

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

**The School Business Administrator's Staff
Of the North Brunswick Township Board of Education**

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INTRODUCTORY SECTION

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

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

District Web Site: www.nbtschools.org

LETTER OF TRANSMITTAL

December 11, 2015

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

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the North Brunswick Township School District for the fiscal year ended June 30, 2015. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit act of 1986, as amended the U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit including the independent auditor's report on compliance for each major federal and state program and report on internal control over compliance along with findings and questioned costs if any, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

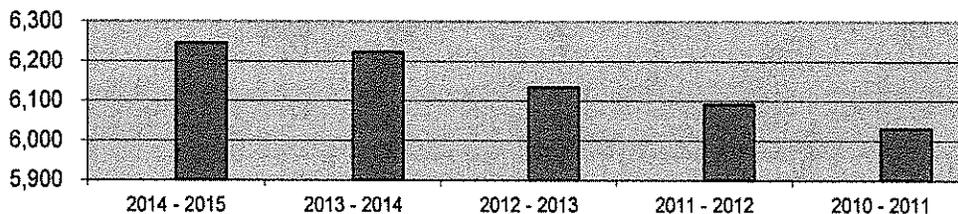
The North Brunswick Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The North Brunswick Township Board of Education and all its schools constitute the District's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

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

The District's enrollment at October 15, 2014 was 6,245 students, which is a .35% increase above the previous October 15 count. The following details the changes in enrollment over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014 - 2015	6,245	0.35%
2013 - 2014	6,223	1.45%
2012 - 2013	6,134	0.71%
2011 - 2012	6,091	0.99%
2010 - 2011	6,031	2.26%

District Enrollment



2. ECONOMIC CONDITION AND OUTLOOK

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

3. LONG TERM FINANCIAL PLANNING/MAJOR INITIATIVES

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

4. INTERNAL ACCOUNTING CONTROLS

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

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

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

5. BUDGETARY CONTROLS

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

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

6. ACCOUNTING SYSTEM AND REPORTS

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

7. DEBT ADMINISTRATION

The District's outstanding debt issues included \$43,760,000 of general obligation bonds as of June 30, 2015.

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. 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.

9. RISK MANAGEMENT

The District 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. The District is exposed to various risk of loss related to torts, theft of; damage to and destruction of assets; error and omission; injuries to employees; and natural disaster.

10. OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants who are licensed public school accountants. Gerard Stankiewicz, CPA, PSA of Samuel Klein and Company, Certified Public Accountants was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS

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

Respectfully submitted,



Dr. Brian Zychowski
Superintendent of Schools,
Acting Business Administrator

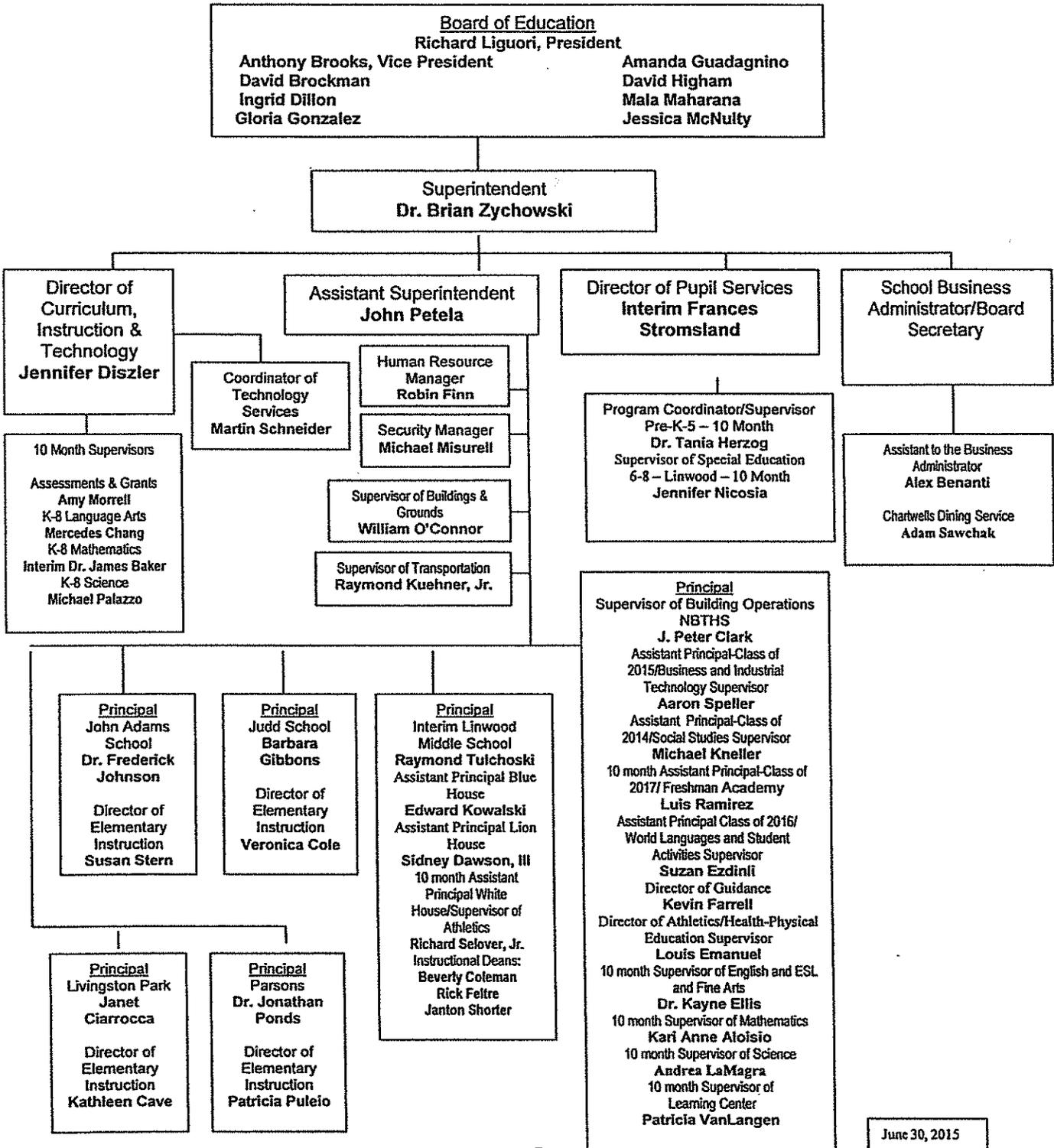


John Petela
Assistant Superintendent of Schools,
Board Secretary



Alex Benanti
Assistant to the Business Administrator/Board Secretary

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
Organizational Chart 2014-2015**



June 30, 2015

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

ROSTER OF OFFICIALS

June 30, 2015

<u>Members of the Board of Education*</u>	<u>Term Expires</u>
Richard Liguori, President	2016
Anthony Brooks, Vice-President	2015
David Brockman	2017
Ingrid Dillon	2015
Gloria Gonzalez	2015
Amanda Guadagnino	2017
David Higham	2016
Mala Maharana	2016
Jessica McNulty	2017

Other Officials

Dr. Brian Zychowski, Superintendent of Schools,

Acting Business Administrator [*effective June 24, 2015*]

John Petela, Assistant Superintendent of Schools,

Board Secretary [*effective June 24, 2015*]

Alex Benanti, Assistant to the Board Secretary/Business Administrator

Susan Irons, Business Administrator/Board Secretary [*through January 9, 2015*]

Gerald Seneski, Treasurer of School Funds

Anthony Vignuolo, Esquire, Board Attorney

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

JUNE 30, 2015

Consultants and Advisors

Audit Firm

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

Attorney

Anthony Vignuolo, Esq.
Borrus, Goldin, Foley, Vignuolo, Hyman & Stahl
PO Box 7463
North Brunswick, NJ 08902

Official Depository

TD Bank
286 Milltown Road
East Brunswick, NJ 08816

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the North Brunswick Township School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2015 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Brunswick Township School District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, noncurrent (long-term) debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by the US. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

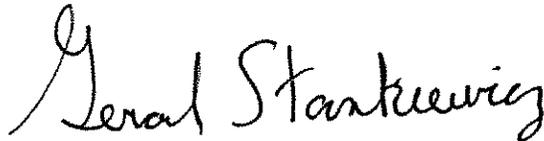
INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above 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 December 11, 2015, on our consideration of the Board of Education of the North Brunswick Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Brunswick Township School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
December 11, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

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

District Web Site: www.nbtschools.org

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED

Management's Discussion and Analysis

The discussion and analysis of North Brunswick Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34- Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

Financial Highlights

Key financial highlights for 2014-2015 are as follows:

- General revenues accounted for \$107,070,908 in revenue or 94.18% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and accounted for \$6,616,771 or 5.82% to total revenues of \$113,687,679.
- Total net position of governmental activities increased by \$4,448,581.
- The School District had \$109,448,898 in expenses, of which only \$6,616,771 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$78,566,162) along with Federal and State aid were adequate to provide for these programs.
- The Governmental – General Fund had \$93,391,639 in revenues and \$93,156,970 in expenditures. The General Fund's fund balance increased \$235,081 compared to 2014.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Comparative Statement of Net Position and Comparative Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

Reporting the School District's Most Significant Funds

Fund Financial Statement

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities. Therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 35 to 67 of this report.

The School District as a Whole

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

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

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

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

Table 1 provides a comparative summary of the School District's net position for 2015 and 2014.

Table 1 – Comparative Summary of Net Position

	<u>2015</u>	<u>2014 *</u>
Assets		
Current and Other Assets	\$ 10,251,794	\$ 9,715,837
Capital Assets, Net	<u>104,402,512</u>	<u>104,486,189</u>
Total Assets	<u>\$ 114,654,306</u>	<u>\$ 114,202,026</u>
Deferred Outflow of Resources		
Deferred Expenses	<u>\$ 4,996,233</u>	<u>\$ 3,395,220</u>
Liabilities		
Noncurrent Liabilities	\$ 70,568,545	\$ 50,668,132
Other Liabilities	<u>2,756,393</u>	<u>1,462,078</u>
Total Liabilities	<u>\$ 73,324,938</u>	<u>\$ 52,130,210</u>
Deferred Inflow of Resources		
Pension	<u>\$ 1,536,093</u>	<u> </u>
Net Position		
Invested in Capital Assets	\$ 58,577,177	\$ 59,745,410
Restricted	4,389,769	4,728,729
Unrestricted (Deficit)	<u>(18,177,438)</u>	<u>992,897</u>
Total Net Position	<u>\$ 44,789,508</u>	<u>\$ 65,467,036</u>

The District's combined net position were \$44,789,508 on June 30, 2015. This is an increase of \$4,482,950, or 11.12% from the prior year as adjusted for the net pension liability and premiums on sale of bond of \$40,306,558 in capital assets and decrease in noncurrent debt.

* Due to required (GASB 68 *Accounting and Financial Reporting for Pension Liabilities*) adjustments to revenues and expenses for certain pension related obligations, the presentation for 2014-2015 is not comparable 2013-2014.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

Table 2 shows the comparative changes in net position from fiscal year 2015 and 2014.

Table 2 – Comparative Changes in Net Position

	2015	2014	Total % Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,135,741	\$ 2,211,515	-3.43%
Operating Grants and Contributions	4,481,030	3,741,776	19.76%
General Revenues:			
Property Taxes	78,566,162	76,805,428	2.29%
Grants and Entitlements	27,825,358	19,083,081	45.81%
Other	923,557	397,192	132.52%
Total Revenues	\$ 113,931,848	\$ 102,238,992	11.44%
Program Expenses:			
Instruction	\$ 59,571,712	\$ 54,268,776	9.77%
Support Services:			
Tuition	2,246,896	2,508,032	-10.41%
Student and Instruction Related	13,702,695	11,948,893	14.68%
Other Administration	6,467,081	5,520,690	17.14%
General Administration	2,426,073	1,631,703	48.68%
Operations and Maintenance of Facilities	10,918,984	11,245,538	-2.90%
Pupil Transportation	7,099,988	6,235,929	13.86%
Interest on Debt	2,303,872	2,482,388	-7.19%
Business Activities	3,686,626	3,381,845	9.01%
Other	1,024,971	809,793	26.57%
Total Expense	\$ 109,448,898	\$ 100,033,587	9.41%
Increase in Net Position	4,482,950	2,205,405	
Beginning Net Position	65,467,036	63,261,631	
Adjustment due to Pension and Premium Liability	25,160,478		
Beginning Net Position as Adjusted	40,306,558		
Ending Net Position	\$ 44,789,508	\$ 65,467,036	

* Due to required (GASB 68 Accounting and Financial Reporting for Pension Liabilities) adjustments to revenues and expenses for certain pension related obligations, the presentation for 2014-2015 is not comparable 2013-2014.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

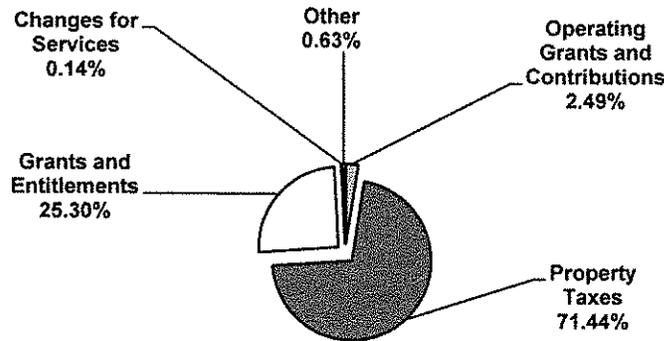
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

Governmental Activities

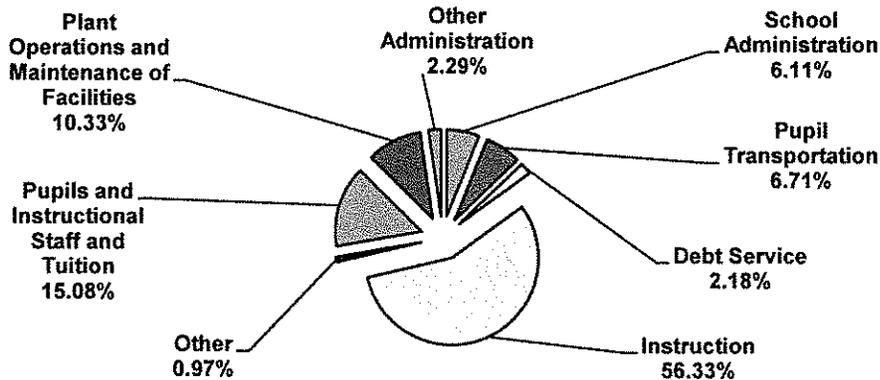
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes of \$78,566,162 made up 71.44% of revenue for governmental activities for the North Brunswick School District for fiscal year 2015. The District's total revenues were \$109,966,684 for the year ended June 30, 2015. Federal, state and local grants of \$27,825,358 accounted for another 25.30% of revenue.

Revenue for Fiscal Year 2015



Expenses for Fiscal Year 2015

The total cost of all programs and services was \$105,762,272.



NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

Business-Type Activities

Food Service

- Revenues for the District's business-type activities for food service program are comprised of charges for services and federal and state reimbursements.
- Food service revenue exceeded expenditures by \$138,228.
- Charges for services represent \$1,321,990, or 43.25% of revenue. This represents amounts paid by patrons for daily food service, as well as special functions.
- Federal and state reimbursement for meals, including payments for free and reduced priced lunches and donated commodities was \$1,734,740 or 56.75% of revenue.

Other

The other business type activities – school facilities, integrated pre-K, after school enrichment and summer enrichment had revenue in total of \$664,265 and total expenses of \$768,124 resulting in a net loss of \$103,859.

Governmental Activities

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

Table 3 - Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2014-2015	2013-2014	% Change	2014-2015	2013-2014	% Change
Regular Instruction	\$ 39,199,442	\$ 39,207,495	-0.02%	\$ 39,199,442	\$ 37,360,410	4.92%
Special Education	14,935,960	10,264,997	45.50%	12,471,097	10,264,997	21.49%
Other Special Education	3,599,276	3,189,618	12.84%	3,599,276	3,189,618	12.84%
Other Instruction	1,837,034	1,606,666	14.34%	1,837,034	1,606,666	14.34%
Tuition	2,246,896	2,508,032	-10.41%	2,212,835	2,432,746	-9.04%
Student and Instruction Related Services	13,702,695	11,948,893	14.68%	13,421,268	11,623,922	15.46%
General and Business Administrative Services	2,426,073	1,631,703	48.68%	2,426,073	1,631,703	48.68%
School Administrative Services	6,467,081	5,520,690	17.14%	6,467,081	5,520,690	17.14%
Plant Operations and Maintenance	10,918,984	11,245,538	-2.90%	10,918,984	11,245,538	-2.90%
Pupil Transportation	7,099,988	6,235,929	13.86%	6,984,563	6,101,625	14.47%
Charter Schools	1,024,971	809,793	26.57%	1,024,971	809,793	26.57%
Interest and Fiscal Charges	2,303,872	2,482,388	-7.19%	2,303,872	2,482,388	-7.19%
Total Expenses	\$ 105,762,272	\$ 96,651,742	9.43%	\$ 102,866,495	\$ 94,270,096	9.12%

* Not intended to be comparable due to pension expense not reflected in prior years.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

UNAUDITED – (CONTINUED)

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

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

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

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

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

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

"Other" includes special schools and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$102,577,257 and expenditures were \$102,481,453.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal years ended June 30, 2015 and June 30, 2014, and the amount of increase and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	2014-2015		2013-2014		Increase/ (Decrease) from 2013-2014 to 2014-2015
	Amount	Percent of Total	Amount	Percent of Total	
Local Sources	\$ 79,400,420	77.41%	\$ 77,384,461	78.55%	\$ 2,015,959
State Sources	20,085,817	19.58%	18,951,157	19.24%	1,134,660
Federal Sources	3,091,020	3.01%	2,181,863	2.21%	909,157
	<u>\$ 102,577,257</u>	<u>100.00%</u>	<u>\$ 98,517,481</u>	<u>100.00%</u>	<u>\$ 4,059,776</u>

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

UNAUDITED – (CONTINUED)

Local revenues increased by \$2,015,959. The increase in local revenue was due to an increase in the tax levy for 2014-2015.

Federal source revenues increased by \$909,157 primarily due to an increase in some small isolated grants.

State sources revenue increased \$1,134,660 due mostly to an increase in on-behalf pension payments and offset with an increase in other state aid in the General Fund.

