>
	<u>Food Service Program</u>	<u>Community Education Program</u>	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 242,290		\$ 242,290
Daily Sales - Non-Reimbursable Programs	301,823		301,823
Total Operating Revenue	<u>544,113</u>		<u>544,113</u>
Operating Expenses:			
Cost of Sales	304,553		304,553
Salaries, Benefits & Payroll Taxes	276,101		276,101
Supplies and Materials	46,331		46,331
Food Service Management Fee	16,179		16,179
Purchased Professional/Technical Services	9,388		9,388
Depreciation	12,610		12,610
Total Operating Expenses	<u>665,162</u>		<u>665,162</u>
Operating (Loss)	<u>(121,049)</u>		<u>(121,049)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	4,467		4,467
Federal Sources:			
National School Lunch Program	64,190		64,190
Food Distribution Program	21,477		21,477
Local Sources:			
Interest Income	1,982	\$ 82	2,064
Total Non-Operating Revenue	<u>92,116</u>	<u>82</u>	<u>92,198</u>
Change in Net Position	<u>(28,933)</u>	<u>82</u>	<u>(28,851)</u>
Net Position - Beginning of Year	<u>296,770</u>	<u>26,599</u>	<u>323,369</u>
Net Position - End of Year	<u>\$ 267,837</u>	<u>\$ 26,681</u>	<u>\$ 294,518</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 556,715		\$ 556,715
Payments to Employees	(276,101)		(276,101)
Payments to Suppliers	(350,134)		(350,134)
Net Cash Used for Operating Activities	<u>(69,520)</u>		<u>(69,520)</u>
Cash Flows from Investing Activities:			
Interest Income	1,982	\$ 82	2,064
Net Cash Provided by Investing Activities	<u>1,982</u>	<u>82</u>	<u>2,064</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(11,800)		(11,800)
Net Cash Used for Capital and Related Financing Activities	<u>(11,800)</u>		<u>(11,800)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	68,609		68,609
Net Cash Provided by Noncapital Financing Activities	<u>68,609</u>		<u>68,609</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,729)	82	(10,647)
Cash and Cash Equivalents, July 1	98,946	25,247	124,193
Cash and Cash Equivalents, June 30	<u>\$ 88,217</u>	<u>\$ 25,329</u>	<u>\$ 113,546</u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (121,049)		\$ (121,049)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,610		12,610
Federal Food Distribution Program	21,477		21,477
Changes in Assets and Liabilities:			
Decrease in Inventory	435		435
Increase in Prepaid Sales	12,602		12,602
Increase in Unearned Revenue	994		994
Increase in Accounts Payable	3,411		3,411
Net Cash Used for Operating Activities	<u>\$ (69,520)</u>	<u>\$ -0-</u>	<u>\$ (69,520)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$22,471 and utilized \$21,477 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2015.

FIDUCIARY FUNDS

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 64,731	\$ 134,508	\$ 199,239	\$ 637,060	\$ 1,757
Interfund Receivable:					
General Fund		18,067	18,067		
Total Assets	64,731	152,575	217,306	637,060	1,757
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		133,022	133,022		
Summer Savings Deductions Payable		1,197	1,197		
Accrued Salaries and Wages		18,356	18,356		
Due to Student Groups	64,731		64,731		
Total Liabilities	64,731	152,575	217,306		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				637,060	
Held in Trust for Flexible Spending Claims					1,757
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 637,060	\$ 1,757

Exhibit H-2

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 47,725	\$ 8,020	\$ 55,745
Interest Earnings	624		624
Total Additions	<u>48,349</u>	<u>8,020</u>	<u>56,369</u>
DEDUCTIONS:			
Unemployment Benefit Claims	35,516		35,516
Flexible Spending Claims		9,251	9,251
Total Deductions	<u>35,516</u>	<u>9,251</u>	<u>44,842</u>
Change in Net Position	12,833	(1,231)	11,602
Net Position- July 1	<u>624,227</u>	<u>2,988</u>	<u>627,215</u>
Net Position - June 30	<u>\$ 637,060</u>	<u>\$ 1,757</u>	<u>\$ 638,817</u>

Exhibit H-3

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 72,040	\$ 184,297	\$ 191,606	\$ 64,731
Total Assets	<u>\$ 72,040</u>	<u>\$ 184,297</u>	<u>\$ 191,606</u>	<u>\$ 64,731</u>
 LIABILITIES:				
Due to Student Groups	\$ 72,040	\$ 184,297	\$ 191,606	\$ 64,731
Total Liabilities	<u>\$ 72,040</u>	<u>\$ 184,297</u>	<u>\$ 191,606</u>	<u>\$ 64,731</u>

Exhibit H-4

BRANCBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary and Middle Schools:				
Central Middle School	\$ 44,685	\$ 124,236	\$ 126,390	\$ 42,531
Whiton School	17,999	31,711	39,274	10,436
Stony Brook School	9,356	28,350	25,942	11,764
Subtotal All Schools	<u>72,040</u>	<u>184,297</u>	<u>191,606</u>	<u>64,731</u>
Total Student Activities	<u>\$ 72,040</u>	<u>\$ 184,297</u>	<u>\$ 191,606</u>	<u>\$ 64,731</u>

Exhibit H-5

BRANCBURG TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,010	\$ 8,652,493	\$ 8,521,995	\$ 134,508
Interfund Receivable	45,803	18,067	45,803	18,067
Total Assets	<u>\$ 49,813</u>	<u>\$ 8,670,560</u>	<u>\$ 8,567,798</u>	<u>\$ 152,575</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 2,525	\$ 8,505,337	\$ 8,374,840	\$ 133,022
Summer Savings Deductions Payable	1,196	147,156	147,155	1,197
Accrued Salaries and Wages	46,092	18,067	45,803	18,356
Total Liabilities	<u>\$ 49,813</u>	<u>\$ 8,670,560</u>	<u>\$ 8,567,798</u>	<u>\$ 152,575</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2014	Retired or Matured	Balance June 30, 2015
			Date	Amount				
Refunding School Bonds 2006	07/15/06	\$ 18,100,000	7/15/15	\$ 435,000	5.000%	\$ 17,080,000	\$ 385,000	\$ 16,695,000
			7/15/16	490,000	5.000%			
			7/15/17	545,000	5.000%			
			7/15/18	605,000	5.000%			
			7/15/19	665,000	4.000%			
			7/15/20	735,000	4.000%			
			7/15/21	800,000	4.125%			
			7/15/22	880,000	4.125%			
			7/15/23	960,000	4.125%			
			7/15/24	1,045,000	4.125%			
			7/15/25	1,145,000	4.250%			
			7/15/26	1,245,000	4.250%			
			7/15/27	1,305,000	4.250%			
			7/15/28	1,360,000	4.250%			
			7/15/29	1,425,000	4.250%			
			7/15/30	1,495,000	4.250%			
7/15/31	1,560,000	4.250%						
School Bonds 2007	02/01/2007	3,305,000	2/1/16	225,000	4.000%	2,005,000	215,000	1,790,000
			2/1/17	235,000	4.000%			
			2/1/18	245,000	4.000%			
			2/1/19	255,000	4.000%			
			2/1/20	265,000	4.000%			
			2/1/21	275,000	4.000%			
			2/1/22	290,000	4.000%			

