

EAST BRUNSWICK PUBLIC SCHOOLS



Excellence in Academics, Athletics, and the Arts

*Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017*

760 State Highway 18, East Brunswick, New Jersey 08816

East Brunswick Public Schools

**East Brunswick Board of Education
East Brunswick, New Jersey**

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017

Prepared by

Bernardo J. Guiliana

East Brunswick Public Schools
Department of Financial Services

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Introductory Section

East Brunswick Public Schools

760 Route 18
East Brunswick, New Jersey 08816

November 20, 2017

Honorable President and
Members of the Board of Education
East Brunswick Public Schools
County of Middlesex, New Jersey

Dear Board Members and Constituents of the Township of East Brunswick:

The Comprehensive Annual Financial Report for the East Brunswick School District (District) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditors' report on internal control over compliance and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

East Brunswick School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The East Brunswick School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and vocational education, as well as special education for handicapped youngsters. The District completed fiscal year 2016-2017 with an average daily enrollment of 7,994 students, or 114 students less than the previous year's enrollment. The following details the changes in the District's student enrollment over the last five years.

<i><u>Fiscal Year</u></i>	<i><u>Average Daily Enrollment Student Enrollment</u></i>	<i><u>Percent Change</u></i>
2016-2017	7,994.0	(1.41%)
2015-2016	8,108.0	(1.85%)
2014-2015	8,261.0	(0.11%)
2013-2014	8,271.0	0.71%
2012-2013	8,213.0	(0.97%)

During fiscal year 2013-2014, the District engaged Statistical Forecasting, LLC to provide school enrollment projections, District boundary analysis, geocoding, and mapping services. The goal was to gather U.S. census data, birth data, and relevant demographic information to calculate the number of school children who are anticipated to attend each of the grades within the school district. The report also reviewed historic and current residential development trends, including proposed development and redevelopment. It also assessed the impact of these trends on future enrollment using standard land use planning methodologies and demographic multipliers in determining the impact of this growth and development on enrollment. The study, which was completed in August 2014, projects a year-to-year decline in enrollment.

Enrollment fluctuates daily as students enroll in and withdraw from the District. Thus, the above average daily enrollment table provides the mean measurement of enrollment throughout the respective years listed. This measure varies from the enrollment "snapshot" (known as the Application for State School Aid or ASSA) required by the New Jersey Department of Education and taken annually as of October 15.

It is the ASSA against which the accuracy of the demographer’s projected enrollments should be measured.

<u>Fiscal Year</u>	<i>October 15 Enrollment</i>		
	<u>Actual*</u>	<u>Straight-line Projection**</u>	<u>Demographer Projection</u>
2017-2018	N/A	7,665	7,820
2016-2017	8,089	7,855	7,898
2015-2016	8,259	N/A	8,052
2014-2015	8,399	N/A	8,085

**Actual enrollment is as reported to the New Jersey Department of Education as of the ASSA snapshot date. The 2017-2018 enrollment has not yet been finalized as of this letter date.*

***District straight-line projection is based on prior year enrollment as of ASSA snapshot date.*

Demographic studies are an imperfect science and cannot account for unknown variables. This is evident in the variances between the above actual and projected enrollments. Nevertheless, the year-to-year variances are shrinking, and there is a clear indication that enrollment is declining as was predicted. By 2018-2019, enrollment is estimated to be 7,761 students. Certainly, time will reveal the accuracy of that projection.

The Board engaged the demographic consultant to update its enrollment projections to ascertain more accurate data. Currently, that report is being re-drafted to include supplemental data pertaining to Township plans for housing. In addition, the report will include an analysis of elementary school boundaries to assist the Board in determining the best student balance among the District’s eight elementary schools.

2. ECONOMIC CONDITION AND OUTLOOK:

The Township of East Brunswick's total labor force increased 1.14% to 26,513 in 2016 from 26,214 in 2015, as reported by the New Jersey Department of Labor and Workforce Development. The employment rate for 2016 was 96.3% as compared with 95.8% in 2015, and the unemployment rate for 2016 decreased to 3.7% from 4.2% in 2015.

Economic data provided by the Township of East Brunswick indicates that the construction value of building permits issued for new units, additions and remodeling as of July 13, 2017 totaled \$35,214,547. The construction value and permits issued for the entire 2016 calendar year respectively totaled \$61,960,552 and 2,916 as compared to \$52,518,442 and 2,673 for the 2015 calendar year. This represents an increase of 243 permits and an increase in construction value of \$9,442,110.

Certificates of occupancy (COs) issued for new residential units were reported to be 15 for the calendar year 2016, as compared with 32 for the calendar year 2015.