The following schedule presents a comparative summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2015 and June 30, 2014, and the increases and decreases in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>2014-2015</u>		<u>2013-2014</u>		<u>Increase/ (Decrease) from 2013-2014 to 2014-2015</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expenses:					
Instruction	\$ 38,519,783	37.60%	\$ 37,683,651	37.30%	\$ 836,132
Undistributed Expenditures	53,379,851	52.11%	50,964,730	50.44%	2,415,121
Capital Outlay	3,314,896	3.23%	5,565,003	5.51%	(2,250,107)
Charter Schools	1,024,971	1.00%	809,793	0.80%	215,178
Debt Service:					
Principal	4,205,000	4.11%	3,840,000	3.80%	365,000
Interest	1,988,899	1.94%	2,170,851	2.15%	(181,952)
	<u>\$ 102,433,400</u>	<u>100.00%</u>	<u>\$ 101,034,028</u>	<u>100.00%</u>	<u>\$ 1,399,372</u>

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

General Fund Budgeting Highlights

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

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

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

Capital Assets

At the end of the fiscal year 2015, the School District had \$153,482,976 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 14,000	\$ 14,000
Buildings and Improvements	100,804,970	100,902,583
Machinery and Equipment	<u>3,463,364</u>	<u>3,430,384</u>
Totals	<u>\$ 104,282,334</u>	<u>\$ 104,346,967</u>

Overall capital assets decreased by \$64,633 from fiscal year 2014 to fiscal year 2015. The decrease in capital assets is due primarily to depreciation expense for the year exceeding the capital additions.

Debt Administration

At June 30, 2015, the School District had \$67,546,188 of outstanding debt. Of this amount \$2,360,114 is for compensated absences, \$43,760,000 is for serial bonds for school construction, and \$21,426,074 is for Pension Liability.

NORTH BRUNSWICK TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED – (CONTINUED)

For the Future

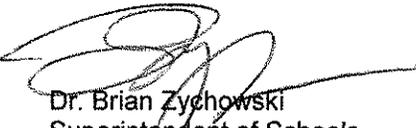
The school district is proud of the support that the community demonstrated by approving its budget for the 2014-2015 school year. However, state aid to schools is a primary area of concern. The district is substantially underfunded according to the state aid formula and is spending below the adequacy amount determined by the state. Enrollment also continues to increase, particularly in the lower grades. These challenges could have a significant impact on the district's operations over the next five years.

The North Brunswick Township School District has committed itself to financial excellence for many years. In addition, the School district's systems for financial planning, budgeting and internal financial controls are well regarded. The School district plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

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

Respectfully submitted,



Dr. Brian Zychowski
Superintendent of Schools,
Acting Business Administrator



John Petela
Assistant Superintendent of Schools,
Board Secretary



Alex Benanti
Assistant to the Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,681,170	\$ 859,035	\$ 4,540,205
Receivables - Net	1,054,246	200,135	1,254,381
Inventory		67,439	67,439
Restricted Assets:			
Cash and Cash Equivalents	4,389,769		4,389,769
Capital Assets, Net	<u>104,282,334</u>	<u>120,178</u>	<u>104,402,512</u>
Total Assets	<u>\$ 113,407,519</u>	<u>\$ 1,246,787</u>	<u>\$ 114,654,306</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on Defeasance of Debt	\$ 3,317,136		\$ 3,317,136
Pension	<u>1,679,097</u>		<u>1,679,097</u>
	<u>\$ 4,996,233</u>		<u>\$ 4,996,233</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,375,270		\$ 1,375,270
Other Current Liabilities	96,307		96,307
Intergovernmental Accounts Payable	8,480		8,480
Unearned Revenue	409,254	\$ 80,299	489,553
Accrued Interest Payable	786,783		786,783
Noncurrent Debt:			
Due Within One Year	4,297,778		4,297,778
Due Beyond One Year	<u>66,270,767</u>		<u>66,270,767</u>
Total Liabilities	<u>\$ 73,244,639</u>	<u>\$ 80,299</u>	<u>\$ 73,324,938</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>\$ 1,536,093</u>		<u>\$ 1,536,093</u>
	<u>\$ 1,536,093</u>		<u>\$ 1,536,093</u>
<u>NET POSITION</u>			
Invested in Capital Assets	\$ 58,456,999	\$ 120,178	\$ 58,577,177
Restricted for:			
Capital Reserve	4,389,769		4,389,769
Unrestricted (Deficit)	<u>(19,223,748)</u>	<u>1,046,310</u>	<u>(18,177,438)</u>
Total Net Position	<u>\$ 43,623,020</u>	<u>\$ 1,166,488</u>	<u>\$ 44,789,508</u>

See accompanying notes to financial statements.

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 39,199,442		\$	\$ (39,199,442)		\$ (39,199,442)
Special Education	14,935,960		2,464,863	(12,471,097)		(12,471,097)
Other Special Education	3,599,276			(3,599,276)		(3,599,276)
Other Instruction	1,837,034			(1,837,034)		(1,837,034)
Support Services:						
Tuition	2,246,896	\$ 34,061		(2,212,835)		(2,212,835)
Student and Instruction Related Services	13,702,895		281,427	(13,421,268)		(13,421,268)
General Administrative Services	2,426,073			(2,426,073)		(2,426,073)
School Administrative Services	6,467,081			(6,467,081)		(6,467,081)
Plant Operations and Maintenance	10,918,984			(10,918,984)		(10,918,984)
Pupil Transportation	7,099,988	115,425		(6,984,563)		(6,984,563)
Charter Schools	1,024,971			(1,024,971)		(1,024,971)
Interest on Long Term Debt	2,303,872			(2,303,872)		(2,303,872)
Total Governmental Activities	\$ 105,762,272	\$ 149,486	\$ 2,746,290	\$ (102,866,495)		\$ (102,866,495)
Business-Type Activities:						
Food Service	\$ 2,918,502	\$ 1,321,990	\$ 1,734,740		\$ 138,228	\$ 138,228
School Facilities	330,158	344,086			13,928	13,928
Integrated Pre-K/Summer Enrichment	400,735	286,214			(114,521)	(114,521)
After School	37,231	33,965			(3,266)	(3,266)
Total Business-Type Activities	\$ 3,686,626	\$ 1,986,255	\$ 1,734,740		\$ 34,369	\$ 34,369
Total Primary Government	\$ 109,448,898	\$ 2,135,741	\$ 4,481,030	\$ (102,866,495)	\$ 34,369	\$ (102,832,126)
General Revenues						
Property Taxes Levied for:						
General Purposes				\$ 72,463,487		\$ 72,463,487
Debt Service				6,102,675		6,102,675
Federal and State Aid Not Restricted				27,825,358		27,825,358
Miscellaneous Income				679,388		679,388
Total General Revenues				\$ 107,070,908		\$ 107,070,908
Special and Extraordinary Items				244,168		
Change in Net Position				\$ 4,448,581	\$ 34,369	\$ 4,482,950
Net Position - Beginning As Adjusted				39,174,439	1,132,119	40,306,558
Net Position - Ending				\$ 43,623,020	\$ 1,166,488	\$ 44,789,508

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 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>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 3,267,451	\$ 204,863	\$ 142,792	\$ 66,064	\$ 3,681,170
Intergovernmental Accounts Receivable	590,473	463,773			1,054,246
Interfunds Receivable	412				412
Restricted Cash and Cash Equivalents	<u>4,389,769</u>				<u>4,389,769</u>
Total Assets	\$ <u>8,248,105</u>	\$ <u>668,636</u>	\$ <u>142,792</u>	\$ <u>66,064</u>	\$ <u>9,125,597</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 118,100	\$ 250,902	\$ 922		\$ 369,924
Other Current Liabilities	56,151		40,156		96,307
Intergovernmental Accounts Payable		8,480			8,480
Interfunds Payable			412		412
Unearned Revenue		<u>409,254</u>			<u>409,254</u>
Total Liabilities	\$ <u>174,251</u>	\$ <u>668,636</u>	\$ <u>41,490</u>		\$ <u>884,377</u>
Fund Balances					
Committed for Year-End Encumbrances	\$ 1,142,971				\$ 1,142,971
Restricted:					
Capital Reserve Account	4,389,769				4,389,769
Maintenance Reserve	1,000,000				1,000,000
Emergency Reserve	467,000				467,000
Assigned - Designated for Subsequent Year's Expenditures	311,833			\$ 28,565	340,398
Assigned - ARRA/SEMI Designated for Subsequent Year's Expenditures	51,551				51,551
Unassigned:					
General Fund	710,730				710,730
Debt Service Fund				37,499	37,499
Capital Projects			<u>101,302</u>		<u>101,302</u>
Total Fund Balances	\$ <u>8,073,854</u>	\$ <u>668,636</u>	\$ <u>101,302</u>	\$ <u>66,064</u>	\$ <u>8,241,220</u>
Total Liabilities and Fund Balance	\$ <u>8,248,105</u>	\$ <u>668,636</u>	\$ <u>142,792</u>	\$ <u>66,064</u>	\$ <u>9,125,597</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances above	\$ 8,241,220
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of capital assets is \$153,482,976 and the accumulated depreciation is \$49,200,642. (see Note 6)	104,282,334
Deferred loss on defeasance of debt, unamortized (see Note 7D)	3,317,136
Noncurrent liabilities, including bonds, loans, leases payable and compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7)	(70,568,545)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:	
Accrued Interest Payable (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.)	(786,783)
Accrued Pension Liability (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30th, 2015, however will be raised in the budget for the fiscal year ending June 30th, 2016)	<u>(862,342)</u>
Net position of governmental activities (A-1)	\$ <u><u>43,623,020</u></u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>					
Local sources:					
Local tax levy	\$ 72,463,487			\$ 6,102,675	\$ 78,566,162
Interest on Investments			\$ 412		412
Interest earned on capital reserve funds	4,972				4,972
Miscellaneous	702,792	\$ 126,082			828,874
Total - Local Sources	\$ 73,171,251	\$ 126,082	\$ 412	\$ 6,102,675	\$ 79,400,420
State Sources	20,053,050	32,767			20,085,817
Federal Sources	167,338	2,923,682			3,091,020
Total Revenues	\$ 93,391,639	\$ 3,082,531	\$ 412	\$ 6,102,675	\$ 102,577,257
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	\$ 25,057,883				\$ 25,057,883
Special Education Instruction	7,521,926	\$ 2,464,863			9,986,789
Other Special Instruction	2,300,804				2,300,804
Other Instruction	1,174,307				1,174,307
Support Services and Undistributed Costs:					
Tuition	2,246,896				2,246,896
Student and Instruction Related Services	8,528,031	281,427			8,809,458
Other Administrative Services	1,550,845				1,550,845
School Administrative Services	4,134,022				4,134,022
Plant Operations and Maintenance	6,979,860				6,979,860
Pupil Transportation	4,538,602				4,538,602
Employee Benefits	24,783,927	336,241			25,120,168
Transfer to Charter Schools	1,024,971				1,024,971
Debt Service:					
Principal				\$ 4,205,000	4,205,000
Interest				1,988,899	1,988,899
Capital Outlay	3,314,896		\$ 48,053		3,362,949
Total Expenditures	\$ 93,156,970	\$ 3,082,531	\$ 48,053	\$ 6,193,899	\$ 102,481,453

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 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>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	\$ 234,669		\$ (47,641)	(91,224)	\$ 95,804
Other Financing Sources/(Uses):					
Transfer In/(Out)					
Interest earned	\$ 412		\$ (412)		
Debt Service Fund			(13,589)	\$ 13,589	
Excess bond refunding proceeds				3,619	\$ 3,619
Total Other Financing Sources (Uses)	\$ 412		\$ (14,001)	\$ 17,208	\$ 3,619
Net Change in Fund Balances	\$ 235,081		\$ (61,642)	\$ (74,016)	\$ 99,423
Fund Balance - July 1	7,838,773		162,943	140,079	8,141,795
Fund Balance - June 30	\$ 8,073,854		\$ 101,301	\$ 66,063	\$ 8,241,218

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 99,423

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

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

Capital outlay	\$ 3,362,949	
Depreciation expense	(3,671,750)	
Miscellaneous Adjustment	(58,640)	
Donated assets	<u>244,168</u>	(123,273)

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

Proceeds of Refunding Bonds	4,260,000	
Premium on Refunding Bonds	502,039	
Bonds Refunded	(4,431,000)	
Loss on Defeasance	(331,039)	
Cost of Issuance	<u>(75,430)</u>	(75,430)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 4,205,000

Bond issue costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.

Amortization of Defeasance	(409,124)	
Amortization of Premium on Bonds	<u>461,767</u>	52,643

In the statement of activities, interest on noncurrent debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is a deduction in the reconciliation. 94,151

Net pension obligation related to PERS which is attributable to June 30, 2015 not reported in government funds; however, it is reported in the statement of activities (110,022)

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 306,089

Change in Net Position of Governmental Activities (A-1) \$ 4,448,581

**PROPRIETARY FUNDS –
ENTERPRISE FUNDS**

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015**

<u>ASSETS</u>	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
Current assets:					
Cash and cash equivalents	\$ 334,249	\$ 368,792	\$ 155,994		\$ 859,035
Accounts receivable:					
State	2,088				2,088
Federal	111,669				111,669
Other	36,378	50,000			86,378
Inventory	67,439				67,439
Total current assets	<u>\$ 551,823</u>	<u>\$ 418,792</u>	<u>\$ 155,994</u>		<u>\$ 1,126,609</u>
Noncurrent assets:					
Furniture, machinery and equipment	\$ 595,180		\$ 139,787		\$ 734,967
Less: accumulated depreciation	575,311		39,478		614,789
Total noncurrent assets	<u>\$ 19,869</u>		<u>\$ 100,309</u>		<u>\$ 120,178</u>
Total assets	<u>\$ 571,692</u>	<u>\$ 418,792</u>	<u>\$ 256,303</u>		<u>\$ 1,246,787</u>
<u>LIABILITIES</u>					
Current liabilities:					
Unearned Revenue	\$ 25,054		\$ 55,245		\$ 80,299
Total liabilities	<u>\$ 25,054</u>		<u>\$ 55,245</u>		<u>\$ 80,299</u>
<u>NET POSITION</u>					
Invested in capital assets	\$ 19,869		\$ 100,309		\$ 120,178
Unrestricted	526,769	\$ 418,792	100,749		1,046,310
Total net position	<u>\$ 546,638</u>	<u>\$ 418,792</u>	<u>\$ 201,058</u>		<u>\$ 1,166,488</u>

**BOARD OF EDUCATION
 NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 PROPRIETARY FUND - ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<u>OPERATING REVENUES</u>					
Local Sources:					
Daily sales - reimbursable programs:					
School lunch program	\$ 472,150				\$ 472,150
School breakfast program	12,670				12,670
School after school snack program	28,698				28,698
Daily sales - non-reimbursable programs	808,472				808,472
Tuition and services		\$ 344,086	\$ 286,214	\$ 33,965	664,265
Total operating revenues	\$ 1,321,990	\$ 344,086	\$ 286,214	\$ 33,965	\$ 1,986,255
<u>OPERATING EXPENSES</u>					
Cost of sales	\$ 1,365,230				\$ 1,365,230
Salaries	857,122	\$ 202,200	\$ 381,916	\$ 31,920	1,473,158
Employee benefits	191,857				191,857
Insurance	111,105				111,105
General Supplies	143,401	127,958	6,790	4,411	282,560
Management fee	119,602				119,602
Depreciation	7,395		11,649		19,044
Administration Fee	122,790				122,790
Other			380	900	1,280
Total operating expenses	\$ 2,918,502	\$ 330,158	\$ 400,735	\$ 37,231	\$ 3,686,626
Operating income/(loss)	\$ (1,596,512)	\$ 13,928	\$ (114,521)	\$ (3,266)	\$ (1,700,371)

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<u>NONOPERATING REVENUES</u>					
State sources:					
State school lunch program	\$ 30,182				\$ 30,182
Federal sources:					
National school lunch program	1,075,463				1,075,463
National breakfast program	375,077				375,077
School snack program	7,758				7,758
Food distribution program	246,260				246,260
<u>Total nonoperating revenues</u>	<u>\$ 1,734,740</u>				<u>\$ 1,734,740</u>
Income/(loss) before contributions and transfers	\$ 138,228	\$ 13,928	\$ (114,521)	\$ (3,266)	\$ 34,369
Operating transfers:					
Intra fund - operating transfer in/(out)			\$ (2,574)	\$ 2,574	
Change in net position	\$ 138,228	\$ 13,928	\$ (117,095)	(692)	\$ 34,369
Total net position - beginning	<u>408,410</u>	<u>404,864</u>	<u>318,153</u>	<u>692</u>	<u>1,132,119</u>
Total net position - ending	<u>\$ 546,638</u>	<u>\$ 418,792</u>	<u>\$ 201,058</u>		<u>\$ 1,166,488</u>

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>					
Receipts from Customers	\$ 1,333,178	\$ 344,086	\$ 279,539	\$ 33,965	\$ 1,990,768
Payments to Employees	(857,122)	(202,200)	(381,916)	(31,920)	(1,473,158)
Payments for Employee Benefits	(191,857)				(191,857)
Payments to Suppliers	(1,393,014)	(127,958)	(7,170)	(5,311)	(1,533,453)
Payment for Management and Administrative Fee	(242,392)				(242,392)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (1,351,207)</u>	<u>\$ 13,928</u>	<u>\$ (109,547)</u>	<u>\$ (3,266)</u>	<u>\$ (1,450,092)</u>
<u>Cash Flows from Capital Investment</u>					
Acquisition of Capital Equipment					
<u>Cash Flows from Noncapital Financing Activities</u>					
State Sources	\$ 30,157				\$ 30,157
Federal Sources	1,450,869				1,450,869
Operating Transfers to Other Funds - Interfunds			\$ (2,574)	\$ 2,574	
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>\$ 1,481,026</u>		<u>\$ (2,574)</u>	<u>\$ 2,574</u>	<u>\$ 1,481,026</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 129,819	\$ 13,928	\$ (112,121)	\$ (692)	\$ 30,934
Balances - Beginning of Year	<u>204,430</u>	<u>354,864</u>	<u>268,114</u>	<u>692</u>	<u>828,100</u>
Balances - End of Year	<u>\$ 334,249</u>	<u>\$ 368,792</u>	<u>\$ 155,993</u>		<u>\$ 859,034</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUNDS - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Fund				
	<u>Food Service</u>	<u>School Facilities</u>	<u>Integrated Pre-K/Summer Enrichment/</u>	<u>After School</u>	<u>Total Enterprise</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities					
Operating Gain/(Loss)	\$ (1,596,512)	\$ 13,928	\$ (114,521)	\$ (3,266)	\$ (1,700,371)
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:					
Depreciation	\$ 7,395		\$ 11,649		\$ 19,044
Federal Commodities	246,260				246,260
Change in Assets and Liabilities:					
Decrease in Accounts Receivable	2,692				2,692
Increase in Inventories	(19,538)				(19,538)
Increase/(Decrease) in Unearned Revenue	8,496		(6,675)		1,821
Total Adjustments	\$ 245,305		\$ 4,974		\$ 250,279
Net Cash Provided by/(Used for) by Operating Activities	\$ (1,351,207)	\$ 13,928	\$ (109,547)	\$ (3,266)	\$ (1,450,092)

FIDUCIARY FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Trust Funds</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>91,907</u>	\$ <u>536,793</u>
Total Assets	\$ <u><u>91,907</u></u>	\$ <u><u>536,793</u></u>
<u>LIABILITIES</u>		
Payable to Student Groups		\$ 315,772
Payroll Deductions and Withholdings	<u> </u>	<u>221,021</u>
Total Liabilities	<u><u> </u></u>	\$ <u><u>536,793</u></u>
<u>NET POSITION</u>		
Held in Trust for Unemployment Claims and Other Purposes	\$ 49,151	
Reserved - Payable to Student Groups	<u>42,756</u>	
Total Net Position	\$ <u><u>91,907</u></u>	

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF CHANGE IN NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust Fund</u>
<u>ADDITIONS</u>		
Contributions:		
Donations	_____	\$ <u>4,441</u>
Total Contributions	_____	\$ <u>4,441</u>
<u>DEDUCTIONS</u>		
Scholarships Awarded		\$ 3,100
Claim Paid	\$ 87,067	
Transfer to General Fund as Budgeted Revenue	_____ 400,000	_____
Total Deductions	_____ 487,067	\$ <u>3,100</u>
Change in Net Position	\$ (487,067)	\$ 1,341
Total Net Position - Beginning of the Year	\$ <u>536,218</u>	\$ <u>41,415</u>
Total Net Position - Ending of the Year	\$ <u><u>49,151</u></u>	<u><u>42,756</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The North Brunswick Township School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three (3) year terms. The purpose of the District is to educate students in grades pre-K-12. The District had an approximate enrollment at June 30, 2015 of 6,127 students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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

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

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

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

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

2. Proprietary Fund Type

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

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

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

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

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

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

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

3. Fiduciary Funds

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

Private Purpose Scholarship Funds

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

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

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

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are voted on by the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.).