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Retired or Matured	Balance June 30, 2015
			Date	Amount				
Refunding Bonds of 2010	11/16/2010	\$ 9,760,000	2/1/16	\$ 575,000	3.000%			
			2/1/17	490,000	4.000%			
			2/1/18	515,000	4.000%			
			2/1/19	535,000	4.000%			
			2/1/20	555,000	4.000%			
			2/1/21	585,000	4.000%			
			2/1/22	605,000	4.000%			
			2/1/23	815,000	3.250%			
			2/1/24	835,000	4.000%			
			2/1/25	880,000	3.500%			
			2/1/26	915,000	3.625%			
					\$ 7,870,000	\$ 565,000	\$ 7,305,000	
					<u>\$ 26,955,000</u>	<u>\$ 1,165,000</u>	<u>\$ 25,790,000</u>	

Exhibit I-2

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Retired or Matured</u>
Buses	3.220%	\$ 380,000	\$ 80,892	\$ 80,892
			<u>\$ 80,892</u>	<u>\$ 80,892</u>

BRANCBURG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 2,205,081		\$ 2,205,081	\$ 2,205,081	
State Sources:					
Debt Service State Aid Support	100,369		100,369	100,369	
Total Revenue	<u>2,305,450</u>		<u>2,305,450</u>	<u>2,305,450</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,100,350		1,100,350	1,091,350	\$ 9,000
Redemption of Principal	1,205,100		1,205,100	1,165,000	40,100
Total Regular Debt Service	<u>2,305,450</u>		<u>2,305,450</u>	<u>2,256,350</u>	<u>49,100</u>
Total Expenditures	<u>2,305,450</u>		<u>2,305,450</u>	<u>2,256,350</u>	<u>49,100</u>
Excess of Revenues Over Expenditures				49,100	49,100
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 49,101</u>	<u>\$ 49,100</u>
				<u>\$ 49,101</u>	
				<u>Restricted Fund Balance</u>	

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities:										
Net Investment in Capital Assets (Deficit)	\$ 1,762,927	\$ (1,299,261)	\$ (13,004,518)	\$ (9,343,289)	\$ (8,385,886)	\$ (7,809,967)	\$ 12,288,257	\$ 12,313,755	\$ 12,688,164	\$ 13,397,752
Restricted	1,534,860	4,274,525	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223
Unrestricted (Deficit)	316,094	389,520	(819,201)	930,271	1,339,087	1,467,536	1,279,667	721,738	(6,503,523)	(6,441,372)
Total Governmental Activities										
Net Position (Deficit)	<u>\$ 3,613,881</u>	<u>\$ 3,364,784</u>	<u>\$ (9,196,444)</u>	<u>\$ (7,825,702)</u>	<u>\$ (6,222,344)</u>	<u>\$ (5,405,253)</u>	<u>\$ 17,054,622</u>	<u>\$ 17,486,882</u>	<u>\$ 10,451,250</u>	<u>\$ 9,889,603</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 12,238	\$ 26,203	\$ 119,389	\$ 94,558	\$ 147,465	\$ 122,634	\$ 122,988	\$ 108,593	\$ 117,919	\$ 117,109
Unrestricted	173,638	132,155	156,837	109,820	102,929	169,147	232,932	216,248	205,450	177,409
Total Business-Type Activities Net Position	<u>\$ 185,876</u>	<u>\$ 158,358</u>	<u>\$ 276,226</u>	<u>\$ 204,378</u>	<u>\$ 250,394</u>	<u>\$ 291,781</u>	<u>\$ 355,920</u>	<u>\$ 324,841</u>	<u>\$ 323,369</u>	<u>\$ 294,518</u>
District-Wide:										
Net Investment in Capital Assets (Deficit)	\$ 1,775,165	\$ (1,273,058)	\$ (12,885,129)	\$ (9,248,731)	\$ (8,238,421)	\$ (7,687,333)	\$ 12,411,245	\$ 12,422,348	\$ 12,806,083	\$ 13,514,861
Restricted	1,534,860	4,274,525	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389	4,266,609	2,933,223
Unrestricted (Deficit)	489,732	521,675	(662,364)	1,040,091	1,442,016	1,636,683	1,512,599	937,986	(6,298,073)	(6,263,963)
Total District-Wide Net Position (Deficit)	<u>\$ 3,799,757</u>	<u>\$ 3,523,142</u>	<u>\$ (8,920,218)</u>	<u>\$ (7,621,324)</u>	<u>\$ (5,971,950)</u>	<u>\$ (5,113,472)</u>	<u>\$ 17,410,542</u>	<u>\$ 17,811,723</u>	<u>\$ 10,774,619</u>	<u>\$ 10,184,121</u>

*Restated

Source: Branchburg Township School District financial reports.