The demand for new housing remains low and has declined by 53.1% from 2015 to 2016 in comparison to last year. (Between 2014 and 2015, the demand declined by 40.7%.) However, resale housing in East Brunswick continues to be reflective of the ongoing desire of individuals to establish their residency where the excellent public schools are the primary factor in that decision. Construction permit issuances have increased by 9.1%, along with a notable 17.5% increase in construction values, both of which are indicative of the continuing investment being made in East Brunswick's residential and commercial properties.

East Brunswick's employment and unemployment rates reflect a continually improved economic outlook for the community. As reported above, the respective increase and decrease of the employment and unemployment rates affect the general economic viability of the community, and are reflective of a wider, positive change that has been reported statewide and nationally.

While the legally established caps on local property tax increases are intended to limit property tax growth, New Jersey continues to have a need for property tax reform. The District is conscious of this and will continue to act prudently in its fiscal decisions. However, this issue must be addressed. We continue to urge New Jersey residents to express the expectations they have of their elected State officials with regard to property tax reform.

3. MAJOR INITIATIVES:

The District has been aggressive in pursuing the maximum level of State grant funds for all qualifying projects since State's school facilities grants were reinstated in 2008. To date, East Brunswick has been successful in receiving grant approvals on all qualifying projects and for the maximum qualifying amount. The grant funds have benefitted East Brunswick taxpayers by reducing the local financial obligation for the projects. In fact, over \$3.1 million in State grant funds – a full 40% of estimated project costs – have funded security vestibules at all eleven school locations, a myriad of infrastructure improvements and building upgrades that have been completed throughout the District.

In recognition of the limitations on financial resources to support capital projects, the District established a revolving fund of lease-purchase financing through which capital projects are funded. Such short-term debt having a payback of no more than five years has enabled the District to plan ahead in meeting many school facility needs. In addition, the District has received Safety Grants from the New Jersey Schools Insurance Group. Those grants focus on District safety and security through physical improvements. In addition, the District has been fortunate to supplement its capital reserve fund to further the capital plan.

The projects undertaken in the planning stage, in-process or completed during the past year include security improvements at Bowne-Munro Elementary School; security improvements, HVAC and electrical upgrades, a storage addition, and window and exterior door replacements at Chittick Elementary School; security improvements, air conditioning the main gymnasium and partial roof replacement supporting that installation, north annex window and exterior door replacements, HVAC and electrical upgrades, and bleacher refurbishment at Churchill Junior High School; security improvements, HVAC and electrical upgrades, sidewalk replacements and

improvements, parking expansion and traffic flow improvements, a storage addition, and window and exterior door replacements at Frost Elementary School; security improvements, a storage addition, property irrigation with self-supporting well, property cleanup, and perimeter fencing at Irwin Elementary School; security improvements, and flexible learning spaces at East Brunswick High School; security improvements at Lawrence Brook Elementary School; security improvements and sidewalk replacements and improvements at Memorial Elementary School; security improvements, HVAC and electrical upgrades, parking expansion and traffic flow improvements, a storage addition, sidewalk replacements and improvements, and window and exterior door replacements at Warnsdorfer Elementary School; and, the District network operations center and administration building improvements. The District is also pursuing an Energy Savings Improvement Program (ESIP) whereby facility improvements would be self-funded through reductions in utility costs. In addition, a significant technology investment has occurred with the continued infusion of Chromebook carts throughout the District, the expansion of the District-owned fiber-optic network across the township, replacement of aged fiber-optic cabling, as well as improvements in wireless technology.

Finally, technology has a significant role in instruction and is integrated throughout the District's operations. In fact, it is important to recognize that technology is not a frill. Rather, it is a necessity since it is infused in nearly every aspect of every day life. In addition, technology is not stagnant; it is ever emerging with advancements released nearly every day. Budget constraints have significantly affected the level of support for the District's investment in technology. However, this District must find innovative ways to overcome the funding challenges if it is to continue providing appropriate hands-on technology to students who are expected to be productive contributors to society in the 21st century as well as support its overall "business" operations.

Three years ago, the District reported that Sunera, LLC conducted an assessment of the Information Technology Department. While the report is confidential due to sensitive security discussions contained therein, the District has been committed to implementing the recommendations and providing students with the tools needed to augment their educational experiences. The issues to be addressed are varied and improvement will take time and financial resources. Much has been accomplished with marked improvements having been implemented, but much work remains ahead. A continued steadfast approach will ensure progress in this area.