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 93,422,935	C-2 \$ 2,961,823
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2014	None	120,708
June 30, 2015	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,087,334	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,118,630)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>93,391,639</u>	B-2 \$ <u>3,082,531</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 93,156,970	C-2 \$ 2,961,823
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2014	None	120,708
June 30, 2015	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>93,156,970</u>	B-2 \$ <u>3,082,531</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

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

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

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

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

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

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

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

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

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Current Interfund Receivables/Payables

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

7. Capital Assets

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Compensated Absences

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Compensated Absences (Continued)

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

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

10. Accrued Liabilities and Noncurrent Obligations

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

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

11. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. The amortization expense for the year ended June 30, 2015 amounted to \$409,133. As of June 30, 2015, the District has an unamortized balance of \$3,317,136 recorded as a deferred outflow of resources.

12. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Unearned (Deferred) Revenue

Unearned revenue in all funds represent program revenues that have been received but not yet earned.

14. Fund Equity

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

15. Fund Balance

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

15. Fund Balance (Continued)

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

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

16. Proprietary Funds Revenues and Expenses

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

17. Rebatable Arbitrage

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

18. Non-Monetary Transactions

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

19. Allocation of Expenses

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

20. Extraordinary and Special Items

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

21. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

21. Accounting and Financial Reporting for Pensions (Continued)

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

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

22. Extraordinary and Special Items

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

H. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2015 through December 11, 2015, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

A. Deposits

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

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

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

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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

	<u>Cash and Cash Equivalents</u>
Checking Accounts - Interest Bearing	\$ 11,435,075
MBIA Asset Management	135,973
Certificate of Deposit	65,273
	\$ 11,636,321
 Reconciliation:	
Governmental Funds	\$ 9,809,917
Proprietary Funds	859,035
Fiduciary Funds	967,369
	\$ 11,636,321

Of the total amount deposits of \$4,389,769 has been earmarked towards the Capital Reserve Account (see Note 14).

Allocation of Cash and Cash Equivalents

Unrestricted	\$ 9,893,083
Restricted	1,743,238
	\$ 11,636,321

Risk Analysis – The MBIA accounts are collateralized by U.S. government securities (both U.S. Treasury and Federal Agency) and other permitted money market instruments and not exposed to custodial credit risk. The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage (“GUDPA”) as of June 30, 2015 which minimizes credit risk.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

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

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

The District had no securities as of June 30, 2015 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2015 consisted of Federal source, State source, transportation, a local project and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u> <u>Financial Statements</u>	<u>Business Type</u> <u>Activities</u>
General Fund		
Federal Aid:		
Medical Assistance Program	\$ 24,176	
State Aid:		
Extraordinary Special Education Aid	372,321	
TPAF FICA Reimbursement	139,425	
Non Public Transportation	<u>54,551</u>	
	<u>\$ 590,473</u>	
Special Revenue Fund		
Federal Aid:		
Title I	\$ 203,301	
Title II	31,000	
Perkins	5,595	
Title III Part A	7,479	
Title III Immigrant	8,652	
IDEA Part B Basic Regular	199,040	
IDEA Part B Preschool	<u>226</u>	
	455,293	
Local Aid:		
MRESC - Refund NJ Non-Public Aid	<u>8,480</u>	
	<u>\$ 463,773</u>	
	<u>\$ 1,054,246</u>	
Proprietary Fund		
Enterprise Fund:		
State Source		\$ <u>2,088</u>
Federal Source		\$ <u>111,669</u>

5. INVENTORY

The value of Federal donated commodities as reflected on Schedule A of \$246,260 (required by the Single Audit Act) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. As of June 30, 2015, the federal donated commodities food inventory of \$26,077 was included in the year end food and supplies amount of \$67,439.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

6. CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 14,000			\$ 14,000
Construction in Progress	<u>1,015,471</u>		<u>\$ 1,015,471</u>	<u>(0)</u>
Total capital assets not being depreciated	<u>1,029,471</u>	<u>-</u>	<u>1,015,471</u>	<u>14,000</u>
Capital assets being depreciated:				
Building and Building Improvements	141,560,437	\$ 4,190,620		145,751,057
Machinery and Equipment	<u>7,473,372</u>	<u>431,968</u>	<u>\$ 187,421</u>	<u>7,717,919</u>
Total at historical cost	<u>149,033,809</u>	<u>4,622,588</u>	<u>187,421</u>	<u>153,468,976</u>
Less accumulated depreciation for:				
Building and Building Improvements	(41,673,325)	(3,272,762)		(44,946,087)
Machinery and Equipment	<u>(4,042,988)</u>	<u>(398,988)</u>	<u>187,421</u>	<u>(4,254,555)</u>
Total accumulated depreciation	<u>(45,716,313)</u>	<u>(3,671,750)</u>	<u>187,421</u>	<u>(49,200,642)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>103,317,496</u>	<u>950,838</u>	<u>374,842</u>	<u>104,268,334</u>
Governmental activities capital assets, net	<u>\$ 104,346,967</u>	<u>\$ 950,838</u>	<u>1,390,313</u>	<u>\$ 104,282,334</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	<u>\$ 734,967</u>		<u>-</u>	<u>\$ 734,967</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>(601,282)</u>	<u>(13,507)</u>	<u>-</u>	<u>(614,789)</u>
Business type activities capital assets, net	<u>\$ 133,685</u>	<u>\$ (13,507)</u>	<u>-</u>	<u>\$ 120,178</u>
<u>Detail of additions</u>				
Governmental Activities:				
General Fund:				
Equipment		\$ 221,993		
Facilities		3,092,903		
Capital Projects Fund		48,053		
Other Sources		<u>244,168</u>		
		<u>\$ 3,607,117</u>		

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

6. CAPITAL ASSETS, NET (CONTINUED)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$	1,425,734
Special Education Instruction		568,225
Other Special Instruction		130,910
Other Instruction		66,815
Support Services and Undistributed Cost:		
Student and Instruction Related Services		501,237
School Administrative Services		235,216
General and Business Administrative Services		88,239
Plant Operations and Maintenance		397,137
Pupil Transportation		258,236
		<u>258,236</u>
 Total	 \$	 <u><u>3,671,750</u></u>

7. NONCURRENT (LONG-TERM) DEBT

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>within One Year</u>	<u>Noncurrent</u> <u>Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable -						
General Obligation Debt	\$ 48,136,000	4,260,000	\$ 8,636,000	\$ 43,760,000	\$ 3,600,000	\$ 40,160,000
Compensated						
Absences Payable	2,532,132	\$ 201,028	373,046	\$ 2,360,114	236,011	2,124,103
Net Pension Liability	<u>22,178,394</u>		<u>752,320</u>	<u>21,426,074</u>		<u>21,426,074</u>
	<u>\$ 72,846,526</u>	<u>\$ 4,461,028</u>	<u>\$ 9,761,366</u>	<u>\$ 67,546,188</u>	<u>\$ 3,836,011</u>	<u>\$ 63,710,177</u>

Reconciliation of Statement of Net Position (Exhibit A-1)

Noncurrent Debt:

2010, 2012 and 2015 Series Refunding Bonds

Add: Unamortized Premium on Bonds

\$	<u>3,022,357</u>	\$	<u>461,767</u>	\$	<u>2,560,590</u>
<u>\$</u>	<u>70,568,545</u>	<u>\$</u>	<u>4,297,778</u>	<u>\$</u>	<u>68,270,767</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

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

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

School District Bonds, Series 2006

Additional school bonds to fund the completion of the North Brunswick Township High School project. Acquisition of land and construction of a new elementary school the District issued \$7,391,000 of bonds dated March 15, 2006. On October 2, 2014 the District entered into an agreement to issue \$4,260,000 of Refunding School Bonds, Series 2014 in addition to a premium on the bonds of \$502,039.25 in order to provide sufficient funds to refinance \$4,431,000 of Series 2006 School District Bonds maturing on or after March 15, 2017. Remaining annual maturity of \$350,000 is due on March 15, 2016 with an interest rate of 4.0%.

\$ 350,000

School District Refunding Bonds, Series 2010

Refinancing of \$18,199,000 of 2002 Series Bonds due on or after July 15, 2022. The District issued \$17,865,000 of bonds dated March 25, 2010. Annual remaining maturities of \$970,000 to \$2,350,000. Final maturity is due on July 15, 2022 with interest rates on remaining maturities ranging from 4.0% to 5.0%.

16,030,000

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

School District Refunding Bonds, Series 2012

Refinancing of \$14,781,000 of 2005 Series Bonds due on or after October 15, 2025. The District issued \$23,540,000 of bonds dated May 23, 2012. Annual remaining maturities of \$35,000 to \$4,700,000. Final maturity is due on January 15, 2025 with interest rates on remaining maturities ranging from 2.0% to 5.0%.

23,120,000

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

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

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

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

Refinancing of \$4,431,000 of portion of 2006 Bonds. The purpose of the bonds is to (i) advance refund all of the outstanding School Bonds of the School District issued in the original principal amount of \$7,391,000 and dated March 15, 2006 and maturing on or after March 15, 2017 which may be redeemed at the option of the School district in whole or in part on any date on or after March 15, 2016 at a redemption price equal to the par amount of the 2006 bonds to be redeemed plus accrued interest, if any, to the redemption date and (ii) pay the cost of issuance with respect to the bonds. Annual maturities of \$360,000 to \$480,000 at interest rates ranging from 3.0% to 4.0% with final maturity on March 15, 2023.

\$ 4,260,000

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

TOTAL

\$ 43,760,000

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

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

A. Bonds and loans payable currently outstanding(Continued)

The District in conjunction with the issuance of the Bonds has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. The requirement effective for the fiscal years ended June 30, 2014.

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.

B. Debt Service Requirements

Debt service requirements on serial bonds payable at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 3,600,000	\$ 1,779,600	\$ 5,379,600
2017	3,735,000	1,634,100	5,369,100
2018	3,875,000	1,501,600	5,376,600
2019	4,025,000	1,348,650	5,373,650
2020	4,170,000	1,210,513	5,380,513
	<u>19,405,000</u>	<u>7,474,463</u>	<u>26,879,463</u>
2021	4,350,000	1,031,287	5,381,287
2022	4,560,000	820,450	5,380,450
2023	4,785,000	594,300	5,379,300
2024	5,000,000	438,150	5,438,150
2025	5,180,000	238,150	5,418,150
	<u>23,875,000</u>	<u>3,122,337</u>	<u>26,997,337</u>
2026	480,000	19,200	499,200
Total	<u>\$ 43,760,000</u>	<u>\$ 10,616,000</u>	<u>\$ 54,376,000</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

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

C. Bonds Authorized But Not Issued

As of June 30, 2015, the District had a bond authorization which had not been issued. The authorization for \$1,200,000 was approved by the voters in November, 1994, was designed to purchase property for a proposed elementary school. The property identified in the referendum is no longer available for sale and the District will be required to seek voter approval for an alternate site.

D. Defeasance

2002 Series Bonds

On March 25, 2010 the Board issued \$17,865,000 (refer to Note 7A) in general obligation bonds to advance refund \$18,199,000 of outstanding 2002 Series Bonds callable on or after July 15, 2012. The net proceeds which included a premium of \$2,081,589.15 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2002 Series Bonds, which were included in the refunding. As a result, the related portion of the 2002 Series Bonds are considered defeased and the liability for these bonds has been removed from the District's records. In addition, as a result of the accounting requirement under GASB#23 and GASB54, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in an accounting loss of \$1,580,296.07 which in conjunction with the premium will be amortized over the remaining life of the Series 2012 Refunding Bond Issue using the "straight-line". The transaction was done at an economic savings to the District in accordance with the State of New Jersey Local Finance Board requirements and their present value savings criteria. The present value savings at the time refunding was \$606,167 or 3.347%.

2005 Series Bonds

On May 23, 2012 the Board issued \$23,540,000 (refer to Note 7A) in general obligation (refunding) bonds to advance refund \$23,331,000 of outstanding 2005 Series Bonds callable on or after January 15, 2016. The net proceeds which included a premium of \$2,911,931 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2005 Series Bonds, which were included in the refunding. As a result, the related portion of the 2005 Series Bonds are considered defeased and the liability for these bonds has been removed from the District's records. In addition, as a result of the accounting requirement under GASB#23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in an accounting loss of \$2,968,058, which in conjunction with the premium will be amortized over the remaining life of the Series 2012 Refunding Bond Issue using the "straight-line". The transaction was done at an economic savings to the District in accordance with the State of New Jersey Local Finance Board requirements and their present value savings criteria. The present value savings at the time refunding was \$1,103,130 or 4.728%.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

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

D. Defeasance (Continued)

2006 Series Bonds

On October 2, 2014 the Board issued \$4,260,000 (refer to Note 7A) in general obligation (refunding) bonds to advance refund \$4,431,000 of outstanding 2006 Series Bonds callable on or after January 15, 2016. The net proceeds which included a premium of \$502,039 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 Series Bonds, which were included in the refunding. As a result, the related portion of the 2006 Series Bonds are considered defeased and the liability for these bonds has been removed from the District's records. In addition, as a result of the accounting requirement under GASB#23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in an accounting loss of \$331,039, which in conjunction with the premium will be amortized over the remaining life of the Series 2007 Refunding Bond Issue using the "straight-line". The transaction was done at an economic savings to the District in accordance with the State of New Jersey Local Finance Board requirements and their present value savings criteria. The present value savings at the time refunding was \$264,180 or 5.90%.

Unamortized Loss on Defeasance

	<u>Beginning Balance</u>		<u>Amortization</u>		<u>Ending Balance</u>
2010 Series Refunding Bonds	\$ 2,473,381	\$	247,338	\$	2,226,043
2012 Series Refunding Bonds	921,839		131,691		790,148
2015 Series Refunding Bonds	331,039		30,094		300,945
	<u>\$ 3,726,259</u>	\$	<u>409,123</u>	\$	<u>3,317,136</u>

E. Operating Lease Obligation

The District leases twenty eight (28) copy machines and related equipment of various sizes and capability which is part of a revolving lease plan that requires the Board to pay a monthly fee plus a factor for each copy over a certain amount for forty eight (48) months, commencing June 1, 2015 through May 31, 2019. The lease payments charged to the operating budget and the minimum annual lease payments are \$316,563.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS

Basic Financial Statements

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF): The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A.18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System (PERS): The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

Basic Financial Statements (Continued)

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

During the year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS

Year Funding	Three-Year Trend Information for PERS			Percentage of APC Contributed	Employee Contribution
	Annual Pension Cost		Net Cost to District		
	Normal	Accrued			
June 30, 2015	\$ 157,058	\$ 786,359	\$ 943,417	100%	\$ 563,998
June 30, 2014	159,313	700,437	859,750	100%	532,312
June 30, 2013	253,996	607,310	861,306	100%	506,984

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

Year Funding June 30	Pension Paid on-behalf of District						TPAF FICA
	Cost (APC)	APC Contributed	Normal & Accrued	NCGI Premium	Total On-Behalf of	Employee Contribution	
2015	\$ None	100%	\$ 1,848,056	\$ 132,959	\$ 1,981,015	\$ 2,671,364	\$ 2,829,113
2014	None	100%	1,398,733	123,470	1,522,203	2,530,855	2,782,721
2013	None	100%	1,678,328	118,762	2,376,016	2,389,023	2,734,442

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

Basic Financial Statements (Continued)

Funding Policy (Continued):

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$1,981,015 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,829,113 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

District-Wide Financial Statements

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2014 and 2013 Independent Auditor's Report dated November 13, 2015.

At June 30, 2015, the District reported a liability of \$21,426,074 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30,	
	<u>2014</u>	<u>2013</u>
District Proportionate Share	0.11443388046 %	0.1160444197 %
Difference - Increase	0.0016106515	

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$1,005,346. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Changes of Assumptions		\$ 673,751
Net difference between projected and actual earnings on pension plan investments	\$ 1,536,093	
District contributions subsequent to the measurement date		<u>1,005,346</u>
Total	<u>\$ 1,536,093</u>	<u>\$ 1,679,097</u>

The \$1,005,346 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$ (195,360)
2017	(195,360)
2018	(195,360)
2019	123,846
Thereafter	54,492

Additional Information:

Collective balances at June 30, 2014 and 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$ 1,452,705,538	Not Available
Collective deferred inflows of resources	2,146,719,012	Not Available
Collective net pension liability	38,849,838,953	\$ 38,410,610,030
District's proportion	,11443388046 %	0.1160444197 %

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

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

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

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

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on 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's target asset allocation as of June 30, 2014 are summarized in the following table:

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00 %	0.80 %
Core Bond	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 Markets	12.70	8.12
Emerging Market Equities	6.50	9.91
Private Equity	8.25	13.02
Hedge Funds/Absolute Returns	12.25	4.92
Real Estate (Property)	3.20	5.80
Commodities	<u>2.50</u>	5.35
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. 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% and 4.63% as of June 30, 2014 and 2013, respectively, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

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

	June 30, 2014		
	1% Decrease	At Current	1% Increase
	4.39%	Discount Rate	6.39%
	5.39%	5.39%	6.39%
District's proportionate share of the pension liability	\$ 26,953,710	\$ 21,426,074	\$ 16,782,668

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2014 and 2013 Independent Auditor's Report dated November 13, 2015.

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2014 was as follows:

Net Pension Liability:	
Districts proportionate share	None
State's proportionate share associated with the District	<u>\$ 192,326,856.00</u>
	<u><u>\$ 192,326,856.00</u></u>

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 June 30, 2013. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the proportion of the TPAF net pension liability associated with the District was .3598476484%.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue of \$10,348,991 for contributions provided by the State.