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

Expenses:	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Instruction:										
Regular	\$12,642,131	\$13,271,443	\$ 12,646,693	\$ 21,060,976	\$ 20,728,221	\$ 21,578,746	\$ 21,351,863	\$ 11,581,107	\$ 11,292,106	\$ 12,601,388
Special Education	4,003,364	4,427,861	3,820,666	6,696,002	7,450,996	7,068,084	7,004,098	3,765,366	4,539,183	5,035,984
Other Special Instruction	352,383	367,710	1,183,566	1,271,018	1,381,013	1,267,377	1,351,578	1,693,233	1,521,015	1,603,234
School-Sponsored/Other Instruction			217,358	208,497	236,499	165,574	159,147	181,921	267,367	449,652
Support Services:										
Tuition	9,914,788	10,961,121	10,390,326					12,443,083	12,753,265	13,260,547
Student & Instruction Related Services	4,302,254	4,810,377	4,870,027	4,558,519	4,834,050	4,137,990	4,021,558	4,536,021	4,344,120	5,066,063
School Administration Services	1,651,057	1,690,540	1,885,519	1,979,933	1,987,159	1,876,725	1,575,222	1,600,538	1,519,679	1,804,833
General Administration Services	1,287,868	1,433,143	720,726	634,198	697,131	724,148	779,619	685,898	787,418	886,590
Central Services and Administrative										
Information Technology			1,047,036	949,876	921,521	765,201	845,897	906,253	790,336	919,708
Plant Operations and Maintenance	2,391,933	2,678,729	3,007,956	2,684,795	2,363,098	2,217,271	1,888,476	1,820,123	1,904,141	2,296,007
Pupil Transportation	2,476,133	2,481,713	2,747,030	2,722,269	2,617,313	2,244,168	2,570,788	2,422,786	2,584,224	2,920,064
Capital Outlay									34,194	
Interest On Long-Term Debt	1,314,542	1,372,291	1,495,607	1,436,255	1,496,907	1,231,818	1,269,558	1,200,262	1,157,988	1,156,024
Unallocated Depreciation								1,440,329	1,394,239	1,428,878
Total Governmental Activities Expenses	40,336,453	43,494,928	44,032,510	44,202,338	44,713,908	43,277,102	42,817,804	44,276,920	44,889,275	49,428,972
Business-Type Activities:										
Food Service				727,299	727,260	690,981	658,318	700,556	646,166	665,162
Community Education	558,276	701,563	763,588	51,701	73,725	67,365	57,293	64,436		
Total Business-Type Activities Expenses	558,276	701,563	763,588	779,000	800,985	758,346	715,611	764,992	646,166	665,162

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total District-Wide Expenses	\$40,894,729	\$44,196,491	\$44,796,098	\$44,981,338	\$45,514,893	\$44,035,448	\$43,533,415	\$45,041,912	\$45,535,441	\$50,094,134
Program Revenues:										
Governmental Activities:										
Charges For Services				6,825	122,949	140,274	181,050	174,100	154,218	117,608
Operating Grants and Contributions	4,746,335	7,358,419	5,232,838	5,184,648	5,649,995	4,422,591	5,330,011	5,493,585	5,269,020	8,493,488
Capital Grants and Contributions						441,526	13,198		55,470	71,615
Total Governmental Activities Program Revenues	4,746,335	7,358,419	5,232,838	5,191,473	5,772,944	5,004,391	5,524,259	5,667,685	5,478,708	8,682,711
Business-Type Activities:										
Charges for Services:										
Food Service	536,834	587,971	617,291	610,983	612,303	641,284	593,262	559,399	555,927	544,113
Community Education				7,645	73,909	55,181	59,017	72,295		
Operating Grants and Contributions	72,460	77,345	86,128	87,380	102,247	101,447	107,023	100,137	87,321	90,134
Total Business-Type Activities Program Revenues	609,294	665,316	703,419	706,008	788,459	797,912	759,302	731,831	643,248	634,247
Total District-Wide Program Revenues	5,355,629	8,023,735	5,936,257	5,897,481	6,561,403	5,802,303	6,283,561	6,399,516	6,121,956	9,316,958
Net Revenue/(Expense) - Governmental Activities	(35,590,118)	(36,136,509)	(38,799,672)	(39,010,865)	(38,940,964)	(38,272,711)	(37,293,545)	(38,609,235)	(39,410,567)	(40,746,261)
Net Revenue/(Expense) - Business-Type Activities	51,018	(36,247)	(60,169)	(72,992)	(12,526)	39,566	43,691	(33,161)	(2,918)	(30,915)
Total District-Wide Net Revenue/(Expense)	(35,539,100)	(36,172,756)	(38,859,841)	(39,083,857)	(38,953,490)	(38,233,145)	(37,249,854)	(38,642,396)	(39,413,485)	(40,777,176)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	34,311,040	34,778,141	35,971,264	36,152,955	37,147,672	36,906,051	36,590,431	36,283,559	36,801,457	37,536,975
Taxes Levied for Debt Service	1,898,587	497,305	2,007,932	2,079,616	2,101,907	1,962,989	2,038,829	2,092,418	2,102,973	2,205,081

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

General Revenues and Other Changes in Net Position:	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Federal and State Aid not Restricted	\$ 320,661	\$ 320,428	\$ 1,247,289	\$ 132,129	\$ 42,861	\$ 46,279	\$ 45,976	\$ 291,803	\$ 299,973	\$ 335,832
Investment Earnings	152,499	313,907	283,909	68,236	16,829	10,633	5,495		6,832	5,641
Miscellaneous Income	23,905	3,763	105,061	78,493	51,121	172,761	209,060	375,600	358,702	101,085
N.J Economic Development Authority Grants	14,515	(6,188)						(1,885)		
Disposal of Capital Assets, Net	(23,636)	(19,945)				(8,911)				
Net Change Due to Defeasance of Bonds	(962,000)									
Transfers					(57,560)					
Total Governmental Activities General Revenues and Other Changes in Net Position	35,735,571	35,887,411	39,615,455	38,511,429	39,302,830	39,089,802	38,889,791	39,041,495	39,569,937	40,184,614
Business-Type Activities:										
Prior Year Adjustment	254									
Investment Earnings	5,734	8,731	3,416	1,147	982	1,821	1,861	2,082	1,446	2,064
Transfers					57,560					
Total Business-Type Activities General Revenues and Other Changes in Net Position	5,988	8,731	3,416	1,147	58,542	1,821	1,861	2,082	1,446	2,064
Total District-Wide General Revenues and Other Changes in Net Position	35,741,559	35,896,142	39,618,871	38,512,576	39,361,372	39,091,623	38,891,652	39,043,577	39,571,383	40,186,678
Change in Net Position:										
Governmental Activities	145,453	(249,098)	815,783	(499,436)	361,866	817,091	1,596,246	432,260	159,370	(561,647)
Business-Type Activities	57,006	(27,516)	(56,753)	(71,845)	46,016	41,387	45,552	(31,079)	(1,472)	(28,851)
Total District-Wide Change in Net Position	\$ 202,459	\$ (276,614)	\$ 759,030	\$ (571,281)	\$ 407,882	\$ 858,478	\$ 1,641,798	\$ 401,181	\$ 157,898	\$ (590,498)

Source: Branchburg Township School District financial reports.