Approximately two years ago, the District engaged in a study of its Facilities Management operations, which includes building maintenance (electrical, general maintenance, HVAC, and plumbing), grounds maintenance, and custodial services. While the report is confidential due to certain personnel discussions contained therein, the District has been committed to implementing the recommendations as evidenced by the steady implementation of a reorganization plan. The overall objective is to provide high-quality support to improve maintenance of the District's overall property investment and infrastructure both inside and out.

4. INTERNAL CONTROL:

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

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

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

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. The Board of Education of East Brunswick Public Schools has the legal level of budgetary control. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are accounted for in the capital projects fund when applicable. 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 reported as assigned fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. OTHER INFORMATION:

- A) Independent Audit** - State statutes require an annual audit to be performed by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP was appointed 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 1986, the Federal Uniform Guidance and New Jersey's OMB Circular 15-08. The auditors' report on the basic financial statements, required supplementary information and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
- B) Awards** – The International Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States and applicable legal requirements. This is the fourth year in a row the District has received this award.

This Certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Programs' requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2016-2017 award.

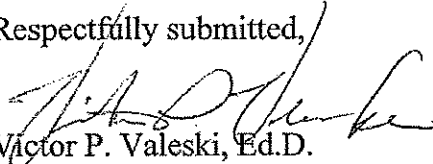
In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to East Brunswick Public Schools for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the second consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

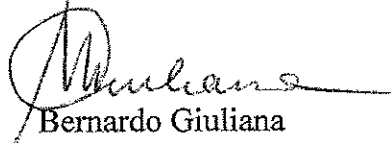
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA to determine its eligibility for the fiscal year 2016-2017 certificate.

- C) Continued Excellence in Academics, Athletics and the Arts** - During the 2016-2017 school year, the District continued to advance its reputation for excellence through a variety of accomplishments and achievements. See the accomplishments and achievements section for a number of those successes.

8. ACKNOWLEDGMENTS:

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

Respectfully submitted,

Victor P. Valeski, Ed.D.
Superintendent of Schools


Bernardo Giuliani
School Business Administrator/
Board Secretary

East Brunswick Public Schools

Accomplishments and Achievements

Year ended June 30, 2017

The District is proud to report the many successes and accomplishments that our students have achieved. The 2016-2017 school year achievements are listed below:

For Excellence in Academics...

- East Brunswick is the only district in the state to have 11 Blue Ribbon Schools. The schools are: Bowne-Munro, Central, Chittick, Frost, Irwin, Lawrence Brook, Memorial and Warnsdorfer Elementary Schools, Hammarskjold Middle School, Churchill Junior High School and East Brunswick High School.
- “EBHS is without a doubt one of the finest schools in the nation. It is a school that has a very strong academic program, supported by ample financial resources and guided by excellent leadership.” Quote taken from the Middle States Association of Colleges and Schools Accreditation for Growth Validation Team.
- East Brunswick High School ranked 25th Best Public High School by New Jersey Monthly Magazine.
- One hundred and thirty-four students were inducted into the National Honor Society. The National Honor Society now has 252 members.
- Six hundred and ninety seniors graduated in June 2017 of which 95% will be going on to post-secondary educational experiences.
- Twenty-seven students graduated with highest honors.
- Seventeen EBHS students were selected as finalists in the 2017 National Merit Scholarship Competition.
- East Brunswick High School has earned accreditation from the Middle States Association Commission of Elementary and Secondary Schools.
- One student placed first in state for NJ FCCLA – Lessons Learned.
- In the FBLA State Leadership Competition: One EBHS student placed first in Impropteu Speaking; three EBHS students placed first in Global Business; one EBHS student placed second in Graphic Design; one EBHS Student placed second in Public Speaking II; three EBHS students placed second in Business Ethics and three EBHS students placed fourth in Emerging Business.
- The EBHS International Studies / Model UN team won the Best Large School Delegation award at the Rutgers University Model UN (RUMUN) Competition. Over seventy-seven students contributed to this achievement.
- Twenty-two East Brunswick High School students participated in the nationally recognized Rutgers Waksman Scholars Program and have had their research published on the National Center for Biotechnology Information (NCBI) database.
- At the State Level of the National Science Olympiad: One CJHS team placed first in Meteorology and one CJHS Team placed first in Fast Facts.

For Excellence in Academics - Continued

- Churchill Junior High School's Biology League ranked 3rd in the State out of 128 participating schools at the NJ Biology League Competition and one student ranked first in state as an individual competitor in the NJ Biology League Overall Competition.
- One East Brunswick High School team participated in the 2017 New Jersey Science League and placed first in the state in Physics C.
- One student was accepted into the NJ Governor's School Scholar for Engineering and Technology.
- Two students were accepted into the NJ Governor's School of the Sciences at Drew University.
- Twenty-nine new members were inducted into the French Honor Society.
- One hundred new members were inducted into the Spanish Honor Society.
- Eleven new members were inducted into the German Honor Society.
- Twelve new members were inducted into the Italian Honor Society.
- Eighty students received the New Jersey Seal of Bi-literacy.
- Eight students from East Brunswick High School qualified to take the American Invitational Mathematics Examination (AIME).