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

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on 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 are summarized in the table as follows:

<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 Bond	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-US Fixed Income	0.00	1.41
Inflation-Indexed Bonds	2.50	1.30
Broad U.S. Equities	25.90	5.88
Large Cap US Equities	0.00	5.62
Mid Cap US Equities	0.00	6.39
Small Cap US Equities	0.00	7.39
Developed Foreign Markets	12.70	6.05
Emerging Market Equities	6.50	8.90
Private Equity	8.25	9.15
Hedge Funds/Absolute Returns	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
	<u>100.00 %</u>	

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

8. PENSION PLANS (CONTINUED)

District-Wide Financial Statements (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. 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% and 4.63% as of June 30, 2014 and 2013, respectively, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on 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 Net Pension Liability to Changes in the Discount Rate

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

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

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

Contributions Required and Made

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

<u>Fiscal Year</u>	<u>Employee</u>	<u>Employer</u>
2015	\$ 31,549.17	\$ 17,209.08
2014	27,516.52	15,006.30
2013	19,430.45	10,596.52

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees eligible for post-retirement medical benefits and the state contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.80 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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

<u>Year Ending</u>	<u>Post-Retirement Medical</u>
June 30, 2015	\$3,144,862
June 30, 2014	2,496,004
June 30, 2013	2,686,974

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

11. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund types.

12. DEFERRED COMPENSATION

A. IRS Code Section 403(b)

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

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

B. IRS Code Section 457

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

13. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance: The District for the period July 1, 2013 to December 31, 2013 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 was billed quarterly for amounts due to the State. Subsequent to January 1, 2014 the District opted to contribute to the State of New Jersey unemployment fund which requires quarterly remittances to the state for both employer and employee share. Benefits if any will get paid by the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Transferred to</u> <u>General Fund as</u> <u>Miscellaneous</u> <u>Revenue</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ -	\$ (400,000)	\$ 87,067	\$ 49,151
2014	57,894	-	148,349	536,218
2013	115,360		60,450	626,673

Health Benefits: The Board of Education has procured medical insurance coverage for its employees under a "traditional premium plan".

14. INTERFUND BALANCES AND TRANSFERS

The interfund receivable/payable as of June 30, 2015 will be liquidated in the normal course of business in the succeeding year.

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 412	
Capital Projects Fund		\$ 412
	<u>\$ 412</u>	<u>\$ 412</u>

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

15. RESTRICTED – CAPITAL RESERVE ACCOUNT

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

Analysis of Capital Reserve Activity since Inception:

Contributions from Board		
Prior to June 30, 2014	\$ 13,047,109	
During year ended June 30, 2015	<u>2,926,206</u>	\$ 15,973,315
Interest Earned		
Prior to June 30, 2014	\$ 47,187	
During year ended June 30, 2015	<u>4,972</u>	\$ 52,159
Less Withdrawals:		
Prior to June 30, 2014	\$ 10,246,397	
During year ended June 30, 2015	<u>1,389,308</u>	<u>\$ 11,635,705</u>
Balance June 30, 2015		<u><u>\$ 4,389,769</u></u>

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

16. FUND BALANCE APPROPRIATED

General Fund - Of the \$8,073,854 General Fund fund balance at June 30, 2015, \$1,142,971 is committed for year-end encumbrances; \$4,389,769 is restricted for the Capital Reserve Account, \$1,000,000 is restricted for the maintenance reserve, \$467,000 is restricted for the emergency reserve and \$710,730 is unassigned, \$51,551 is assigned-ARRA/SEMI designated for subsequent year's expenditures and \$311,833 is assigned surplus – designated for subsequent year's expenditures.

Of the Capital Reserve fund balance \$742,249, the Maintenance Reserve fund balance \$244,768 and the Emergency Reserve fund balance \$250,000 were included as revenue on the 2015-2016 general fund budget to offset related expenditures.

Debt Service Fund – Of the \$66,064 Debt Service Fund fund balance at June 30, 2015, \$37,499 is unassigned and \$28,565 is assigned – designated for subsequent year's expenditures.

Capital Projects Fund – Of the \$101,301 Capital Projects Fund fund balance at June 30, 2015 is assigned – designated for subsequent year expenditures.

17. CONTINGENT LIABILITIES AND COMMITMENTS

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

18. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess surplus as a result of the 2013-2014 or 2014-2015 school years at June 30, 2015.

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

19. RECONCILIATION OF FUND BALANCE – GENERAL FUND

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

	<u>Unassigned</u>
Balance on a Budget Basis on the General Fund	
Budgetary Basic Comparison	\$ 1,829,360
Less: Allocation of state aid payment not recognized on a GAAP basis	<u>1,118,630</u>
	<u>\$ 710,730</u>

20. ECONOMIC DEPENDENCY

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

21. PRIOR PERIOD RESTATEMENT – DISTRICT-WIDE FINANCIAL STATEMENTS

GASB Statement No. 65 relates to items "*Previously Reported as Assets and Liabilities*". As of June 30, 2014 and 2015 the financial statement reflects a write-up of the premium on general obligation bonds that were previously written-off which actually should be amortized over the remaining maturity of the general obligation bonds. The statement of net position as of June 30, 2014 has been restated to provide for the cumulative impact of the adjustment; there is no impact on the governmental funds fund balance.

GASB 68 relates to "*Accounting and Financial Reporting for Pensions*". The net position as of June 30, 2014 was restated in order to account for the net pension (PERS) liability of the District, the data was released in the late fall of 2015 and it was necessary to retroactively adjust the net position as of June 30, 2015. The statement of net position as of June 30, 2014 has been restated to provide for the cumulative impact of the adjustment; there is no impact on the governmental funds fund balance.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 72,463,487		\$ 72,463,487	\$ 72,463,487	
Transportation Fees	100,000		100,000	115,425	\$ 15,425
Miscellaneous	452,000		452,000	587,367	135,367
Interest Earned on Capital Reserve	501		501	4,972	4,471
Total - local sources	73,015,988		73,015,988	73,171,251	155,263
State sources:					
Categorical Special Education Aid	3,621,124		3,621,124	3,621,124	
Equalization Aid	6,681,891		6,681,891	6,681,891	
Extraordinary aid	250,000		250,000	372,321	122,321
Categorical Security Aid	516,450		516,450	516,450	
Adequacy Aid	329,331		329,331	329,331	
Transportation Aid	427,308		427,308	427,308	
PARCC Readiness Aid	63,190		63,190	63,190	
Per Pupil Growth Aid	63,190		63,190	63,190	
Non Public Transportation Aid				54,551	54,551
On behalf - TPAF - Pension Contribution (Non-budgeted)				1,981,015	1,981,015
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,144,862	3,144,862
Reimbursed TPAF social security contributions (Non-budgeted)				2,829,113	2,829,113
Total - state sources	11,952,484		11,952,484	20,084,346	8,131,862
Federal sources:					
ARRA/SEMI				51,551	51,551
Medicare Assistance Program	65,171		65,171	115,787	50,616
Total - federal sources	65,171		65,171	167,338	102,167
TOTAL REVENUES	\$ 85,033,643		\$ 85,033,643	\$ 93,422,935	\$ 8,389,292

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSE:					
Transfer of funds to charter schools	\$ 785,547	\$ 239,424	\$ 1,024,971	\$ 1,024,971	
Subtotal transfer of funds to charter schools	785,547	239,424	1,024,971	1,024,971	
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	1,381,488		1,381,488	1,330,578	\$ 50,910
Grades 1 - 5	9,212,271	(146,512)	9,065,759	8,940,961	124,798
Grades 6 - 8	6,130,464	(494,143)	5,636,321	5,548,658	87,663
Grades 9 - 12	7,969,262	(104,415)	7,864,847	7,692,314	172,533
	24,693,485	(745,070)	23,948,415	23,512,511	435,904
Regular programs - home instruction:					
Salaries of teachers	75,000	(10,030)	64,970	64,970	
Purchased professional - education services	15,000	40,939	55,939	55,659	280
Total regular programs - home instruction	90,000	30,909	120,909	120,629	280
Regular programs - undistributed instruction:					
Other salaries for instruction	187,221	2,288	189,509	188,627	882
Purchased professional - educational services	1,500	(1,500)			
Other purchased services (400-500 Series)	568,878	(27,582)	541,296	529,723	11,573
General supplies	647,752	(13,687)	634,065	600,199	33,866
Textbooks	150,571	(52,146)	98,425	97,040	1,385
Other objects	15,901	(5,000)	10,901	9,154	1,747
Total regular programs - undistributed instruction	1,571,823	(97,627)	1,474,196	1,424,743	49,453
Total regular programs - instructions	26,355,308	(811,788)	25,543,520	25,057,883	485,637
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	988,064	(252,958)	735,106	729,313	5,793
Other salaries for instruction	488,509	(91,381)	397,128	397,128	
General supplies	14,813	1,702	16,515	14,628	1,887
Textbooks	500		500	500	
Total learning and/or language disabilities	\$ 1,491,886	\$ (342,637)	\$ 1,149,249	\$ 1,141,069	\$ 8,180

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Behavioral Disabilities:					
Salaries of teachers	\$ 187,365	\$ (61,210)	\$ 126,155	\$ 121,760	\$ 4,395
Other salaries for instruction	44,731	8,210	52,941	51,809	1,132
Purchased professional-educational services		50,000	50,000	19,850	30,150
General Supplies	6,225		6,225	1,161	5,064
Total Behavioral Disabilities	238,321	(3,000)	235,321	194,580	40,741
Multiple Disabilities:					
Salaries of teachers	117,015	(2,598)	114,417	114,417	
Other salaries for instruction	14,881	12,093	26,974	26,974	
General supplies	17,968		17,968	14,379	3,589
Total Multiple Disabilities	149,864	9,495	159,359	155,770	3,589
Resource room/resource center:					
Salaries of teachers	4,090,490	(83,417)	4,007,073	3,982,102	24,971
Other salaries for instruction	674,608	27,195	701,803	701,803	
General supplies	8,045		8,045	2,623	5,422
Textbooks	1,100	(135)	965		965
Total resource room/resource center	4,774,243	(56,357)	4,717,886	4,686,528	31,358
Autism:					
Salaries of teachers	57,985	287,669	345,654	341,166	4,488
Other salaries for instruction	33,317	389,206	422,523	422,523	
General Supplies	9,600		9,600	8,902	698
Total Autism	100,902	676,875	777,777	772,591	5,186
Preschool disabilities - part-time:					
Salaries of teachers	74,516	1,590	76,106	76,106	
Other salaries for instruction	12,000	181,690	193,690	193,690	
General supplies	2,600		2,600	2,585	15
Total preschool disabilities-part-time	89,116	183,280	272,396	272,381	15
Preschool disabilities - full time					
Salaries of teachers	114,760	(10,542)	104,218	104,032	186
Other salaries for instruction	151,123	(74,495)	76,628	76,628	
General supplies	1,200		1,200	1,200	
Total preschool disabilities-full-time	\$ 267,083	\$ (85,037)	\$ 182,046	\$ 181,860	\$ 186

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Home Instruction:					
Salaries of teachers	\$ 136,500	\$ (30,847)	\$ 105,653	\$ 67,616	\$ 38,037
Purchased professional-educational services	52,500	(36)	52,464	49,531	2,933
Total home instruction	189,000	(30,883)	158,117	117,147	40,970
Total special education - instruction	7,300,415	351,736	7,652,151	7,521,926	130,225
Basic skills/remedial - Instruction:					
Salaries of teachers	1,686,114	18,345	1,704,459	1,637,478	66,981
General supplies	9,000		9,000	6,415	2,585
Total basic skills/remedial - Instruction	1,695,114	18,345	1,713,459	1,643,893	69,566
Bilingual education - Instruction:					
Salaries of teachers	672,335	(1,946)	670,389	639,044	31,345
Other salaries for instruction	12,374	2,946	15,320	15,256	64
General supplies	6,600	940	7,540	2,611	4,929
Total bilingual education - Instruction	691,309	1,940	693,249	656,911	36,338
School sponsored co/extra - curricular activities - instructions:					
Salaries	233,196	15,344	248,540	246,385	2,155
Supplies and materials	32,199	(4,935)	27,264	22,079	5,185
Total school sponsored co/extra - curricular activities - Instruction	265,395	10,409	275,804	268,464	7,340
School sponsored athletics - Instruction:					
Salaries	561,335		561,335	492,113	69,222
Purchased services (300-500 Series)	108,866		108,866	100,735	8,131
Supplies and materials	143,584	46,462	190,046	165,104	24,942
Other objects	49,275	(3,200)	46,075	44,587	1,488
Total school sponsored athletic activities	863,060	43,262	906,322	802,539	103,783
Before/After School programs:					
Salaries	118,500	19,539	138,039	103,304	34,735
Supplies and materials		155	155		155
TOTAL Before/After School Programs	118,500	19,694	138,194	103,304	34,890
Total special programs	3,633,378	93,650	3,727,028	3,475,111	251,917
Total instructional programs	\$ 37,289,101	\$ (366,402)	\$ 36,922,699	\$ 36,054,920	\$ 867,779

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	\$ 260,425	\$ 48,818	\$ 309,243	\$ 182,096	\$ 127,147
Tuition to other LEAs within the state - special	951,211	(253,754)	697,457	626,339	71,118
Tuition to CSSD and regular day schools	113,780	(29,700)	84,080	66,100	17,980
Tuition to private schools-disabled within the state	1,293,591	73,995	1,367,586	1,255,107	112,479
Tuition - state facilities	262,610	(113,160)	149,450	117,254	32,196
Total undistributed expenditures - instruction	2,881,617	(273,801)	2,607,816	2,246,896	360,920
Attendance and social work:					
Salaries	30,000	20,000	50,000	49,419	581
Purchased professional and technical services	5,000	(3,521)	1,479		1,479
Other purchased services (400-500 Series)	2,500		2,500		2,500
Total attendance and Social Work	37,500	16,479	53,979	49,419	4,560
Health services:					
Salaries	582,960		582,960	520,030	62,930
Purchased professional and technical services	12,000		12,000	10,138	1,862
Other purchased services (400-500 Series)	1,900		1,900		1,900
Supplies and materials	27,673		27,673	21,370	6,303
Total health services	624,533		624,533	551,538	72,995
Other support services - student-related services:					
Salaries	569,834	47,043	616,877	616,877	
Purchased professional - educational services	296,507	(14,638)	281,869	263,879	17,990
Supplies and materials	4,500		4,500	3,257	1,243
Total other support services - student-related services	870,841	32,405	903,246	884,013	19,233
Other support services - student extra services					
Salaries	419,768	(36,706)	383,062	375,510	7,552
Purchased professional - educational services	540,395	113,800	654,195	337,380	316,815
Supplies and Materials	600		600	322	278
Total other support services - student-extra services	\$ 960,763	\$ 77,094	\$ 1,037,857	\$ 713,212	\$ 324,645

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Other support services - students - regular:					
Salaries of other professional staff	\$ 1,070,930	\$ 191	\$ 1,071,121	\$ 1,020,762	\$ 50,359
Salaries of secretarial & clerical assistants	104,959	(8,039)	96,920	89,417	7,503
Purchased professional - educational services	15,500	11,848	27,348	26,248	1,100
Other purchased services (400-500 Series)	38,000	(28,000)	10,000	5,143	4,857
Supplies and materials	26,654	(18,674)	7,980	6,574	1,406
Other Objects	210	210	210	210	-
Total other support services - students - regular	1,256,043	(42,464)	1,213,579	1,148,354	65,225
Other support services - students - special:					
Salaries of other professional staff	1,929,882	114,627	2,044,509	1,988,147	56,362
Salaries of secretarial & clerical assistants	216,128		216,128	216,128	-
Purchased professional - educational services	20,000	15,000	35,000	32,585	2,415
Other purchased professional and technical services	1,050		1,050	1,050	-
Miscellaneous purchased services (400-500 Series)	5,000		5,000	1,439	3,561
Supplies and materials	41,000	(7,015)	33,985	32,783	1,202
Other Objects	1,800		1,800	1,660	140
Total other support services - students - special	2,214,860	122,612	2,337,472	2,273,792	63,680
Improvement of instructional services:					
Salaries of supervisors of instruction	1,765,441	255,483	2,020,924	1,982,127	38,797
Salaries of other professional staff	75,930	(15,000)	60,930	52,957	7,973
Salaries of secretarial & clerical assistants	41,431	82,281	123,712	113,497	10,215
Purchased professional - educational services	5,500	15,000	15,000	9,656	5,344
Other purchased services (400-500 Series)	8,200	11,480	19,680	2,826	2,674
Other objects	8,200	11,480	19,680	18,860	820
Total improvement of instructional services	1,896,502	349,244	2,245,746	2,179,923	65,823
Educational media services/school library:					
Salaries	\$ 622,457	(35,212)	587,245	555,133	32,112
Supplies and materials	47,635	(18,282)	29,353	26,446	2,907
Total educational media services/school library	\$ 670,092	\$ (53,494)	\$ 616,598	\$ 581,579	\$ 35,019

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Instructional staff training services:					
Salaries of supervisors of instruction	\$ 71,288	\$ (71,288)			
Salaries of other professional staff	70,047	(10,000)	\$ 60,047	\$ 34,837	\$ 25,210
Salaries of secretarial & clerical assistants	89,750	(89,750)			
Purchased professional - educational services	263,580	(140,426)	123,154	79,962	43,192
Other purchased prof. and tech. services	500		500	40	460
Other purchased services (400-500 Series)	13,950	32,772	46,722	43,292	3,430
Supplies and materials	9,000	(108)	8,892	5,384	3,508
Other Objects	10,520		10,520	2,686	7,834
Total instructional staff training services	528,635	(278,800)	249,835	166,201	83,634
Support services - general administration:					
Salaries	587,708	73,949	661,657	661,657	
Legal services	191,300	9,447	200,747	200,106	641
Audit fee	45,000	40,100	85,100	40,500	44,600
Architects/Engineering services		31,011	31,011	28,980	4,031
Other purchased professional services	13,200	13,915	27,115	27,115	
Purchased technical services	30,000	4,500	34,500	30,099	4,401
Communications/telephone	269,400	(76,062)	193,338	169,678	23,660
BOE other purchased services	12,000	(3,138)	8,862	8,330	532
Other purchased services (400-500)	289,250	35,532	324,782	323,495	1,287
General supplies	20,700	3,275	23,975	23,254	721
Miscellaneous expenditures	16,870	(2,000)	14,870	12,455	2,415
BOE membership dues and fees	32,500	(2,000)	30,500	27,176	3,324
Total support services - general administration	1,507,928	128,529	1,636,457	1,550,845	85,612
Support services - school administration:					
Salaries of principals/assistant principals	1,765,426	114,659	\$ 1,880,085	1,868,085	12,000
Salaries of other professional staff	141,365	(29,181)	112,184	98,100	14,084
Salaries of secretarial and clerical assistants	758,157	(16,393)	741,764	722,739	19,025
Purchased professional and technical services					
Other purchased services (400-500 Series)	3,750		3,750	233	3,517
Supplies and materials	56,092	(2,437)	53,655	48,120	5,535
Other objects	19,975	(1,324)	18,651	15,575	3,076
Total support services - school administration	\$ 2,744,765	\$ 65,324	\$ 2,810,089	\$ 2,752,852	\$ 57,237