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 1,807,661	\$ 1,669,829	\$ 2,450,422	\$ 2,306,637	\$ 2,428,761					
Unreserved	694,038	764,169	771,054	364,349	619,146					
Restricted						\$ 2,048,042	\$ 3,430,415	\$ 4,395,786	\$ 4,046,207	\$ 2,854,349
Assigned						569,966	970,545	367,149	588,804	814,758
Unassigned						271,584	639,082	789,724	655,013	654,189
Total General Fund	\$ 2,501,699	\$ 2,433,998	\$ 3,221,476	\$ 2,670,986	\$ 3,047,907	\$ 2,889,592	\$ 5,040,042	\$ 5,552,659	\$ 5,290,024	\$ 4,323,296
Other Governmental Funds:										
Unreserved	\$ 20,456	\$ 1	\$ 1	\$ 1						
Restricted					\$ 1	\$ 1	\$ 56,283	\$ 55,603	\$ 1	\$ 49,101
Committed							87,969	29,774	220,401	29,773
Total Other Governmental Funds	\$ 20,456	\$ 1	\$ 144,252	\$ 85,377	\$ 220,402	\$ 78,874				
Total All Governmental Funds	\$ 2,522,155	\$ 2,433,999	\$ 3,221,477	\$ 2,670,987	\$ 3,047,908	\$ 2,889,593	\$ 5,184,294	\$ 5,638,036	\$ 5,510,426	\$ 4,402,170

Source: Branchburg Township School District financial reports.

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 36,209,627	\$ 36,647,737	\$ 37,979,196	\$ 38,232,571	\$ 39,249,579	\$ 38,869,040	\$ 38,629,260	\$ 38,375,977	\$ 38,904,430	\$ 39,742,056
Tuition					122,949	140,274	181,050	174,100	154,218	117,608
Interest Earned on Investments	152,499	313,907	283,909	68,236	16,829	10,633	5,495	6,822	5,678	4,486
Interest Earned on Capital Reserve Funds								784	1,154	1,155
Miscellaneous	63,065	48,500	105,061	116,734	89,392	200,353	264,990	397,261	395,573	122,360
State Sources	4,541,700	5,653,274	5,908,090	4,758,655	4,791,043	4,077,737	4,528,008	5,231,918	4,888,618	5,257,349
Federal Sources	486,137	608,545	572,036	526,706	863,542	805,067	805,247	524,203	698,974	592,524
Total Revenue	41,453,028	43,271,963	44,848,292	43,702,902	45,133,334	44,103,104	44,414,050	44,711,065	45,048,645	45,837,538
Expenditures:										
Instruction:										
Regular Instruction	9,026,735	9,146,988	8,855,230	8,195,430	8,526,204	7,514,573	7,812,732	7,753,939	7,772,386	7,955,251
Special Education Instruction	2,694,538	3,018,113	2,551,043	3,282,308	3,738,960	3,389,417	3,297,808	2,651,711	3,231,971	3,273,576
Other Special Instruction	308,241	315,399	813,771	857,702	901,844	837,930	908,235	1,119,462	1,019,463	964,216
School-Sponsored/Other Instruction			154,297	146,598	177,286	109,245	107,905	132,002	184,228	274,810
Support Services:										
Tuition	9,914,458	10,961,121	10,390,326	11,350,774	10,236,394	12,348,665	12,230,142	12,443,083	12,753,265	13,260,547
Student & Instruction-Related Services	3,303,680	3,623,869	3,531,040	3,264,382	3,395,185	2,840,856	2,853,159	3,175,024	3,069,273	3,131,629
General Administration Services	1,049,974	1,163,812	572,168	525,504	582,163	566,992	663,012	572,880	670,472	693,985
School Administration Services	1,231,592	1,241,789	1,286,234	1,428,005	1,329,685	1,238,319	1,065,733	1,098,884	1,051,393	1,077,939
Central Services			469,508	437,461	463,652	397,195	404,860	398,009	359,335	344,400
Administrative Information Technology			319,428	283,328	231,526	164,164	221,727	335,077	280,473	266,495
Plant Operations and Maintenance	1,890,414	2,037,292	2,419,517	2,273,441	1,918,142	1,918,612	1,678,931	1,629,510	1,758,171	1,926,153
Pupil Transportation	2,044,263	1,970,653	2,251,875	2,386,381	2,238,423	1,927,125	2,266,862	2,170,791	2,223,660	2,152,300
Unallocated Benefits	6,782,976	7,695,019	8,081,781	7,359,437	8,593,088	7,783,887	7,054,051	7,949,606	7,760,772	8,334,630
Capital Outlay	822,714	726,308	1,229,882	1,979,972	491,554	944,078	301,907	575,916	781,293	1,033,513
Debt Service:										
Principal	420,000	625,000	705,000	750,000	805,000	1,025,000	1,045,000	1,075,000	1,125,000	1,165,000
Interest and Other Charges	1,478,586	1,244,581	1,475,496	1,447,242	1,415,967	1,216,122	1,205,625	1,174,544	1,135,100	1,091,350
Total Expenditures	40,968,171	43,769,944	45,106,596	45,967,965	45,045,073	44,222,180	43,117,689	44,255,438	45,176,255	46,945,794
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	484,857	(497,981)	(258,304)	(2,265,063)	88,261	(119,076)	1,296,361	455,627	(127,610)	(1,108,256)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)		\$ 136,674			\$ 380,000					
NJEDA/SDA Grants (Cancelled)	\$ 14,515	(6,188)						\$ (1,885)		
Proceeds from the Sale of Bonds		3,305,000								
Refunding Bonds Issued						\$ 9,760,000				
Payment to Bond Refunding Escrow Agent						(9,785,000)				
Bond Issuance Costs						(346,096)				
Original Issuance Bond Premium						371,096				
Transfers In		100,600	\$ 54,562		22,128	768,061	\$ 272,025	56,310	\$ 246,231	
Transfers Out		(100,600)	(54,562)		(79,688)	(768,061)	(272,025)	(56,310)	(246,231)	
Total Other Financing Sources/(Uses)	14,515	3,435,486	- 0 -	- 0 -	322,440	- 0 -	- 0 -	(1,885)	- 0 -	- 0 -
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 499,372	\$ 2,937,505	\$ (258,304)	\$ (2,265,063)	\$ 410,701	\$ (119,076)	\$ 1,296,361	\$ 453,742	\$ (127,610)	\$ (1,108,256)
Debt Service As a % of Noncapital Expenditures	4.96%	4.54%	5.23%	5.26%	5.25%	5.46%	5.55%	5.43%	5.36%	5.17%