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Central services:					
Salaries	\$ 539,210	\$ (58,823)	\$ 480,387	\$ 475,782	\$ 4,605
Purchased technical services	14,900	3,521	18,421	18,421	
Miscellaneous purchased services (400-500 Series)	4,000		4,000	2,614	1,386
Supplies and materials	9,700	3,500	13,200	10,958	2,242
Other Objects	5,070		5,070	1,509	3,561
Total central services	572,880	\$ (51,802)	521,078	509,284	11,794
Admin. info. technology:					
Salaries	586,328	72,338	658,664	658,664	
Purchased technical services	177,440	(10,300)	167,140	165,159	1,981
Other purchased services (400-500 Series)	3,000		3,000	522	2,478
Supplies and materials	36,200	60,000	96,200	47,241	48,959
Other objects		300	300	300	
Total admin. info. technology	802,966	122,338	925,304	871,886	53,418
Required maintenance for school facilities:					
Salaries	947,611	(62,947)	884,664	882,407	2,257
Cleaning, repair and maintenance services	363,140	27,654	390,794	379,006	11,788
General supplies	171,100	120,551	291,651	285,265	6,386
Total required maintenance for school facilities	1,481,851	85,258	1,567,109	1,546,678	20,431
Other operation and maintenance of plant:					
Salaries	1,892,804	38,910	1,931,714	1,931,714	
Salaries of non-instructional aids	555,914	(23,628)	532,286	531,409	877
Custodial Salaries					
Cleaning, repair and maintenance services	69,850	4,313	74,163	71,093	3,070
Other purchased property services	141,713	(4,775)	136,938	101,483	35,455
Insurance	229,000	3,371	232,371	232,186	185
Travel	2,000		2,000	604	1,396
Miscellaneous purchased services	2,000	(1,500)	500		500
General supplies	237,400	3,244	240,644	220,805	19,839
Energy (Natural Gas)	300,000	35,000	335,000	329,999	5,001
Energy (Electricity)	1,745,993	(142,316)	1,603,677	1,464,884	138,793
Other Objects	5,000		5,000	160	4,840
Total other operation and maintenance of plant	5,181,674	(87,381)	5,094,293	4,864,337	209,956
Total operation and maintenance of plant services	\$ 6,663,525	\$ (2,123)	\$ 6,661,402	\$ 6,431,015	\$ 230,387

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Care and upkeep of grounds					
Salaries	\$ 202,487		\$ 202,487	\$ 197,099	\$ 5,388
General supplies	9,500		9,500	8,323	1,177
Total care and upkeep of grounds	211,987		211,987	205,422	6,565
Security:					
Salaries	296,765	\$ 9,880	306,645	306,645	
General supplies	15,000	7,808	22,808	16,778	6,030
Total security	311,765	17,688	329,453	323,423	6,030
Student transportation services:					
Salaries of Pupil transportation (between home and school) - regular	283,216	94,836	378,052	377,114	938
Salaries of Pupil transportation (between home and school) - special education	405,154	40,112	445,266	445,266	
Salaries of Pupil transportation - (between home and school) - nonpublic school		66,005	66,005	66,005	
Other purchased professional and technical services	13,405		13,405	13,258	147
Cleaning, repair and maintenance services	21,550	5,000	26,550	24,423	2,127
Lease purchase payments - School Buses	500		500		500
Contracted services (between home and school) - vendors	1,618,335	5,529	1,623,864	1,623,864	
Contracted services (other than between home and school) - vendors	338,490	(12,271)	326,219	312,053	14,166
Contracted services (between home and school) - joint agreements	224,577	23,154	247,731	220,902	26,829
Contracted services (special education students) - vendors	1,110,556	51,516	1,162,072	1,100,469	61,603
Contracted services - aid in lieu of payments - nonpublic schools	178,370	19,600	197,970	195,467	2,503
Travel	1,100		1,100	770	330
Supplies and Materials	175,835	(3,700)	172,135	154,299	17,836
Miscellaneous expenditures	4,700	198	4,898	4,712	186
Total student transportation services	4,375,788	289,979	4,665,767	4,538,602	127,165
Unallocated benefits - Employee benefits:					
Social security contribution	1,123,340	(34,000)	1,089,340	1,061,392	27,948
Other retirement contributions - regular	1,050,000	(71,846)	978,154	976,723	1,431
Workmen's compensation	470,293	(116,541)	353,752	346,983	6,769
Health benefits	14,761,413	(273,037)	14,488,376	13,734,883	753,493
Tuition reimbursement	100,000		100,000	83,461	16,539
Other employee benefits	142,000	287,046	429,046	412,940	16,106
Unemployment compensation	200,000	12,555	212,555	212,555	
Total unallocated benefits	\$ 17,847,046	\$ (195,823)	\$ 17,651,223	\$ 16,828,937	\$ 822,286

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
On behalf - TPAF - Pension Contribution (Non-budgeted)				\$ 1,981,015	\$ (1,981,015)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,144,862	(3,144,862)
Reimbursed TPAF social security contributions (Non-budgeted)				2,829,113	(2,829,113)
Total on behalf - Contributions				7,954,990	(7,954,990)
Total personal services - employee benefits	\$ 17,847,046	\$ (195,823)	\$ 17,651,223	\$ 24,783,927	\$ (7,132,704)
Total undistributed expenditures	\$ 46,980,036	\$ 323,385	\$ 47,303,421	\$ 52,762,183	\$ (5,458,762)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 84,269,137	\$ (43,017)	\$ 84,226,120	\$ 88,817,103	\$ (4,590,983)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction	\$ 16,350	\$ 10,000	\$ 26,350	\$ 26,350	
Support services - students - special	7,000	1,250	8,250	8,230	\$ 20
Admin info tech	13,760		13,760	13,486	274
School fac equipment	62,500	59,581	122,081	117,787	4,294
School buses - regular		158,721	158,721	56,140	102,581
Total equipment	\$ 99,610	\$ 229,552	\$ 329,162	\$ 221,993	\$ 107,169
Facilities acquisition and construction services:					
Other purchased professional and technical services	\$ 35,000	\$ 119,377	\$ 154,377	\$ 129,628	\$ 24,749
Construction services	41,392	3,436,022	3,477,414	2,616,799	860,615
Land and Improvements	47,725	34,806	82,531	82,531	
Assessment for Debt Service on SDA Funding	263,945		263,945	263,945	
Total facilities acquisition and construction services	\$ 388,062	\$ 3,590,205	\$ 3,978,267	\$ 3,092,903	\$ 885,364
TOTAL EXPENDITURES - CAPITAL OUTLAY	\$ 487,672	\$ 3,819,757	\$ 4,307,429	\$ 3,314,896	\$ 992,533
TOTAL GENERAL FUND EXPENDITURES	\$ 85,542,356	\$ 4,016,164	\$ 89,558,520	\$ 93,156,970	\$ (3,598,450)
Excess/(deficiency) of revenues over/(under) expenditures	\$ (508,713)	\$ (4,016,164)	\$ (4,524,877)	\$ 265,965	\$ (4,790,842)

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Other financing sources/(uses):					
Operating Transfers in/(out)					
Capital projects fund interest earned				\$ 412	\$ (412)
Total other financing sources/(uses)				\$ 412	\$ (412)
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (508,713)	\$ (4,016,164)	\$ (4,524,877)	\$ 266,377	\$ 4,791,254
Fund balance, July 1	\$ 8,926,107		\$ 8,926,107	\$ 8,926,107	
Fund balance, June 30	<u>\$ 8,417,394</u>	<u>\$ (4,016,164)</u>	<u>\$ 4,401,230</u>	<u>\$ 9,192,484</u>	<u>\$ 4,791,254</u>
Capital Reserve Fund balance appropriated per budget	\$ 263,945				
Maintenance Reserve appropriated per budget	<u>244,768</u>				
	<u>\$ 508,713</u>				
Detail of budget transfers:					
Committed for year-end encumbrances		\$ 2,857,281			
Capital Reserve Appropriated		1,125,363			
Maintenance Reserve Appropriated		<u>33,520</u>			
		<u>\$ 4,016,164</u>			
Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 1,142,971	
Assigned-Reserve for excess surplus - designated for subsequent year's expenditures (2015-2016)				311,833	
Assigned-ARRA/SEMI - designated for subsequent year end expenditures				51,551	
Restricted:					
Emergency Reserve				467,000	
Maintenance reserve				1,000,000	
Capital reserve				4,389,768	
Unassigned				<u>1,829,361</u>	
				9,192,484	
Reconciliation to governmental funds statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(1,118,630)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 8,073,854</u>	

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 1,754,925	\$ 1,226,195	\$ 2,981,120	\$ 2,802,974	\$ 178,146
State Sources	28,878	12,369	41,247	32,767	8,480
Local Sources	60,000	79,305	139,305	126,082	13,223
Total Revenues	\$ 1,843,803	\$ 1,317,869	\$ 3,161,672	\$ 2,961,823	\$ 199,849
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 454,652	\$ 729,557	\$ 1,184,209	\$ 1,157,380	\$ 26,829
Salaries of Other professional staff	16,044	(5,728)	10,316	10,316	
Purchased Professional Educational/Technical Services	19,893	13,003	32,896	25,419	7,477
Other Purchased Services	901,931	249,959	1,151,890	1,080,347	71,543
General Supplies	122,188	55,956	178,144	155,522	22,622
Other Objects	10,500	1,805	12,305	3,091	9,214
Total Instruction	\$ 1,525,208	\$ 1,044,552	\$ 2,569,760	\$ 2,432,075	\$ 137,685
Support Services:					
Personal Services - Salaries		\$ 9,869	\$ 9,869	\$ 9,869	
Salaries of Supervisors of Instruction	\$ 104,999	(60,530)	44,469	40,660	\$ 3,809
Salaries of Program Directors	30,388	11,931	42,319	38,727	3,592
Salaries Other Professional Staff	5,615		5,615	3,357	2,258
Personal Services - Employee Benefits	144,185	174,591	318,776	276,587	42,189
Purchased Professional Educational/Technical Services	13,716	109,284	123,000	115,877	7,123
Other Purchased Services	4,127	868	4,995	4,395	600
Supplies and Materials	15,565	27,304	42,869	40,276	2,593
Total Support Services	\$ 318,595	\$ 273,317	\$ 591,912	\$ 529,748	\$ 62,164
Total Expenditures	\$ 1,843,803	\$ 1,317,869	\$ 3,161,672	\$ 2,961,823	\$ 199,849

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
Sources/Inflows of Resources:					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$	93,422,935	C-2 \$		2,961,823
Difference - Budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
June 30, 2014		None			120,708
June 30, 2015		None			None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,087,333			None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		<u>(1,118,630)</u>			<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$	<u>93,391,638</u>	B-2 \$		<u>3,082,531</u>
Uses/Outflows of Resources:					
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$	93,156,970	C-2 \$		2,961,823
Difference - Budget to GAAP:					
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.					
June 30, 2014		None			120,708
June 30, 2015		<u>None</u>			<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$	<u>93,156,970</u>	B-2 \$		<u>3,082,531</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68)**

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO (2) FISCAL YEAR *

	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1160444197 %	0.1144388046 %
District's proportionate share of the net pension liability (asset)	\$ 22,178,394	\$ 21,426,074
District's covered-employee payroll	\$ 7,851,216	\$ 8,150,544
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	282.48	262.28
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72

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

Note: Only the last two (2) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO (2) FISCAL YEARS

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 874,371	\$ 943,417
Contributions in relation to the contractually required contribution	<u>\$ 874,371</u>	<u>\$ 943,417</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 7,851,216	\$ 8,150,544
Contributions as a percentage of covered-employee payroll	11.13	11.53

Note: Only the last two (2) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST TWO (2) FISCAL YEARS

	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.3677159608 %	0.3598476484 %
District's proportionate share of the net pension liability (asset)	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 185,840,754</u>	<u>\$ 192,326,856</u>
Total	<u>\$ 185,840,754</u>	<u>\$ 192,326,856</u>
District's covered-employee payroll	\$ 37,328,236	\$ 38,603,846
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: Only the last two (2) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -- PART III
FOR THE YEAR ENDED JUNE 30, 2015

Changes of Benefit Terms and Changes of Assumptions

Refer to Note 8 on the Notes to Financial Statements for benefits and assumptions.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Total Brought Forward (Exh. E-1a)	Title II		I.D.E.A. Part B			Title I				Totals 2015
		2014-2015 Part A	Part A Carryover	2014-2015 Regular Program	Regular Program Carryover	2014-2015 Preschool	2014-2015 Part A	Carryover	2014-2015 Part D	Part D Carryover	
REVENUES:											
State sources	\$ 32,767										\$ 32,767
Federal sources	157,596	\$ 80,872	\$ 2,084	\$ 1,258,381	\$ 80,085	\$ 27,062	\$ 622,224	\$ 283,861	\$ 116,419	\$ 174,390	2,802,974
Local sources	126,082										126,082
Total revenues	\$ 316,445	80,872	2,084	1,258,381	80,085	27,062	622,224	283,861	116,419	174,390	\$ 2,961,823
EXPENDITURES:											
Instruction:											
Salaries of teachers	\$ 80,104			\$ 203,836			\$ 462,465	\$ 219,052	\$ 75,320	\$ 116,603	\$ 1,157,380
Salaries of other professional staff	10,316										10,316
Purchased professional and technical services	25,419										25,419
Other purchased services				1,006,414	\$ 47,092	\$ 26,841					1,080,347
General supplies	75,751	\$ 555	\$ 499	19,011	32,993	221	17,233	5,688		3,571	155,522
Other Objects	3,091										3,091
Total instruction	194,681	555	499	1,229,261	80,085	27,062	479,698	224,740	75,320	120,174	2,432,075
Support services:											
Personal services - salaries	9,869										9,869
Salaries of Supervisors of Instruction		40,660									40,660
Salaries of program director	2,913	3,797					27,390		4,627		38,727
Salaries of other professional staff		1,891	1,466								3,357
Personal services-employee benefits	9,603	9,748		29,120			92,607	44,821	36,472	54,216	276,587
Purchased professional/technical services	59,103	24,221					18,253	14,300			115,877
Other Purchased professional/technical services			119				4,276				4,395
Supplies and materials	40,276										40,276
Total support services	121,764	80,317	1,585	29,120			142,526	59,121	41,099	54,216	529,748
Total expenditures	\$ 316,445	\$ 80,872	\$ 2,084	\$ 1,258,381	\$ 80,085	\$ 27,062	\$ 622,224	\$ 283,861	\$ 116,419	\$ 174,390	\$ 2,961,823

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Total Brought Forward (Exh. E-1b)	Title III			Perkins Grant	Race To The Top 2014-2015	Nonpublic Textbooks	Totals Carried Forward 2015
		2014-2015	Carryover	Immigrant 2014-2015				
REVENUES:								
State sources	\$ 29,905						\$ 2,862	\$ 32,767
Federal sources		\$ 50,055	\$ 4,226	\$ 46,689	\$ 28,952	\$ 27,674		157,596
Local sources	126,082							126,082
Total revenues	\$ 155,987	\$ 50,055	\$ 4,226	\$ 46,689	\$ 28,952	\$ 27,674	\$ 2,862	\$ 316,445
EXPENDITURES:								
Instruction:								
Salaries of teachers	\$ 7,180	\$ 30,293	\$ 1,546	\$ 41,085				\$ 80,104
Salaries of other professional staff	1,772	8,544						10,316
Purchased professional and technical services	25,419							25,419
Other purchased services								
General supplies	39,037	5,311	2,680		\$ 25,861		\$ 2,862	75,751
Other Objects					3,091			3,091
Total instruction	73,408	44,148	4,226	41,085	28,952		2,862	194,681
Support services:								
Personal services - salaries						\$ 9,869		9,869
Salaries of Supervisors of Instruction								
Salaries of program director		889		2,024				2,913
Salaries of other professional staff								
Personal services-employee benefits		4,518		3,580		1,505		9,603
Purchased professional/technical services	42,303	500				16,300		59,103
Other Purchased professional/technical services								
Supplies and materials	40,276							40,276
Total support services	82,579	5,907		5,604		27,674		121,764
Total expenditures	\$ 155,987	\$ 50,055	\$ 4,226	\$ 46,689	\$ 28,952	\$ 27,674	\$ 2,862	\$ 316,445

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Nonpublic Technology	New Jersey Chapter 226 Nonpublic Nursing Services	Nonpublic Comp. Education	New Jersey Chapter 192 Auxiliary Nonpublic ESL	Nonpublic Transp.	Nonpublic Suppl. Inst.	New Jersey Chapter 193 Handicapped Nonpublic Exam. and Class.	Local Grants	Soil Remediation	Totals Carried Forward 2015
REVENUES:										
State sources	\$ 1,566	\$ 4,486	\$ 15,466	\$ 914	\$ 1,763	\$ 1,569	\$ 4,141			\$ 29,905
Federal sources										
Local sources								\$ 88,265	\$ 37,817	126,082
Total revenues	\$ 1,566	\$ 4,486	\$ 15,466	\$ 914	\$ 1,763	\$ 1,569	\$ 4,141	\$ 88,265	\$ 37,817	\$ 155,987
EXPENDITURES:										
Instruction:										
Salaries of teachers								\$ 7,180		\$ 7,180
Salaries of other professional staff								1,772		1,772
Purchased professional and technical services	\$ 1,566		\$ 15,466	\$ 914	\$ 1,763	\$ 1,569	\$ 4,141			25,419
Other purchased services										
General supplies								39,037		39,037
Other Objects										
Total instruction	1,566		15,466	914	1,763	1,569	4,141	47,989		73,408
Support services:										
Personal services - salaries										
Salaries of Supervisors of Instruction										
Salaries of program director										
Salaries of other professional staff										
Personal services-employee benefits										
Purchased professional/technical services		\$ 4,486							\$ 37,817	42,303
Other Purchased professional/technical services										
Supplies and materials								40,276		40,276
Total support services		4,486						40,276	37,817	82,579
Total expenditures	\$ 1,566	\$ 4,486	\$ 15,466	\$ 914	\$ 1,763	\$ 1,569	\$ 4,141	\$ 88,265	\$ 37,817	\$ 155,987

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Cancellations and Transfers</u>	
Construction of High School Addition and Remodeling	01/22/02	\$ 30,490,000	\$ 30,447,846		\$ 42,154	
High School Soil Remediation	12/13/05	<u>7,391,802</u>	<u>7,242,448</u>	\$ <u>48,053</u>		\$ <u>101,301</u>
		<u>\$ 37,881,802</u>	<u>\$ 37,690,294</u>	<u>\$ 48,053</u>	<u>42,154</u>	<u>\$ 101,301</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues		
Interest on investments	\$	<u>412</u>
Total revenues	\$	<u>412</u>
Expenditures		
Legal fees	\$	<u>48,053</u>
Total expenditures	\$	<u>48,053</u>
Excess/(deficiency) of revenues over/(under) expenditures:	\$	(47,641)
Other financing sources/(uses):		
Transfer in/(out):		
General fund		(412)
Debt service fund		<u>(13,589)</u>
Net change in fund balance	\$	(61,642)
Fund balance, beginning		<u>162,943</u>
Fund balance, ending	\$	<u><u>101,301</u></u>
Analysis of Balance:		
Bond proceeds	\$	<u><u>101,301</u></u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF HIGH SCHOOL ADDITION AND REMODELING
FROM 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>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 7,840,534		\$ 7,840,534	\$ 7,840,534
Bond proceeds	22,149,000		22,149,000	22,149,000
Transfer from capital outlay	500,466		500,466	500,466
	<u>30,490,000</u>		<u>30,490,000</u>	<u>30,490,000</u>
Total revenues	\$ 30,490,000		\$ 30,490,000	\$ 30,490,000
Expenditures and Other Financing Uses				
Salaries	\$ 162,784		\$ 162,784	\$ 162,784
Employee Benefits	44,895		44,895	44,895
Legal Fees	129,386		129,386	129,386
Purchase Technical Services	238,150		238,150	238,150
Purchase Professional/Technical Services	2,491,054		2,491,054	2,491,054
Other Purchased Services	165		165	165
Construction Services	26,965,301		26,965,301	26,965,301
Supplies and Material	416,111		416,111	416,111
	<u>30,447,846</u>		<u>30,447,846</u>	<u>30,447,846</u>
Total expenditures	\$ 30,447,846		\$ 30,447,846	\$ 30,447,846
Transfer to Debt Service Fund	\$ 28,565	\$ 13,589	\$ 42,154	\$ 42,154
Excess (deficiency) of revenues over/(under) expenditures	\$ 13,589	\$ (13,589)		

Additional project information:

Project Number	202205
Grant Date	11/26/2001
Bond Authorization Date	1/22/2002
Bonds Authorized	\$ 22,149,000
Bonds Issued	\$ 22,149,000
Original Authorized Cost	\$ 29,990,000
Additional Authorized Cost	\$ 500,000
Revised Authorized Cost	\$ 30,490,000

Percentage Increase over Original Authorized Cost	1.67%
Percentage completion	99.86%
Original target completion date	1/1/2005
Revised target completion date	9/1/2006

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SOIL REMEDIATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds	\$ 7,391,000		\$ 7,391,000	\$ 7,391,000
Transfer from capital outlay	<u>802</u>		<u>802</u>	<u>802</u>
Total revenues	<u>\$ 7,391,802</u>		<u>\$ 7,391,802</u>	<u>\$ 7,391,802</u>
Expenditures and Other Financing Uses				
Salaries	\$ 160,360		\$ 160,360	\$ 160,360
Employee Benefits	90,687		90,687	90,687
Legal Fees	432,432	\$ 48,053	480,485	480,485
Purchase Professional/Technical Services	471,862		471,862	471,862
Other Purchased Services	63,650		63,650	63,650
Construction Services	5,980,406		5,980,406	5,980,406
Supplies and Material	<u>43,051</u>		<u>43,051</u>	<u>43,051</u>
Total expenditures	<u>\$ 7,242,448</u>	<u>\$ 48,053</u>	<u>\$ 7,290,501</u>	<u>\$ 7,290,501</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 149,354</u>	<u>\$ (48,053)</u>	<u>\$ 101,301</u>	<u>\$ 101,301</u>

Additional project information:

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

Percentage Increase over Original Authorized Cost	
Percentage completion	97.97%
Original target completion date	1/1/2005
Revised target completion date	9/1/2006

FIDUCIARY FUNDS

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2015</u>
Elementary Schools:				
Judd	\$ 30,408	\$ 61,451	\$ 72,205	\$ 19,654
John Adams	8,657	20,331	18,151	10,837
Livingston Park	9,467	35,913	33,855	11,525
Parsons	<u>4,667</u>	<u>30,928</u>	<u>33,539</u>	<u>2,056</u>
Total Elementary Schools	<u>\$ 53,199</u>	<u>\$ 148,623</u>	<u>\$ 157,750</u>	<u>\$ 44,072</u>
Middle School:				
Linwood	\$ 52,692	\$ 78,977	\$ 106,950	\$ 24,719
Athletic Account		<u>11,950</u>	<u>11,950</u>	
Total Middle School	<u>\$ 52,692</u>	<u>\$ 90,927</u>	<u>\$ 118,900</u>	<u>\$ 24,719</u>
Senior High School:				
High School	\$ 248,582	\$ 446,086	\$ 450,700	\$ 243,968
School Store	2,964	13,981	14,151	2,794
Athletic Account		<u>50,739</u>	<u>50,520</u>	<u>219</u>
Total Senior High School	<u>\$ 251,546</u>	<u>\$ 510,806</u>	<u>\$ 515,371</u>	<u>\$ 246,981</u>
Total All Schools	<u>\$ 357,437</u>	<u>\$ 750,356</u>	<u>\$ 792,021</u>	<u>\$ 315,772</u>

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2015</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>98,595</u>	\$ <u>55,119,454</u>	\$ <u>54,997,028</u>	\$ <u>221,021</u>
Total Assets	\$ <u><u>98,595</u></u>	\$ <u><u>55,119,454</u></u>	\$ <u><u>54,997,028</u></u>	\$ <u><u>221,021</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 80,524	\$ 24,339,505	\$ 24,223,715	\$ 196,314
Flexible Spending Account	18,071	91,202	84,566	24,707
Net Pay	<u> </u>	<u>30,688,747</u>	<u>30,688,747</u>	<u> </u>
Total Liabilities	\$ <u><u>98,595</u></u>	\$ <u><u>55,119,454</u></u>	\$ <u><u>54,997,028</u></u>	\$ <u><u>221,021</u></u>

NONCURRENT DEBT

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NON-CURRENT DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2015**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
	Date of Original Issue	Amount of Issue	Date	Amount					
	Elementary Schools and Middle School Additions and Renovations	1/15/2005	\$ 24,781,000						
Construction of a New High School (Completion)	3/15/2006	7,391,000	3/15/2016	\$ 350,000	4.00%	5,121,000		4,771,000	\$ 350,000
2006 Refunding Bonds - (Refunding a Portion of 1997 Bonds)	10/1/2006	18,350,000				2,610,000		2,610,000	
2010 Refunding Bonds - (Refunding a Portion of 2002 Bonds)	3/25/2010	17,865,000	7/15/2015	1,695,000	4.00%	17,000,000			16,030,000
			7/15/2016	1,770,000	4.00%				
			7/15/2017	1,855,000	4.00%				
			7/15/2018	1,940,000	4.00%				
			7/15/2019	2,035,000	4.50%				
			7/15/2020	2,135,000	4.50%				
			7/15/2021	2,250,000	5.00%				
7/15/2022	2,350,000	5.00%							
2012 Refunding Bonds - (Refunding a Portion of 2005 Bonds)	5/23/2012	23,540,000	1/15/2016	1,555,000	4.00%	23,155,000			23,120,000
			1/15/2017	750,000	2.00%				
			1/15/2017	855,000	4.00%				
			1/15/2018	1,645,000	4.00%				
			1/15/2019	1,300,000	2.00%				
			1/15/2019	400,000	4.00%				
			1/15/2020	1,735,000	4.00%				
			1/15/2021	1,795,000	5.00%				
			1/15/2022	1,875,000	5.00%				
			1/15/2023	1,980,000	4.00%				
			1/15/2024	4,530,000	4.00%				
1/15/2025	4,700,000	4.25%							
						35,000			

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NON-CURRENT DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2015**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
	Date of Original Issue	Amount of Issue	Date	Amount					
2014 Refunding Bonds - (Refunding a Portion of 2006 Bonds)	10/2/2014	\$ 23,540,000	3/15/2017	\$ 360,000	3.00%				
			3/15/2018	375,000	3.00%				
			3/15/2019	385,000	3.00%				
			3/15/2020	400,000	4.00%				
			3/15/2021	420,000	4.00%				
			3/15/2022	435,000	4.00%				
			3/15/2023	455,000	4.00%				
			3/15/2024	470,000	4.00%				
			3/15/2025	480,000	4.00%				
			3/15/2026	480,000	4.00%				
							\$ 4,260,000		\$ 4,260,000
Total						\$ 48,136,000	\$ 4,260,000	\$ 8,636,000	\$ 43,760,000

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2015

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Retired Current Year</u>
Energy System Upgrades	3.994%	\$ 5,185,344	\$ <u>1,118,034</u>	\$ <u>1,118,034</u>
			\$ <u><u>1,118,034</u></u>	\$ <u><u>1,118,034</u></u>

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,102,675		\$ 6,102,675	\$ 6,102,675	
Total - Local Sources	\$ 6,102,675		\$ 6,102,675	\$ 6,102,675	
Total Revenues	\$ 6,102,675		\$ 6,102,675	\$ 6,102,675	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	\$ 2,009,189		\$ 2,009,189	\$ 1,988,899	\$ 20,290
Redemption of Principal	4,205,000		4,205,000	4,205,000	
Total Regular Debt Service	\$ 6,214,189		\$ 6,214,189	\$ 6,193,899	\$ 20,290
Total Expenditures	\$ 6,214,189		\$ 6,214,189	\$ 6,193,899	\$ 20,290
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (111,514)		\$ (111,514)	\$ (91,224)	\$ (91,224)
Other Financing Sources/(Uses):					
Transfers In/(Out)				\$ 13,589	\$ 13,589
Excess Bond Refunding Proceeds				3,619	3,619
Total Other Financing Sources/(Uses)				\$ 17,208	\$ 17,208
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(111,514)		\$ (111,514)	\$ (74,016)	\$ (74,016)
Fund Balance, July 1	\$ 140,079		140,079	140,079	
Fund Balance, June 30	\$ 28,565		28,565	\$ 66,063	\$ (74,016)
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures:					
Budgeted Fund Balance				\$ 28,565	\$ 28,565

STATISTICAL TABLES (SECTION)
(UNAUDITED)

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

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

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

FINANCIAL TRENDS

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 26,106,641	\$ 40,078,361	\$ 48,902,070	\$ 42,903,858	\$ 45,258,337	\$ 49,179,858	\$ 49,238,774	\$ 55,181,838	\$ 59,606,188	\$ 58,456,999
Restricted	8,720,536	6,388,687	7,672,923	6,809,617	3,774,522	2,698,717	6,070,628	7,137,475	4,728,729	4,389,769
Unrestricted (Deficit)	<u>(671,462)</u>	<u>(2,371,869)</u>	<u>(2,176,603)</u>	<u>(1,954,950)</u>	<u>(3,112,579)</u>	<u>(2,494,202)</u>	<u>(1,945,535)</u>			<u>(19,223,748)</u>
Total governmental activities net position	<u>\$ 34,155,715</u>	<u>\$ 44,095,179</u>	<u>\$ 54,398,390</u>	<u>\$ 47,758,525</u>	<u>\$ 45,920,280</u>	<u>\$ 49,384,373</u>	<u>\$ 53,363,867</u>	<u>\$ 62,319,313</u>	<u>\$ 64,334,917</u>	<u>\$ 43,623,020</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ 15,209	\$ 54,403	\$ 52,481	\$ 54,654	\$ 29,448	\$ 42,053	\$ 119,144	\$ 139,222	\$ 120,178
Unrestricted	581,917	675,944	702,718	623,463	602,880	7,369,657	786,711	823,174	992,897	1,046,310
Total business-type activities net position	<u>\$ 581,917</u>	<u>\$ 691,153</u>	<u>\$ 757,121</u>	<u>\$ 675,944</u>	<u>\$ 657,534</u>	<u>\$ 7,399,105</u>	<u>\$ 828,764</u>	<u>\$ 942,318</u>	<u>\$ 1,132,119</u>	<u>\$ 1,166,488</u>
District-wide										
Invested in capital assets, net of related debt	\$ 26,106,641	\$ 40,093,570	\$ 38,463,472	\$ 42,956,339	\$ 45,312,991	\$ 49,209,306	\$ 49,280,827	\$ 55,300,982	\$ 59,745,410	\$ 58,577,177
Restricted	8,720,536	6,388,687	7,672,923	6,809,617	3,774,522	2,298,717	6,070,628	7,137,475	4,728,729	4,389,769
Unrestricted (Deficit)	<u>(89,545)</u>	<u>(1,695,925)</u>	<u>(1,473,885)</u>	<u>(1,331,487)</u>	<u>(2,509,699)</u>	<u>(1,357,546)</u>	<u>(1,158,824)</u>	<u>823,174</u>	<u>992,897</u>	<u>(18,177,438)</u>
Total district net position	<u>\$ 34,737,632</u>	<u>\$ 44,786,332</u>	<u>\$ 44,662,510</u>	<u>\$ 48,434,469</u>	<u>\$ 46,577,814</u>	<u>\$ 50,150,477</u>	<u>\$ 54,192,631</u>	<u>\$ 63,261,631</u>	<u>\$ 65,467,036</u>	<u>\$ 44,789,508</u>

Source: CAFR Exhibit A-1

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 31,153,558	\$ 31,916,456	\$ 32,890,197	\$ 33,485,533	\$ 36,301,673	\$ 35,648,397	\$ 36,624,290	\$ 37,921,983	\$ 39,207,495	\$ 39,199,442
Special education	6,251,701	6,465,864	6,884,668	7,340,790	8,246,705	9,266,801	9,778,820	10,076,486	10,264,997	14,935,960
Other special education		2,873,018	3,348,669	4,235,344	4,314,135	3,085,874	3,333,878	3,202,706	3,189,618	3,599,276
Other instruction	3,962,609	1,212,118	1,284,816	1,520,120	1,632,581	1,306,892	1,554,490	1,631,826	1,606,666	1,837,034
Support Services:										
Tuition	3,937,701	3,220,811	4,182,922	4,033,613	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896
Student & instruction related services	9,152,561	9,569,890	10,205,367	10,438,840	10,960,787	10,587,389	11,034,746	11,721,237	11,948,893	13,702,695
School Administrative services	2,854,091	3,935,475	3,315,348	2,833,762	3,302,398	3,331,728	3,721,857	1,518,462	1,631,703	6,467,081
General administration	2,988,151	2,815,922	3,752,769	3,487,200	3,875,200	3,655,573	3,485,962	5,377,784	5,520,690	2,426,073
Plant operations and maintenance	7,491,684	8,919,461	9,995,342	10,108,540	10,181,775	10,121,944	9,445,869	9,639,299	11,245,538	10,918,984
Pupil transportation	4,088,576	4,932,925	5,487,348	5,444,094	5,792,096	5,483,252	5,841,954	6,313,663	6,235,929	7,099,988
Other support services	11,126									
Township interlocal agreement										
Special Schools	2,900									
Charter Schools	153,227	217,172	303,978	408,290	416,436	450,170	395,187	583,725	809,793	1,024,971
Scholarships	1,200	1,800	1,796	617	297	172	37			
Interest on long-term debt	3,012,194	4,127,619	3,124,152	3,010,253	2,676,629	2,968,672	2,346,157	2,464,283	2,482,388	2,303,872
Unallocated depreciation	391,878									
Total governmental activities expenses	75,463,157	80,208,531	84,777,372	86,344,996	90,862,757	88,724,973	90,199,176	92,800,362	96,651,742	105,762,272
Business-type activities:										
Food service	1,819,911	1,892,861	2,131,751	2,388,844	2,540,000	2,618,095	2,733,456	2,965,761	2,816,626	2,918,502
School Facilities				304,642	330,186	155,924	204,155	211,707	216,633	330,158
Integrated Pre-K				64,159	122,627	109,307	71,048	129,137	277,602	400,735
Summer Enrichment				60,439	70,356	63,579	62,070	57,947	49,216	
After School									21,768	37,231
Adult/community education	225,660	178,247	170,455							
Data processing	342,576	222,889	268,664	257,053	127,947					
Total business-type activities expense	2,368,147	2,293,997	2,570,870	3,075,137	3,191,116	2,946,905	3,070,729	3,384,552	3,381,845	3,686,626
Total district expenses	\$ 77,851,304	\$ 82,502,528	\$ 87,348,242	\$ 89,420,133	\$ 94,053,873	\$ 91,671,878	\$ 93,269,905	\$ 96,164,914	\$ 100,033,587	\$ 109,448,898

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ 32,800	\$ 126,257	\$ 31,491	\$ 64,371	\$ 109,994	\$ 126,875	\$ 127,091	\$ 75,286	\$ 34,061
Pupil transportation			33,190	4,537	22,881	47,593	75,991	94,954	134,304	115,425
Operating grants and contributions	2,492,360	2,990,912	3,549,773	2,125,668	2,711,376	3,530,067	3,285,833	2,258,008	2,172,056	2,746,290
Total governmental activities program revenues	2,492,360	3,023,712	3,709,220	2,161,696	2,798,628	3,687,654	3,488,699	2,480,053	2,381,646	2,895,776
Business-type activities:										
Charges for services:										
Food service	\$ 1,206,560	\$ 1,224,542	\$ 1,315,864	\$ 1,448,288	\$ 1,446,796	\$ 1,407,422	\$ 1,352,580	\$ 1,325,315	\$ 1,367,431	\$ 1,321,990
School Facilities				272,556	363,380	250,605	272,090	342,360	343,947	344,086
Integrated Pre-K				107,805	144,810	153,946	184,655	214,005	242,922	286,214
Summer Enrichment				67,178	64,805	48,880	53,530	45,085	25,165	
After School									22,460	33,965
Adult/community education	225,565	190,212	217,415							
Data processing	382,797	289,731	279,270	125,300						
Operating grants and contributions	641,540	698,747	824,269	972,833	1,152,815	1,214,623	1,267,360	1,551,341	1,569,720	1,734,740
Total business type activities program revenues	2,456,461	2,403,232	2,636,838	2,993,960	3,172,706	3,075,476	3,130,215	3,478,106	3,571,645	3,720,995
Total district program revenues	\$ 4,948,821	\$ 5,426,944	\$ 6,346,058	\$ 5,155,656	\$ 5,971,334	\$ 6,763,130	\$ 6,618,914	\$ 5,958,159	\$ 5,953,291	\$ 6,616,771
Net (Expense)/Revenue										
Governmental activities	\$ (72,970,797)	\$ (77,184,819)	\$ (81,068,152)	\$ (84,183,300)	\$ (88,064,129)	\$ (85,037,319)	\$ (86,710,477)	\$ (90,320,309)	\$ (94,270,096)	\$ (102,866,496)
Business-type activities	68,314	109,235	65,968	(81,177)	(18,410)	128,571	59,486	113,554	189,800	34,369
Total district-wide net expense	\$ (72,902,483)	\$ (77,075,584)	\$ (81,002,184)	\$ (84,264,477)	\$ (88,082,539)	\$ (84,908,748)	\$ (86,650,991)	\$ (90,206,755)	\$ (94,080,296)	\$ (102,832,127)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Change in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 54,879,049	\$ 60,096,571	\$ 62,874,980	\$ 63,431,596	\$ 62,874,980	\$ 65,791,344	\$ 67,817,203	\$ 69,174,056	\$ 70,797,537	\$ 72,463,487
Taxes levied for debt service	4,694,732	5,831,755	5,812,720	5,780,296	5,971,725	5,986,596	5,998,781	6,108,985	6,007,891	6,102,675
Unrestricted grants and contributions	12,253,491	15,759,328	16,043,949	16,266,717	15,988,052	14,995,966	17,824,144	19,462,987	19,083,081	27,825,358
MCES receivable										
Restricted grants		2,460,632	5,255,645	1,552,085	58,220	36,603				
Tuition Received	38,476									
Receipt of deferred revenue - state	679,681									
Investment earnings	1,426,036	1,814,725	1,061,660	146,860	90,263	39,488	25,131	34,401	34,401	
Miscellaneous income	740,618	527,666	444,357	893,204	832,255	411,526	(34,003)	261,520	212,933	679,388
Transfers	(1,198,564)	633,606	(121,949)	(34,322)	410,389			80,526	149,858	244,168
Total governmental activities	\$ 73,513,519	\$ 87,124,283	\$ 91,371,362	\$ 88,036,436	\$ 86,225,884	\$ 87,261,523	\$ 91,631,256	\$ 95,122,475	\$ 96,285,701	\$ 107,315,076
Business-type activities:										
Prior year accounts payable canceled										
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total district-wide	\$ 73,513,519	\$ 87,124,283	\$ 91,371,362	\$ 88,036,436	\$ 86,225,884	\$ 87,261,523	\$ 91,631,256	\$ 95,122,475	\$ 96,285,701	\$ 107,315,076
Change in Net Position										
Governmental activities	\$ 542,722	\$ 9,939,464	\$ 10,303,210	\$ 3,853,136	\$ (1,838,245)	\$ 2,224,204	\$ 4,920,779	\$ 4,802,166	\$ 2,015,605	\$ 4,448,580
Business-type activities	68,314	109,235	65,968	(81,177)	(18,410)	128,571	59,486	113,554	189,800	34,369
Total district	\$ 611,036	\$ 10,048,699	\$ 10,369,178	\$ 3,771,959	\$ (1,856,655)	\$ 2,352,775	\$ 4,980,265	\$ 4,915,720	\$ 2,205,405	\$ 4,482,949