Source: Branchburg Township School District financial reports.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Insurance Proceeds	Other	Total
2006	\$ 152,499					\$ 23,805	\$ 176,304
2007	313,907					3,513	317,420
2008	283,909					46,260	330,169
2009	36,472	\$ 6,825				478,493	521,790
2010	16,829	122,949				51,121	190,899
2011	10,633	140,274				172,761	323,668
2012	5,495	181,050				209,060	395,605
2013	7,606	174,100	\$ 280,139	\$ 42,456		45,399	549,700
2014	6,832	154,218	270,624			88,078	519,752
2015	5,641	117,608	22,552			78,533	224,334

Source: Branchburg Township School District financial reports.

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

Year End Dec. 31	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized) Valuation
2005	\$ 22,543,100	\$ 1,978,098,600	\$ 32,591,500	\$ 1,395,500	\$ 153,500,600	\$ 425,248,400	\$ 20,350,000	\$ 2,633,727,700	\$ 4,868,302	\$ 2,638,596,002	\$ 91,954,900	\$ 1.32	\$ 2,479,161,890
2006	22,007,800	2,235,924,900	35,598,900	1,357,000	189,564,900	485,917,200	20,350,000	2,990,720,700	4,716,176	2,995,436,876	114,838,600	1.22	2,834,446,011
2007	24,572,100	2,282,796,800	36,287,000	1,443,400	202,426,400	529,423,800	27,851,200	3,104,800,700	4,876,247	3,109,676,947	117,491,900	1.20	3,117,947,430
2008	26,221,300	2,217,444,300	30,574,350	1,414,900	225,302,800	570,870,400	27,851,200	3,099,679,250	5,239,013	3,104,918,263	120,417,600	1.23	3,232,856,674
2009	28,139,200	2,083,863,800	29,227,750	1,399,700	244,381,650	576,246,300	28,264,200	2,991,522,600	5,691,021	2,997,213,621	147,184,800	1.29	3,217,573,758
2010	12,200,800	2,036,634,500	29,660,250	1,447,500	237,515,100	553,643,300	25,500,000	2,896,601,450	6,693,660	2,903,295,110	171,125,300	1.35	3,247,091,973
2011	11,612,800	2,013,888,700	29,501,500	1,463,200	222,270,700	516,393,900	23,460,000	2,818,590,800	5,327,753	2,823,918,553	178,020,200	1.37	3,003,216,474
2012	10,114,500	1,988,890,400	29,705,100	1,422,300	222,675,600	506,046,700	21,245,000	2,780,099,600	5,555,411	2,785,655,011	188,005,600	1.38	2,932,080,663
2013	9,576,300	1,965,401,200	29,377,200	1,359,600	217,471,500	521,820,300	20,000,000	2,765,006,100	5,153,713	2,770,159,813	203,243,200	1.40	2,839,007,795
2014	10,326,400	1,988,040,700	29,649,700	1,316,100	222,821,400	556,367,300	22,000,000	2,830,521,600	4,079,639	2,834,601,239	203,369,800	1.39	2,877,475,796

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

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

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

* Information is not available.

Source: Branchburg Township Tax Assessor.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Branchburg Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Township of Branchburg	Somerset County	
	Basic Rate ^a	General Obligation Debt Service ^b				
2005	\$ 1.24	\$ 0.08	\$ 1.32	\$ 0.26	\$ 0.36	\$ 1.94
2006	1.15	0.06	1.22	0.26	0.34	1.82
2007	1.14	0.06	1.20	0.27	0.34	1.81
2008	1.16	0.07	1.23	0.29	0.35	1.87
2009	1.22	0.07	1.29	0.31	0.36	1.95
2010	1.27	0.07	1.35	0.33	0.37	2.05
2011	1.30	0.07	1.37	0.35	0.38	2.10
2012	1.31	0.07	1.38	0.36	0.39	2.12
2013	1.32	0.08	1.40	0.37	0.39	2.15
2014	1.31	0.08	1.39	0.37	0.40	2.16

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

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

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

Source: Branchburg Township Tax Collector and School Business Administrator.

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

2014			2005		
Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
Roche & Genetech Inc.	\$ 86,700,000	3.13%			
Imclone Systems Corp.	80,003,200	2.89%			
Cellco Partnership (Verizon)	38,450,000	1.39%			
Transco Gas Pipeline Co.	29,032,200	1.05%			
S/K Old York Road Associates	25,000,000	0.90%			Information is Not Available
Individual Taxpayer #1	23,280,400	0.84%			
Toll NJ IV LP	15,900,000	0.57%			
Zeus Industrial Products Inc.	15,000,000	0.54%			
Branchburg Commons	14,000,000	0.51%			
LSREF3/AH Chicago, LLC	13,200,000	0.48%			
Total	\$ 340,565,800	12.29%			

Source: Branchburg Township Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 36,209,627	\$ 35,845,388	98.89%	\$ 364,239
2007	35,275,446	34,692,093	98.89%	583,353
2008	37,979,196	37,380,276	100.00%	598,920
2009	38,232,571	38,232,571	100.00%	- 0 -
2010	39,249,579	39,249,579	100.00%	- 0 -
2011	38,869,040	38,869,040	100.00%	- 0 -
2012	38,629,260	38,629,260	100.00%	- 0 -
2013	38,375,977	38,375,977	100.00%	- 0 -
2014	38,904,430	38,904,430	100.00%	- 0 -
2015	39,742,056	39,742,056	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2006	\$ 30,830,000	\$ 946,955	\$ - 0 -	\$ 31,776,955	2.99%	\$ 2,142
2007	33,150,000	798,708	- 0 -	33,948,708	3.12%	2,275
2008	32,805,000	632,398	- 0 -	33,437,398	3.20%	2,219
2009	32,055,000	365,312	- 0 -	32,420,312	3.20%	2,239
2010	31,250,000	469,597	- 0 -	31,719,597	3.00%	2,180
2011	30,200,000	340,135	- 0 -	30,540,135	2.72%	2,091
2012	29,155,000	235,184	- 0 -	29,390,184	2.59%	2,014
2013	28,080,000	159,260	- 0 -	28,239,260	2.49%	1,935
2014	26,955,000	80,892	- 0 -	27,035,892	2.39%	1,858
2015	25,790,000	- 0 -	- 0 -	25,790,000	2.28%	1,772

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 previous calendar year.