Source: CAFR Exhibit A-2

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 836,069	\$ 5,488,141	\$ 7,555,805	\$ 6,634,501	\$ 3,729,697	\$ 2,253,889	\$ 5,660,545	\$ 8,630,138	\$ 6,846,612	\$ 6,999,740
Unreserved	1,307,176	2,117,992	1,447,042	1,822,281	723,672	1,787,523	1,617,229	1,722,223	992,161	710,730
Total general fund	<u>\$ 2,143,245</u>	<u>\$ 7,606,133</u>	<u>\$ 9,002,847</u>	<u>\$ 8,456,782</u>	<u>\$ 4,453,369</u>	<u>\$ 4,041,412</u>	<u>\$ 7,297,774</u>	<u>\$ 10,352,361</u>	<u>\$ 7,838,773</u>	<u>\$ 7,710,470</u>
All Other Governmental Funds										
Reserved	\$ 1,978,576	\$ 27,631,459	\$ 7,345,109	\$ 418,197	\$ 127,228	\$ 1,839,954	\$ 394,535	\$ 2,960	\$ 111,514	\$ 391,949
Unreserved, reported in:										
Special revenue fund	(20,072)	(8,708)	(24,980)	-						
Capital projects fund	35,069,813	4,581,018	1,571,895	1,575,595	893,305	762,502	390,083	304,668	162,943	101,302
Debt service fund	76,901	178,445	178,659	7,761	8,095	12,547	2,961	111,514	28,565	37,499
Permanent fund	44,450	44,868	44,771	44,782	44,825	44,828	44,838			
Total all other governmental funds	<u>\$ 37,149,668</u>	<u>\$ 32,427,082</u>	<u>\$ 9,115,454</u>	<u>\$ 2,046,335</u>	<u>\$ 1,073,453</u>	<u>\$ 2,659,831</u>	<u>\$ 832,417</u>	<u>\$ 419,142</u>	<u>\$ 303,022</u>	<u>\$ 530,750</u>

Source: CAFR Schedule B-1

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	\$ 59,573,781	\$ 65,928,326	\$ 68,687,700	\$ 69,211,892	\$ 68,846,705	\$ 71,777,940	\$ 73,816,484	\$ 75,283,041	\$ 76,805,428	\$ 78,566,162
Tuition charges	38,476	32,800	126,257	31,491	64,371	109,994	126,875	127,091	75,286	34,061
Transportation charges					22,881	47,593	75,991	94,954	134,304	115,425
Interest earnings	1,426,036	1,375,979	715,242	49,357	90,263	38,453	19,608	6,862	5,769	5,384
Miscellaneous	687,420	1,588,097	1,317,914	995,244	832,255	490,662	223,436	272,108	363,675	828,874
State sources	12,901,312	19,631,567	17,284,802	16,560,907	16,084,758	15,809,020	16,550,079	19,406,805	18,951,157	19,936,331
Federal sources	1,844,540	1,953,884	1,814,971	1,831,478	2,614,669	3,467,340	3,708,611	2,364,625	2,181,863	3,091,020
Total revenue	76,471,565	90,510,653	89,946,886	88,680,369	88,555,902	91,741,002	94,521,084	97,555,486	98,517,482	102,577,257
Expenditures										
Instruction										
Regular instruction	22,726,346	23,894,918	24,732,021	25,865,910	26,661,828	25,428,332	25,589,520	26,138,451	27,345,502	25,057,883
Special education instruction	4,430,385	4,761,479	5,073,551	5,608,099	5,947,877	6,498,827	6,662,010	6,826,261	7,045,952	9,986,789
Other special instruction	1,986,734	2,116,214	2,471,562	3,235,650	3,111,539	2,164,130	2,276,291	2,169,656	2,189,372	2,300,804
Other instruction	856,994	892,567	946,159	1,161,317	1,177,487	916,526	1,053,998	1,105,472	1,102,825	1,174,307
Support Services:										
Tuition	3,871,045	3,220,811	4,182,922	4,033,613	3,162,045	2,818,109	2,636,129	2,348,908	2,508,032	2,246,896
Student & inst. related services	6,816,430	7,215,115	7,706,970	7,954,700	7,897,928	7,528,989	7,702,323	8,060,308	8,278,014	8,809,458
General administration	1,217,655	959,350	943,391	710,431	946,033	865,159	1,033,625	1,028,674	1,120,010	1,550,845
School administrative services	2,755,317	2,897,835	2,759,876	2,664,095	2,794,960	2,563,661	2,556,472	2,459,455	2,495,936	2,752,852
Central services	818,826	849,247	1,100,994	1,090,704	957,052	928,882	632,660	586,778	519,007	509,284
Admin. information technology	260,191	265,269	402,191	363,757	478,746	576,108	728,284	596,918	774,490	871,886
Plant operations and maintenance	5,997,571	6,568,608	7,371,153	7,722,561	7,343,532	7,098,540	6,488,535	6,530,091	7,719,001	6,979,860
Pupil transportation	3,771,709	3,632,616	4,046,311	4,159,092	4,177,508	3,845,416	4,012,942	4,277,157	4,280,377	4,538,602
Employee benefits	15,390,496	17,261,663	18,204,253	16,702,454	19,351,600	20,712,880	22,410,920	24,138,367	23,269,863	25,120,168
Special Schools	2,900									
Charter Schools	153,227	217,172	303,978	408,290	416,436	450,170	395,187	583,725	809,793	1,024,971
Bond sale contributions	11,929									
Scholarships	1,200	1,800	1,796	617	297	172	37			
Capital outlay	16,273,518	14,463,998	25,796,677	8,590,263	3,135,604	3,503,525	3,224,644	1,627,063	5,678,163	3,362,949
Debt service:										
Principal	1,915,000	2,733,000	2,650,000	2,895,000	3,030,000	3,360,000	3,375,000	4,000,000	3,840,000	4,205,000
Interest and other charges	3,012,194	3,014,082	3,167,995	3,058,464	2,941,726	2,626,596	2,631,875	2,013,323	2,170,851	1,988,899
Total expenditures	92,269,667	94,965,744	111,861,800	96,225,017	93,532,198	91,866,022	93,410,452	94,490,607	101,147,188	102,481,453
Excess (Deficiency) of revenues over (under) expenditures	(15,798,102)	(4,455,091)	(21,914,914)	(7,544,648)	(4,976,296)	(145,020)	1,110,632	3,064,879	(2,629,706)	95,804

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing sources (uses)										
Proceeds from borrowing	7,391,000									
Receipt of deferred revenue - state	679,681									
Capital leases (non-budgeted)		5,185,344								
Proceeds from refunding		10,048				4,452		11,399		3,619
Cancellation of Capital Projects - Local Share				(70,536)						
Scholarship Refund to Donor								(44,883)		
Transfers in	1,202,983					1,314,990		35	28,968	
Transfers out	(1,202,983)					(1,314,990)		(35)	(28,968)	
Total other financing sources (uses)	8,070,681	5,195,392	-	(70,536)	-	4,452	-	(33,484)	-	3,619
Net change in fund balances	\$ (7,727,421)	\$ 740,301	\$ (21,914,914)	\$ (7,615,184)	\$ (4,976,296)	\$ (140,568)	\$ 1,110,632	\$ 3,031,395	\$ (2,629,706)	\$ 99,423
Debt service as a percentage of noncapital expenditures	6.48%	7.14%	6.76%	6.79%	6.61%	6.77%	6.66%	6.48%	6.30%	6.25%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	<u>Refund of Prior Years Expenditures</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2006	\$ 309,258	\$ 38,476	\$ 221,553	\$ 122,945	\$ 692,232
2007	262,791	32,800	438,746	252,746	987,083
2008	97,419	126,257	346,418	380,127	950,221
2009	291,443	48,780	97,503	174,647	612,373
2010	504,340	64,371	67,293	103,102	739,106
2011	143,994	109,994	37,540	258,415	549,943
2012	72,875	126,975	19,608	146,451	365,909
2013	68,139	127,091	27,619	217,069	439,918
2014	108,763	75,286	30,211	236,887	451,147
2015	20,241	34,062	20,735	627,754	702,792

Source: District records

REVENUE CAPACITY

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities *	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2006	56,834,800	1,497,001,000	1,795,600	171,000	383,423,900	343,636,200	190,358,700	2,473,221,200	6,183,096	392,182,800	2,871,587,096	3,985,594,198	2.663
2007	55,827,300	1,513,303,500	1,795,600	177,600	379,944,300	351,718,700	204,271,600	2,507,038,600	3,423,961	408,272,300	2,918,734,861	4,631,849,744	2.736
2008	53,099,800	1,519,448,800	1,450,100	171,700	384,945,700	343,012,800	211,278,500	2,513,407,400	6,633,158	410,901,500	2,930,942,058	5,201,463,029	2.750
2009	41,407,900	1,525,090,700	1,450,100	171,700	375,511,700	333,769,100	204,731,400	2,482,132,600	3,351,217	412,207,700	2,897,691,517	5,159,816,933	2.770
2010	34,166,900	1,520,957,300	1,338,600	167,800	386,870,800	320,832,600	201,998,200	2,466,332,200	3,630,868	414,100,000	2,884,063,068	4,944,885,360	2.906
2011	33,009,000	1,521,256,500	1,182,300	101,200	385,961,700	310,748,100	201,412,800	2,453,671,600	3,238,211	421,386,900	2,878,296,711	4,794,235,881	3.005
2012	33,445,900	1,519,468,700	1,182,300	101,200	375,135,100	287,812,700	201,112,800	2,418,258,700	3,329,077	423,253,100	2,844,840,877	4,713,954,776	2.856
2013	29,108,500	1,524,869,700	1,182,400	101,200	368,459,600	283,655,200	201,112,800	2,408,289,400	2,071,600	421,567,100	2,831,928,100	4,350,946,294	3.184
2014	41,203,600	1,535,377,100	1,182,400	36,100	379,262,800	290,745,200	201,554,600	2,449,361,800	2,789,231	417,671,700	2,869,822,731	4,573,448,641	3.204
2015	39,881,100	1,544,335,100	1,182,300	36,100	380,685,800	286,469,800	201,554,600	2,454,144,800	2,905,820	417,856,200	2,874,906,820	4,488,181,475	3.253

Source: Municipal Tax Assessor

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

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

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

b Tax rates are per \$100 of assessed valuation

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

Fiscal Year Ended June 30,	<u>North Brunswick Township School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate ^a</u>	<u>General Obligation Debt Service ^b</u>	<u>(From J-6) Total Direct School Tax Rate ^c</u>	<u>Municipality of North Brunswick</u>	<u>County of Middlesex</u>	
2006	2.423	0.240	2.663	0.894	0.520	4.077
2007	2.505	0.231	2.736	0.944	0.552	4.232
2008	2.521	0.229	2.750	1.004	0.597	4.351
2009	2.530	0.240	2.770	1.054	0.619	4.443
2010	2.664	0.242	2.906	1.109	0.504	4.519
2011	2.762	0.243	3.005	1.093	0.602	4.619
2012	2.603	0.253	2.856	1.105	0.643	4.604
2013	2.935	0.249	3.184	1.224	0.695	5.103
2014	2.950	0.254	3.204	1.245	0.741	5.190
2015	3.035	0.218	3.253	1.267	0.729	5.249

Source: Municipal Tax Collector

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

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

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

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

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

	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
ER Squibb & Sons Inc.	\$ 148,680,300	1	6.06%	\$ 130,326,300	1	5.50%
Kimco North Brunswick 617 Inc.	33,000,000	2	1.35%			
Sodowick S. Etals c/o No. Vill Assn.	29,900,000	3	1.22%			
Commerce GR NB LLC	27,270,000	4	1.11%			
Kaplan Associates LLC	26,000,000	5	1.06%			
Maebrook at Renaissance LLC	23,515,600	6	0.96%			
North Brunswick Manor LLC	23,441,800	7	0.96%			
Levin Properties LLC	21,000,000	8	0.86%			
Renaissance Terrace LLC	19,000,000	9	0.77%			
Brunswick Circle Developers LLC	17,245,000	10	0.70%			
Renaissance at North Brunswick				53,943,300	2	2.24%
Johnson & Johnson				50,764,800	3	2.10%
Kimco, North Brunswick				41,500,000	4	1.72%
Wilton Partners				29,673,000	5	1.23%
Kaplan, Michael & Morris				29,384,500	6	1.22%
Brunswick Manor Associates				27,048,000	7	1.12%
Levin Properties LLC				23,267,400	8	0.96%
First Fidelity				21,684,000	9	0.90%
Olivia Reality LLC				16,500,000	10	0.68%
Total	\$ 369,052,700		15.05%	\$ 424,091,300		17.67%

Source: Municipal Tax Assessor

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
TAX LEVIES AND COLLECTIONS
LAST TEN (10) 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	\$ 97,633,107	\$ 97,449,207	99.81%	\$ 183,900
2007	108,596,104	108,432,687	99.85%	600,661
2008	109,315,152	109,262,161	99.95%	81,726
2009	111,802,306	111,308,521	99.56%	N/A
2010	111,491,046	111,393,791	99.91%	N/A
2011	116,080,734	115,983,210	99.92%	N/A
2012	120,744,776	120,218,424	99.56%	N/A
2013	123,267,695	122,910,122	99.71%	N/A
2014	125,871,013	125,466,068	99.68%	N/A
2015	129,659,436	129,522,487	99.89%	375,760

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

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

DEBT CAPACITY

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2006	\$ 74,214,000	-	-	-	-	\$ 74,214,000	6.57%	1,936	
2007	71,411,000	-	\$ 4,368,565	-	-	75,779,565	6.71%	1,911	
2008	68,761,000	-	3,327,385	-	-	72,088,385	6.40%	1,817	
2009	65,866,000	-	2,244,434	-	-	68,110,434	6.05%	1,721	
2010	62,502,000	-	1,151,635	-	-	63,653,635	5.61%	1,580	
2011	59,142,000	-	-	-	-	59,142,000	4.40%	1,461	
2012	55,976,000	-	-	-	-	55,976,000	4.16%	1,387	
2013	51,976,000	-	-	-	-	51,976,000	3.83%	1,261	
2014	48,136,000	-	-	-	-	48,136,000	3.55%	1,170	
2015	43,760,000	-	-	-	-	43,760,000	3.23%	1,064	

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

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

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value ^a of</u> <u>Property</u>	<u>Per Capita</u> <u>^b</u>
2006	\$ 74,214,000	-	\$ 74,214,000	2.58%	\$ 1,896
2007	71,411,000	-	71,411,000	2.45%	1,780
2008	68,761,000	-	68,761,000	2.31%	1,733
2009	65,866,000	-	65,866,000	2.27%	1,735
2010	62,502,000	-	62,502,000	2.15%	1,580
2011	59,142,000	-	59,142,000	2.15%	1,461
2012	55,976,000	-	55,976,000	1.96%	1,387
2013	51,976,000	-	51,976,000	1.83%	1,261
2014	48,136,000	-	48,136,000	1.67%	1,170
2015	43,760,000	-	43,760,000	1.52%	1,064

Notes:

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

a See Exhibit J-6 for property tax data.

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of North Brunswick	\$ 56,513,598	100.000%	\$ 56,513,598
County of Middlesex	599,893,259	3.3385%	<u>20,027,436</u>
Subtotal, overlapping debt			\$ 76,541,034
Township of North Brunswick District Direct Debt			
Bonds Issued	43,760,000.00		
Bonds and Notes Authorized but Not Issued	<u>1,200,000.00</u>		<u>44,960,000</u>
Total direct and overlapping debt			<u>\$ 121,501,034</u>

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

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2006	39,673	1,127,943,063	28,431	4.20%
2007	39,673	1,127,943,063	28,431	4.20%
2008	39,673	1,127,943,063	28,431	3.70%
2009	39,586	1,125,469,566	28,431	4.80%
2010	39,586	1,125,469,566	28,431	8.30%
2011	40,742	1,342,204,448	32,944	9.40%
2012	40,961	1,349,419,184	32,944	9.20%
2013	41,218	1,357,885,792	32,944	8.10%
2014	41,153	1,355,744,432	32,944	6.10%
2015	41,153	1,355,744,432	32,944	5.60%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census for 2006-2010 and 2010 census for 2011-2015 published by the US Bureau of Economic Analysis.

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

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

	2015		2006	
Employer	Employees	Rank	Employees	Rank
	N/A	1	N/A	
	N/A	2	N/A	
	N/A	3	N/A	
	N/A	4	N/A	
	N/A	5	N/A	
	N/A	6	N/A	
	N/A	7	N/A	
	N/A	8	N/A	
	N/A	9	N/A	
	N/A	10	N/A	
	N/A		N/A	

OPERATING INFORMATION

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

<u>Function/Program</u>	<u>2006</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	462	505	510	417	463	388	402	402	405	405
Special education	9	12	14	115	131	157	164	164	178	178
Other special education	-	-	-	-	-					
Support Services:										
Student & instruction related services	131	121	121	134	162	96	112	112	131	131
General administration	4	2	3	2	3	2	4	4	5	5
School administrative services	36	36	36	37	36	31	31	31	27	27
Other administrative services	-	-	-	-	-					
Central services	11	12	13	14	12	15	9	9	8	8
Administrative Information Technology	4	5	5	5	7	8	8	8	11	11
Plant operations and maintenance	81	77	77	103	104	96	85	85	102	102
Pupil transportation	24	32	33	26	30	26	29	29	31	31
Other support services	-	-	-	-	-	21	4	4	-	-
Total	<u>762</u>	<u>802</u>	<u>812</u>	<u>853</u>	<u>948</u>	<u>840</u>	<u>848</u>	<u>848</u>	<u>898</u>	<u>898</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Attendance			
						Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	5,521	71,068,955	12,872	-1.30%	411	1:13.3	1:12	1:13.9	5,391.6	5,283.8	-1.39%	98.00%
2007	5,603	74,754,664	13,342	3.65%	469	1:12.1	1:10.7	1:11.6	5,446.9	5,338.0	1.03%	98.00%
2008	5,517	80,245,332	14,545	9.02%	541	1:11.9	1:10.5	1:12	5,513.0	5,402.7	1.21%	98.00%
2009	5,662	81,680,673	14,426	-0.82%	550	1:10.5	1:10.2	1:11	5,667.4	5,554.1	2.80%	98.00%
2010	5,521	84,424,571	15,292	6.00%	575	1:10.6	1:10.4	1:11	5,824.9	5,372.0	2.80%	92.22%
2011	5,886	82,395,729	13,999	-0.11%	539	1:10.7	1:10.5	1:11.2	5,947.1	5,545.4	4.81%	93.25%
2012	5,968	81,746,641	13,697	-2.15%	500	1:12.6	1:11.3	1:11.8	6,040.6	5,662.4	1.57%	93.74%
2013	6,095	86,850,221	14,249	4.03%	562	1:10.2	1:10.4	1:10.9	6,120.3	5,777.4	1.32%	94.40%
2014	6,141	89,458,174	14,567	2.23%	583	1:10.4	1:10.8	1:10.3	6,162.5	5,828.5	0.69%	94.58%
2015	6,127	92,924,605	15,166	4.11%	583	1:10.4	1:10.8	1:10.3	6,147.2	5,853.1	-0.25%	95.22%

Sources: District records

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

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL BUILDING INFORMATION
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)

	<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>								
<u>Elementary</u>								
Judd (1967)								
Square Feet	88,595	88,595	88,595	88,595	88,595	88,595	88,595	88,595
Capacity (students)	709	709	709	709	709	709	709	709
Enrollment	684	594	683	721	737	779	792	805
John Adams (1961)								
Square Feet	79,257	79,257	79,257	79,257	79,257	79,257	79,257	79,257
Capacity (students)	634	634	634	634	634	634	634	634
Enrollment	561	535	675	703	706	715	725	719
Livingston Park (1930)								
Square Feet	84,573	84,573	84,573	84,573	84,573	84,573	84,573	84,573
Capacity (students)	677	677	677	677	677	677	677	677
Enrollment	582	568	712	684	793	734	716	702
Parsons (1965)								
Square Feet	84,079	84,079	84,079	84,079	84,079	84,079	84,079	84,079
Capacity (students)	673	673	673	673	673	673	673	673
Enrollment	611	615	637	649	726	738	771	790
<u>Middle School</u>								
Linwood (1951)								
Square Feet	204,557	204,557	204,557	204,557	204,557	204,557	204,557	204,557
Capacity (students)	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527
Enrollment	1,264	1,251	1,274	1,317	1,352	1,371	1,341	1,334
<u>High School</u>								
North Brunswick High School (1973)								
Square Feet	394,716	394,716	394,716	394,716	394,716	394,716	394,716	394,716
Capacity (students)	2,614	2,614	2,614	2,614	2,614	2,614	2,614	2,614
Enrollment	1,783	1,749	1,684	1,766	1,725	1,758	1,796	1,777
<u>Other</u>								
Athletic Building (1979)								
Square Feet	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704
Central Administration (1927)								
Square Feet	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Warehouse								
Square Feet	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376
Number of Buildings at June 30, 2015								
Elementary Schools =	4							
Middle School =	1							
High School =	1							
Other =	3							

Source: District Facilities Office

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

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED MAINTENANCE
FOR SCHOOL FACILITIES
LAST NINE (9) FISCAL YEARS
(UNAUDITED)

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

* School Facilities		John Adams	Judd	Livingston Park	Parsons	Linwood M.S.	North Brunswick H.S.	Other Facilities	Total
Project # (s)									
2007	N/A	100,885	96,588	98,044	138,700	237,969	637,639	83,940	1,393,765
2008	N/A	125,154	158,718	112,805	133,464	357,652	898,789	50,984	1,837,566
2009	N/A	145,594	156,110	149,023	148,152	360,442	704,916	43,421	1,707,658
2010	N/A	125,010	134,054	128,073	127,198	309,535	597,335	37,488	1,458,693
2011	N/A	140,047	151,001	153,944	125,259	277,182	548,728	40,450	1,436,610
2012	N/A	109,016	121,943	122,042	144,825	284,249	555,275	45,579	1,382,930
2013	N/A	116,464	124,876	119,207	118,511	288,327	556,361	34,733	1,358,479
2014	N/A	136,974	122,454	130,687	129,939	316,164	610,172	50,598	1,496,988
2015	N/A	132,599	142,176	135,722	134,929	328,271	633,436	39,545	1,546,678
Total School Facilities		\$ 1,131,743	\$ 1,207,921	\$ 1,149,547	\$ 1,200,977	\$ 2,759,791	\$ 5,742,651	\$ 426,738	\$ 12,072,689

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

Source: District records

NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Property Insurance	\$ 300,000,000	\$ 5,000
Valuable Papers	11,000,000	5,000
Extra Expense	51,000,000	5,000
Electronic Data Processing - Hardware/Software	2,801,000	1,000
Equipment Breakdown - Business Income	100,000,000	5,000
Casualty Insurance - MCJIF		
Law Enforcement Liability	1,000,000	
Comprehensive General Liability	16,000,000	
Automobile Liability	16,000,000	
Employee Benefit Liability - NJSBA	10,000,000	1,000
New Jersey Workers Compensation - NJSBA	Statutory	
Public Employees' Faithful Performance Blanket		
Position Bond - Western Surety Company		
Business Administrator	50,000	
Treasurer	400,000	
Acting Business Administrator	200,000	
Board Secretary	200,000	
Contractors Equipment	250,000	

Source: District records.

SINGLE AUDIT SECTION

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

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
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Exhibit K-1
Sheet 1 of 2

**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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of North Brunswick Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Township of North Brunswick Board of Education's basic financial statements, and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
December 11, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(CONTINUED)

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 Township of North Brunswick Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

Management of the Township of North Brunswick Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of North Brunswick Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of North Brunswick Board of Education's internal control over compliance.

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(CONTINUED)

Report on Schedule of Expenditures of Federal Awards As Required by OMB Circular A-133 and State Financial Assistance Required by NJOMB 15-08

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of North Brunswick School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 11, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and the schedule of expenditures of state financial assistance by NJOMB 04-04 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

December 11, 2015
Freehold, New Jersey

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2014			Carryover/ Waikover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance, June 30, 2015		
				From	To	Due to Grantor	Deferred Revenue	(Accounts Receivable)						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education:																
General Fund:																
Medical Assistance Program	93.778	N/A	\$ 115,787	7/1/2014	6/30/2015				\$ 91,610	\$ (115,787)			\$ (24,177)			
ARRA/SEMI	93.778	N/A	51,551	10/1/2008	12/31/2010				51,551	(51,551)						
Total General Fund									\$ 143,161	\$ (167,338)			\$ (24,177)			
U.S. Department of Education																
Passed - Through State Department of Education:																
Special Revenue Fund:																
Title 1, Part D	84.010A	NCLB-15	\$ 116,623	7/1/2014	6/30/2015				\$ 114,957	\$ (116,419)			\$ (1,462)			
Title 1, Part D	84.010A	NCLB-14	179,810	9/1/2013	6/30/2014			\$ (1,038.00)	175,428	(174,390)						
Title 1, Part A	84.010A	NCLB-15	658,277	7/1/2014	6/30/2015				490,634	(622,224)				(131,590)		
Title 1, Part A	84.010A	NCLB-14	525,002	9/1/2013	6/30/2014		\$ 42,277.00		181,247	(283,661)	\$ (9,912)			(70,249)		
Title 1, Part A	84.010A	NCLB-13	575,561	9/1/2012	8/31/2013			(6,771)			6,771					
Title II, Part A Carryover	84.281A	NCLB-13	94,777	9/1/2012	8/31/2013			(365)	226		139					
Title II, Part A	84.281A	NCLB-14	93,992	9/1/2013	6/30/2014			(17,004)	19,226	(2,084)	(139)			(1)		
Title II, Part A	84.281A	NCLB-15	95,672	7/1/2014	6/30/2015				49,873	(80,872)				(30,999)		
Title III, Part A	84.365A	NCLB-13	58,477	9/1/2012	8/31/2013			(1,157)			1,157					
Title III, Part A	84.365A	NCLB-14	54,330	9/1/2013	6/30/2014			(6,275)	10,832	(4,226)	(1,157)			(826)		
Title III, Part A	84.365A	NCLB-15	56,014	7/1/2014	6/30/2015				43,402	(50,055)				(6,653)		
Title III, Immigrant	84.365A	NCLB-13	60,492	9/1/2012	8/31/2013			(630)			630					
Title III, Immigrant	84.365A	NCLB-15	51,017	7/1/2014	6/30/2015				38,037	(46,689)				(8,652)		
I.D.E.A. Part B, Basic	84.027	NCLB-15	1,340,077	7/1/2014	6/30/2015				1,070,581	(1,258,361)				(187,800)		
I.D.E.A. Part B, Basic	84.027	NCLB-14	1,243,642	9/1/2013	6/30/2014			(436,093)	504,941	(80,085)	(2)			(11,239)		
I.D.E.A. Part B, Basic Regular	84.027	FT-13	1,357,975	9/1/2012	8/31/2013			(174,349)	174,349							
I.D.E.A. Preschool	84.173	FT-15	34,602	7/1/2014	6/30/2015				26,836	(27,062)				(226)		
I.D.E.A. Preschool	84.173	FT-14	34,270	9/1/2013	6/30/2014			(34,209)	34,053		156					
I.D.E.A. Preschool	84.173	FT-13	38,251	9/1/2012	8/31/2013			(13,111)	13,111							
Perkins Grant	84.243A	N/A	36,969	7/1/2014	6/30/2015			2	23,357	(28,952)				(5,593)		
Perkins Grant	84.243A	N/A	38,753	7/1/2013	6/30/2014			(17,476)	17,476							
Race to the Top (RTTP)	84.413A	N/A	69,815	7/1/2012	6/30/2013			(22,181)	34,355	(27,674)	15,500					
Total Special Revenue Fund								\$ 42,277	\$ (730,657)	\$ 3,022,921	\$ (2,802,974)	\$ 13,143		\$ (455,290)	\$	

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

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2014			Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance, June 30, 2015					
						Due to Grantor	Deferred Revenue	(Accounts Receivable)						(Accounts Receivable)	Deferred Revenue	Due to Grantor			
																	From	To	
U.S. Department of Agriculture																			
Passed-through State Department of Education:																			
Enterprise Fund:																			
Food Distribution Program	10.555	N/A	\$ 199,548	7/1/2013	6/30/2014	\$	13,474				\$	(13,474)							
Food Distribution Program	10.555	N/A	246,260	7/1/2014	6/30/2015				\$	246,260	(220,183)		\$	26,077					
School Breakfast Program	10.553	N/A	340,581	7/1/2013	6/30/2014			\$	(29,011)	29,011									
School Breakfast Program	10.553	N/A	375,077	7/1/2014	6/30/2015					343,631	(375,077)		\$	(31,446)					
National School Lunch Program	10.555	N/A	960,215	7/1/2013	6/30/2014				(72,149)	72,149									
National School Lunch Program	10.555	N/A	1,040,162	7/1/2014	6/30/2015					963,088	(1,040,162)			(77,074)					
National School Lunch Program (PB)	10.555	N/A	34,923	7/1/2013	6/30/2014				(2,574)	2,574									
National School Lunch Program (PB)	10.555	N/A	35,301	7/1/2014	6/30/2015					32,721	(35,301)			(2,580)					
School Snack Program	10.555	N/A	6,559	7/1/2013	6/30/2014				(506)	506									
School Snack Program	10.555	N/A	7,758	7/1/2014	6/30/2015					7,189	(7,758)			(569)					
Total Enterprise Fund						\$	13,474	\$	(104,240)	\$	1,697,129	\$	(1,691,955)	\$	(111,869)	\$	26,077		
Total Federal Awards						\$	55,751	\$	(834,697)	\$	4,863,211	\$	(4,662,267)	\$	13,143	\$	(591,136)	\$	26,077

(1) Equals inventory.

BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2014		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2015		MEMO	
			From	To	(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	15-495-034-5120-089	\$ 3,621,124	7/1/2014	-	6/30/2015		\$ 3,621,124	\$ (3,621,124)				\$ (638,716)	\$ (3,621,124)
Equalization Aid	15-495-034-5120-078	6,681,891	7/1/2014	-	6/30/2015		6,681,891	(6,681,891)				(49,367)	(6,681,891)
Categorical Security Aid	15-495-034-5120-084	516,450	7/1/2014	-	6/30/2015		516,450	(516,450)				(346,140)	(516,450)
Transportation Aid	15-495-034-5120-084	427,308	7/1/2014	-	6/30/2015		427,308	(427,308)				(40,846)	(427,308)
Adequacy Aid	15-495-034-5120-083	329,331	7/1/2014	-	6/30/2015		329,331	(329,331)				(31,481)	(329,331)
PARCC Readiness Aid	15-495-034-5120-098	63,190	7/1/2014	-	6/30/2015		63,190	(63,190)				(6,040)	(63,190)
Per Pupil Growth Aid	15-495-034-5120-097	63,190	7/1/2014	-	6/30/2015		63,190	(63,190)				(6,040)	(63,190)
Extraordinary Special Education Aid	15-100-034-5120-473	372,321	7/1/2014	-	6/30/2015			(250,000)		\$ (372,321)			(250,000)
Extraordinary Special Education Aid	14-100-034-5120-473	513,880	7/1/2013	-	6/30/2014	\$ (513,880)	513,880						
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	2,829,113	7/1/2014	-	6/30/2015		2,689,689	(2,829,113)			(139,424)		(2,829,113)
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	2,782,720	7/1/2013	-	6/30/2014	(140,280)	140,280						
Non Public Transportation	15-495-034-5120-014	54,551	7/1/2014	-	6/30/2015			(54,551)			(54,551)		(54,551)
Non Public Transportation	14-495-034-5120-014	40,963	7/1/2013	-	6/30/2014	(40,963)	40,963						
Total General Fund						\$ (695,123)	\$ 15,087,296	\$ (14,836,148)			\$ (566,296)	\$ (1,118,630)	\$ (14,836,148)

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION
NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2014		Cash Received	Budgetary (Expenditures)	(Adjustment) Repayment of Prior Year's Balances	Balance, June 30, 2015		MEMO	
			From	To	(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	15-100-034-5120-064	\$ 3,039	7/1/2014	- 6/30/2015			\$ 3,039	\$ (2,862)		\$ 177		\$ (2,862)	
Textbook Aid	14-100-034-5120-064	3,345	7/1/2013	6/30/2014		\$ 879		\$ (879)					
Nursing Services	15-100-034-5120-070	5,312	7/1/2014	- 6/30/2015			5,312	(4,486)		826		(4,486)	
Nursing Services	14-100-034-5120-070	5,636	7/1/2013	- 6/30/2014		1,832		(1,832)					
Technology	14-100-034-5120-373	1,220	7/1/2013	- 6/30/2014		349		(349)					
Technology	15-100-034-5120-373	1,632	7/1/2014	- 6/30/2015			1,632	(1,566)		66		(1,566)	
Auxiliary Services:													
Compensatory Education	15-100-034-5120-067	17,558	7/1/2014	- 6/30/2015			17,558	(15,466)		2,092		(15,466)	
Compensatory Education	15-100-034-5120-067	10,443	7/1/2013	- 6/30/2014		343		(343)					
Transportation	15-100-034-5120-068	1,763	7/1/2014	- 6/30/2015			1,763	(1,763)				(1,763)	
ESL	15-100-034-5120-069	914	7/1/2014	- 6/30/2015			914	(914)				(914)	
Handicapped Services:													
Examination and Classification	15-100-034-5120-066	6,123	7/1/2014	- 6/30/2015			6,123	(4,141)		1,982		(4,141)	
Examination and Classification	14-100-034-5120-066	2,866	7/1/2014	- 6/30/2015		1,114		(1,114)					
Supplemental Instruction	13-100-034-5120-066	2,151	7/1/2013	- 6/30/2014	\$ (69)								
Supplemental Instruction	14-100-034-5120-067	3,139	7/1/2014	- 6/30/2015			3,139	(1,569)		1,570		(1,569)	
Corrective Speech	14-100-034-5120-066	1,767	7/1/2014	- 6/30/2015			1,767			1,767			
Personalized Student Learning Pilot	99999999	6,000	7/1/2014	- 6/30/2015	(5,431)		5,431						
Total Special Revenue Fund					\$ (5,500)	\$ 4,517	\$ 46,678	\$ (32,767)	\$ (4,517)	\$ 8,480		\$ (32,767)	
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	14-100-010-3350-023	\$ 27,893	7/1/2013	- 6/30/2014	\$ (2,063)		\$ 2,063					\$ (30,182)	
State School Lunch Program	15-100-010-3350-023	30,182	7/1/2014	- 6/30/2015			28,094	(30,182)		(2,088)		(30,182)	
Total Enterprise Fund					\$ (2,063)		\$ 30,157	\$ (30,182)		\$ (2,088)		\$ (30,182)	
Total State Financial Assistance					\$ (702,686)	\$ 4,517	\$ 15,164,131	\$ (14,899,097)	\$ (4,517)	\$ (568,384)	\$ 8,480	\$ (1,118,630)	\$ (14,899,097)

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations* and New Jersey OMB's Circular Letter 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$31,296 for the general fund and an increase of \$120,708 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 167,338	\$ 20,053,050	\$ 20,220,388
Special Revenue Fund	2,923,682	32,767	2,956,449
Food Service Fund	<u>1,704,558</u>	<u>30,182</u>	<u>1,734,740</u>
Total Awards and Assistance	<u>\$ 4,795,578</u>	<u>\$ 20,115,999</u>	<u>\$ 24,911,577</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no federal or state loans outstanding.

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post-Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Financial Assistance, as directed by the funding agency.

**BOARD OF EDUCATION
 TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
December 11, 2015

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified, dated
December 11, 2015

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.027</u>	<u>IDEA Part B Regular</u>
<u>10.555</u>	<u>Child Nutrition Project – National School Lunch</u>
<u>10.553</u>	<u>Child Nutrition Project – National School Breakfast</u>
<u>10.555</u>	<u>Child Nutrition Project – Food Distribution</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

State Financial Assistance

Dollar threshold used to distinguish between type A and type B Programs: \$446,973

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

Type of auditor's report issued on compliance for major programs: Unmodified, dated
December 11, 2015

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
<u>15-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u>15-495-034-5120-084</u>	<u>Categorical Security Aid</u>

Section II - Schedule of Financial Statement Findings

None

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

None

BOARD OF EDUCATION
TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FOR THE YEAR ENDED JUNE 30, 2014:

There were no findings for the year ended June 30, 2014.