Source: Branchburg Township School District financial reports.

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation		Net General Bonded Debt		
	Bonds	Deductions	Outstanding		
2006	\$ 30,830,000	\$ - 0 -	\$ 30,830,000	1.17%	\$ 2,092
2007	33,150,000	- 0 -	33,150,000	1.11%	2,243
2008	32,805,000	- 0 -	32,805,000	1.05%	2,212
2009	32,055,000	- 0 -	32,055,000	1.03%	2,148
2010	31,250,000	- 0 -	31,250,000	1.04%	2,074
2011	30,200,000	- 0 -	30,200,000	1.04%	2,086
2012	29,155,000	- 0 -	29,155,000	1.03%	2,004
2013	28,080,000	- 0 -	28,080,000	1.01%	1,922
2014	26,955,000	- 0 -	26,955,000	0.97%	1,847
2015	25,790,000	- 0 -	25,790,000	0.91%	1,772

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

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

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

Source: Branchburg Township School District financial reports.

Exhibit J-12

BRANCBURG TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Branchburg	\$ 9,239,108	100.00%	\$ 9,239,108
Somerset County General Obligation Debt	170,821,882	5.10%	<u>8,717,941</u>
Subtotal, Overlapping Debt			17,957,049
Branchburg School District Direct Debt			<u>26,570,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 44,527,049</u></u>

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

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

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 73,036,292	\$ 82,235,445	\$ 90,428,869	\$ 94,649,874	\$ 96,128,423	\$ 95,725,331	\$ 94,373,497	\$ 90,935,178	\$ 88,198,109	\$ 87,142,102
Total Net Debt Applicable to Debt Limit	<u>30,830,000</u>	<u>33,150,000</u>	<u>32,805,000</u>	<u>32,055,000</u>	<u>31,250,000</u>	<u>30,200,000</u>	<u>29,155,000</u>	<u>28,080,000</u>	<u>26,955,000</u>	<u>25,790,000</u>
Legal Debt Margin	<u>\$ 98,357,148</u>	<u>\$ 111,954,246</u>	<u>\$ 122,145,907</u>	<u>\$ 126,695,144</u>	<u>\$ 130,475,127</u>	<u>\$ 130,060,257</u>	<u>\$ 65,218,497</u>	<u>\$ 62,855,178</u>	<u>\$ 61,243,109</u>	<u>\$ 61,352,102</u>
Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	42.21%	40.31%	36.28%	33.87%	32.51%	31.55%	30.89%	30.88%	30.56%	29.60%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis	Branchburg Township
2014	\$2,952,766,117
2013	2,879,914,696
2012	2,881,529,436
	<u>\$8,714,210,249</u>
Average Equalized Valuation of Taxable Property	<u>\$2,904,736,750</u>
Debt Limit (3%* of Average Equalization Value)	\$ 87,142,102
Net Bonded School Debt as of June 30, 2015	<u>25,790,000</u>
Legal Debt Margin	<u>\$ 61,352,102</u>

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

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

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

<u>Year</u>	<u>Township Population^a</u>	<u>Somerset County Per Capita Personal Income^b</u>	<u>Township Personal Income^c</u>	<u>Township Unemployment Rate^d</u>
2006	14,782	\$ 68,181	\$ 1,007,851,542	2.40%
2007	14,832	71,677	1,063,113,264	2.20%
2008	14,923	73,011	1,089,543,153	2.90%
2009	15,069	69,406	1,045,879,014	5.20%
2010	14,477	69,906	1,012,029,162	5.20%
2011	14,552	72,704	1,057,988,608	5.10%
2012	14,609	76,918	1,123,695,062	5.30%
2013	14,594	77,685	1,133,734,890	5.60%
2014	14,552	* 77,685	** 1,130,472,120	*** 4.40%
2015	14,552	* 77,685	** 1,130,472,120	*** N/A

N/A - Information is not available.

* - Latest population data available (2014) was used for calculation purposes.

** - Latest Somerset County per capita personal income data available (2013) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Somerset County per capita personal income (2013) was used for calculation purposes.

Sources:

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

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

	2014		2005		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment

Information is Not Available

Information is Not Available

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:									
Regular	137.0	133.0	116.0	126.0	111.0	108.0	109.5	110.0	107.3
Special Education	42.0	41.0	67.0	68.0	38.5	35.7	32.7	49.7	50.5
Other Special Education			12.0	12.0	11.0	13.0	16.0	16.0	18.2
Support Services:									
Student & Instruction Related									
Services	41.0	44.0	40.0	43.0	56.8	57.4	58.0	44.6	40.5
School Administration Services	43.0	44.0	17.0	16.0	14.3	13.3	14.3	3.0	3.0
General Administration Services	9.0	11.0	11.0	11.0	7.8	8.2	3.0	13.8	14.0
Central Services and Administrative									
Information Technology					5.8	6.2	5.6	6.0	5.5
Plant Operations and Maintenance	24.0	28.0	24.0	20.0	7.0	6.0	6.0	6.0	9.2
Pupil Transportation	24.0	30.0	25.0	28.0	25.0	25.0	25.5	25.5	29.7
Total	<u>320.0</u>	<u>331.0</u>	<u>312.0</u>	<u>324.0</u>	<u>277.1</u>	<u>272.7</u>	<u>270.5</u>	<u>274.5</u>	<u>277.9</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Branchburg Township School District personnel records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2006	2,591	\$ 38,246,871	\$ 14,761	7.77%	181	10:1	11:1	1,966	1,899	-1.65%	96.59%
2007	2,569	41,174,055	16,027	8.58%	179	12:1	12: 1	1,952	1,925	-0.71%	98.62%
2008	2,593	41,696,218	16,080	0.33%	184	11:1	11:1	1,905	1,838	-2.41%	96.48%
2009	2,559	41,790,751	16,331	1.56%	195	9:1	10:1	1,832	1,768	-3.83%	96.51%
2010	2,552	42,332,552	16,588	1.57%	194	9:1	10:1	1,825	1,757	-0.38%	96.27%
2011	2,579	41,036,980	15,912	-4.08%	160	12:1	11:1	1,796	1,724	-1.59%	95.99%
2012	2,483	40,565,157	16,337	2.67%	151	10:1	10:1	1,737	1,673	-3.29%	96.32%
2013	2,472	41,429,978	16,760	2.59%	158	12:1	10:1	1,696	1,630	-2.36%	96.11%
2014	2,422	42,134,862	17,397	3.80%	162	11:1	9:1	1,624	1,562	-4.25%	96.18%
2015	2,328	43,655,931	18,753	7.79%	160	10:1	9:1	1,557	1,497	-4.13%	96.15%

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

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

^b Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>									
Old York Elementary School									
Square Feet	41,137	41,137	41,137	41,137	41,137	*	*	*	*
Capacity (Students)	311	378	378	378	378	*	*	*	*
Enrollment	334	323	335	337	328	*	*	*	*
Stony Brook Elementary School									
Square Feet	47,368	47,368	47,368	47,368	47,638	47,368	47,368	47,368	47,368
Capacity (Students)	398	398	398	398	398	398	398	398	398
Enrollment	329	336	295	288	265	392	360	360	350
Whiton Elementary School									
Square Feet	90,321	90,321	90,321	9,321	9,321	90,321	90,321	90,321	90,321
Capacity (Students)	792	792	792	792	792	792	792	792	792
Enrollment	604	562	552	545	555	733	733	660	647
Central Middle School									
Square Feet	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310	141,310
Capacity (Students)	547	733	733	733	733	733	733	733	733
Enrollment	682	668	647	655	644	612	603	604	566

Number of Schools at June 30, 2015:

Elementary = 2
Middle School = 1

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Branchburg Township School District Facilities Office.

Exhibit J-19

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

Undistributed Expenditures:

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

Fiscal Year	Central Middle School	Old York Elementary School	Stony Brook Elementary School	Whiton Elementary School	Total All Facilities
2006	\$ 92,168	\$ 563,838	\$ 60,467	\$ 83,991	\$ 800,464
2007	145,786	109,137	112,165	76,928	444,016
2008	123,458	106,363	62,472	133,710	426,003
2009	100,248	184,807	44,613	80,775	410,443
2010	158,428	56,938	60,615	108,902	384,883
2011	139,546	46,152	50,429	105,106	341,233
2012	162,321	11,135	78,898	118,332	370,686
2013	173,357	48,910	66,191	130,587	419,045
2014	169,426	46,418	87,106	100,798	403,748
2015	206,601	68,850	88,361	191,394	555,206

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

Source: Branchburg Township School District records.

Exhibit J-20

BRANCBURG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
NJ Schools Insurance Group:		
Property - Blanket Building and Contents	\$ 65,842,965	\$ 5,000
Comprehensive General Liability		
Aggregate Limit	No Aggregate Limit	N/A
Occurrence Limit	6,000,000	N/A
Comprehensive / Collision Automobile Liability	6,000,000	N/A
Employee Benefit Liability	6,000,000	1,000
Demolition Cost	10,000,000	N/A
Increased Cost of Contribution	10,000,000	N/A
Extra Expense - Blanket	50,000,000	N/A
Computers & Scheduled Equipment:		
Data Processing Equipment	1,339,000	5,000
Other	Included	
Boiler and Machinery:		
Property Damage	100,000,000	5,000
School Board Legal Liability:		
Directors & Officers	6,000,000	5,000
School Boards Violent Acts - Each Accident	250,000	25,000
School Boards Violent Acts - Aggregate	1,000,000	
Public Employees' Faithful Performance Blanket Position Bond -	250,000	1,000
Selective Insurance		
Business Administrator/Board Secretary	350,000	N/A
Blanket	100,000	N/A
Volunteer Accident Policy - CIGNA Insurance Company	10,000	25
Student Accident - Berkely Insurance Company	1,000,000	
Workers Compensation	Statutory	N/A
Employer's Liability	2,000,000	N/A

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

Source: Branchburg Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Branchburg Township School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

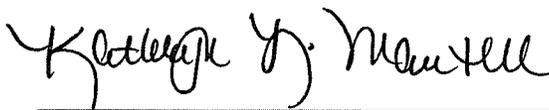
Purpose of this Report

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



NISIVOCCIA, LLP

November 20, 2015
Mt. Arlington, New Jersey



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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Branchburg Township School District (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

NISIVOCCIA, LLP

November 20, 2015
Mt. Arlington, New Jersey

Kathryn L. Mantell

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2014		Carryover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2015	
					Accounts Receivable	Unearned Revenue				(Budgetary Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Agriculture:											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Special Milk Program	10.556	N/A	7/1/13-6/30/14	\$ 4,271	\$ (382)			\$ 382			
Federal Food Distribution Program	10.555	N/A	7/1/14-6/30/15	22,471				22,471	\$ (19,140)		\$ 3,331
Federal Food Distribution Program	10.555	N/A	7/1/13-6/30/14	18,415		\$ 2,337			(2,337)		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	64,190				58,615	(64,190)	\$ (5,575)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	60,759	(4,935)			4,935			
Subtotal Child Nutrition Cluster					(5,317)	2,337		86,403	(85,667)	(5,575)	3,331
Total Enterprise Funds					(5,317)	2,337		86,403	(85,667)	(5,575)	3,331
U.S. Department of Education											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA-0510-14	7/1/13-6/30/14	503,023				502,849	(502,849)		
I.D.E.A. Part B, Basic	84.027	IDEA-0510-14	7/1/13-6/30/14	523,400	(282,389)			282,389			
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-15	7/1/14-6/30/15	20,016				20,016	(20,016)		
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-14	7/1/13-6/30/14	29,103	(25,610)			25,610			
Subtotal Special Education Cluster					(307,999)			830,864	(522,865)		
NCLB Consolidated:											
Title I	84.010	NCLB-0510-15	7/1/14-6/30/15	27,554				11,100	(21,927)	(10,827)	
Title I	84.010	NCLB-0510-14	7/1/13-6/30/14	32,499	(31,153)			31,153			
Title II - Part A	84.367A	NCLB-0510-15	7/1/14-6/30/15	46,483				7,952	(46,482)	(38,530)	
Title II - Part A	84.367A	NCLB-0510-14	7/1/13-6/30/14	44,497	(26,287)			26,287			
Total Special Revenue Fund					(365,439)			907,356	(591,274)	(49,357)	
Total Federal Awards					\$ (370,756)	\$ 2,337	\$ - 0 -	\$ 993,759	\$ (676,941)	\$ (54,932)	\$ 3,331

N/A - Not applicable/available.

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

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2014			Paid to Grantor	Prior Year Accounts Payable Canceled	Balance June 30, 2015		MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			Budgetary Expenditures	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Special Education													
Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 1,310,668			\$ 1,184,265	\$ (1,310,668)				\$ 126,403	\$ 1,310,668	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	408,584		369,180		(408,584)				39,404	408,584	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	194,058		175,343		(194,058)				18,715	194,058	
Per Pupil Growth Aid	15-495-034-5120-084	7/1/14-6/30/15	23,145		20,913		(23,145)				2,232	23,145	
PARCC Readiness Aid	15-495-034-5120-084	7/1/14-6/30/15	23,145		20,913		(23,145)				2,232	23,145	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	291,961				(291,961)		\$ 291,961		291,961	291,961	
Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	23,260				(23,260)			23,260	23,260	23,260	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	982,059		934,116		(982,059)			47,943	47,943	982,059	
Special Education													
Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	1,310,668	\$ 122,285	122,285							1,310,668	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	408,584	41,322	41,322							408,584	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	194,058	18,294	18,294							194,058	
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	279,829	279,829	279,829							279,829	
Nonpublic Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	11,156	11,156	11,156							11,156	
Total General Fund State Aid				472,886		3,177,616	(3,256,880)			363,164	552,150	5,461,175	
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	15-100-034-5120-064	9/1/14 - 6/30/15	2,145		2,145		(1,652)			\$ 493		1,652	
Textbook Aid	14-100-034-5120-064	9/1/13 - 6/30/14	2,249		\$ 394			\$ (394)				1,855	
Nursing Aid	15-100-034-5120-070	9/1/14 - 6/30/15	3,414		3,414		(2,912)			502		2,912	
Nursing Aid	14-100-034-5120-070	9/1/13 - 6/30/14	3,164		146			(146)				3,018	
Nursing Aid	13-100-034-5120-070	9/1/12 - 6/30/13	4,253		132					132		4,161	
Technology Aid	15-100-034-5120-373	9/1/14 - 6/30/15	1,152		1,152		(308)			844		308	
Technology Aid	14-100-034-5120-373	9/1/13 - 6/30/14	820		569			(569)				251	
Auxiliary Services:													
Compensatory Education	15-100-034-5120-067	9/1/14 - 6/30/15	1,792		1,792						1,792		
Handicapped Services:													
Corrective Speech	15-100-034-5120-066	9/1/14 - 6/30/15	884		884						884		
Corrective Speech	14-100-034-5120-066	9/1/13 - 6/30/14	5,468		5,468			(5,468)					
Total Special Revenue Fund					6,709	9,387	(4,872)	(6,577)		4,647		14,157	

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2014			Paid to Grantor	Canceled	Balance June 30, 2015		MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			Budgetary Expenditures	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Capital Projects Fund:													
Schools Development Authority:													
Educational Facilities Constructor	0510-020-04-OAED	N/A	\$ 4,298	\$ 4,298					\$ 4,298		\$ 4,298	\$ 4,298	
Educational Facilities Constructor	0510-060-09-OZXW	N/A	1,633	1,633					1,633		1,633	1,633	
Educational Facilities Constructor	0510-060-09-OZXX	N/A	3,256	3,256					3,256		3,256	3,256	
Educational Facilities Constructor	0510-060-10-OZXU	N/A	9,863	9,863					9,863		9,863	9,863	
Educational Facilities Constructor	0510-020-14-G2OF	N/A	47,984	21,079		\$ (26,905)			47,984		47,984	47,984	
Educational Facilities Constructor	0510-060-14-G2OG	N/A	29,143	12,758		(16,385)			29,143		29,143	29,143	
Educational Facilities Constructor	0510-090-14-G2OH	N/A	49,958	21,633		(28,325)			49,958		49,958	49,958	
Total Capital Projects Fund				74,520		(71,615)			146,135		146,135	146,135	
Debt Service Fund:													
Debt Service State Aid Support	15-100-034-5120-017	7/1/14-6/30/15	100,369			\$ 100,369	(100,369)					100,369	
Total Debt Service Fund						100,369	(100,369)					100,369	
Enterprise Fund:													
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	4,554	598		598						4,554	
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	4,467			4,079	(4,467)			388		4,467	
Total Enterprise Fund				598		4,677	(4,467)			388		9,021	
Total State Awards				\$ 548,004	\$ 6,709	\$ 3,292,049	\$ (3,438,203)	\$ (6,577)	\$ - 0 -	\$ 509,687	\$ 4,647	\$ 698,673	\$ 5,730,857

N/A - Not Available.

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Branchburg Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because these schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting, with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,085) for the General Fund and \$5,250 for the Special Revenue Fund (of which \$1,250 applies to federal grants). See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Pension Payments and Post-Retirement Medical contributions paid by the State on behalf of the District of \$707,480 and \$1,123,126, respectively.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,080,401	\$ 5,080,401
Special Revenue Fund	\$ 592,524	4,964	597,488
Capital Project Fund		71,615	71,615
Debt Service Fund		100,369	100,369
Proprietary Funds - Food Service Enterprise	<u>85,667</u>	<u>4,467</u>	<u>90,134</u>
Total Awards	<u>\$ 678,191</u>	<u>\$ 5,261,816</u>	<u>\$ 5,940,007</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (NJ SDA) GRANT

The District was awarded grants in the amount of \$146,135 in connection with various capital projects throughout the District. In the Capital Projects Fund, the District realizes the full amount of the grant as revenue on the budgetary basis in the year it is awarded and realizes grant revenue on the GAAP basis as it is expended and submitted for reimbursement. At June 30, 2015, the District has expended \$146,135 and has \$146,135 in grants receivable both on the budgetary and GAAP basis.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

	<u>CFDA/State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/14-6/30/15	\$ 503,023	\$ 502,849
I.D.E.A. Part B, Preschool	84.173	7/1/14-6/30/15	20,016	20,016
State:				
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	982,059	982,059

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$300,000.
- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular for both federal and state programs.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Summary of Auditors' Results: (Cont'd)

- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 was \$500,000.

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circulars 04-04 and 15-08.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year findings.