For Excellence in Athletics...

- The East Brunswick Athletic Program was ranked #39 in the state as reported by NJ.COM.
- Two students were named to the All Red Division Team for Boys' Soccer.
- The Girls' Soccer Team was both GMC and Red Division Champions. Two EBHS students were named to the All Red Division and All GMC Team and one EBHS student was named to the All Red Division Team.
- One EBHS student was the 113-pound Wrestling GMC Champion.
- At the NJSIAA Wrestling Championships, one EBHS student finished in the top 12 for the 120-lb. weight class, one EBHS student finished 5th at the 126-lb. weight class and one EBHS student finished 3rd at 113-lbs.
- Boys' Wrestling had 3 District Champions and 3 Regional Champions for the first time in the program's history.
- One EBHS student received his 100th Wrestling win.
- Two students were named to First Team All-Conference for Track.
- One student on the Girls' Basketball Team was selected in the GMC Red Division 1st Team as well as 1st Team All-Conference.
- One student on the Girls' Basketball Team was selected to the 2nd Team All Division for GMC.
- One EBHS student was the Sectional Championship in the 400m hurdles.
- One EBHS student was the GMC Champion in the Pole Vault.
- One EBHS student was the GMC Champion in the High Hurdles.

For Excellence in Athletics-Continued

- The EBHS Boys' Baseball Team won the Red Division for the 2nd consecutive year.
- The Girls' Swimming Team captured the GMC Championship and the Red Division Champions. This was their fourth championship in a row.
- Swimming competed in the NJSIAA Individual Championships. EBHS had a student finish in the top 20 for the 100-meter back stroke and the Relay Team finished 25th in the state. They posted the fastest time in the conference.
- In Winter Track, one EBHS student placed 5th in the 55m Hurdles and medaled at the Meet of Champions.
- Boys' Bowling had an outstanding season finishing Red Division Champs, GMC Champs, Sectional Champs, Group 4 Champs, and finally the Champions of the Tournament Champions.
- The Boys Bowling team won the Baker Classic at Majestic Lanes.
- The EBHS Cheer Team took first place at the Woodbridge Competition and Cheer competed in their State Tournament and finished 4th in their Division. The Cheer Team took 2nd in the GMC for their Competition Routine.
- Track had 2 GMC Champions: one EBHS student in the 55m Hurdles and one student in the 3200-meter race. The Boys' Pole Vault Team, had two GMC Relay Champions.
- The EBHS Boys' Cross Country Team won the Red Division Race and were Red Division Champions.
- In Girls' Volleyball, one EBHS student was named to the 3rd Team All-State, 1st Team All Group 4 and was named as GMC Player of the Year.
- The Girls' Volleyball Team is both GMC and Red Division Champions.
- In Tennis, one EBHS student was named to the All GMC and All Red Division Team.

For Excellence in the Arts...

- Congratulations to student musicians selected for Honors, Regional and All-State Ensembles:
 - All State Intermediate Orchestra (10)
 - All State Honors Chamber Orchestra (1)
 - All State Orchestra (6)
 - All State Honors Choirs (2)
 - New Jersey Honors Chamber Orchestra (2)
 - 2017 CJMEA Wind Ensemble (4)
 - 2017 CJMEA High School Orchestra (2)
 - 2017 CJMEA High School Symphonic Band (3)
 - 2017 NAFME All Eastern Band (1)
 - 2017 All Eastern Honors Orchestra (2)
 - 2017 NJMEA All State Wind Ensemble (2)
 - 2017 NJMEA All State Symphonic Band (4)
 - All State Intermediate Orchestra (2)
 - CJMEA Intermediate Regional Chamber Orchestra (3)

For Excellence in the Arts - Continued

- CJMEA Intermediate Regional String Orchestra (1)
 - CJMEA Regional Orchestra (9)
 - CJMEA Intermediate Region Wind Ensemble (1)
 - Region Intermediate String Orchestra (2)
 - Region II Intermediate Chorus (11)
 - Central Jersey Regional Honor Choir (10)
 - CJMEA Region II Intermediate Chamber Orchestra (9)
 - CJMEA Intermediate Region Orchestra (1)
- One EBHS Marching Band Color Guard Member was selected to participate in the prestigious Macy's Great American Marching Band.
 - 66 Students were inducted into the Tri-M Music Honor Society.
 - Two EBHS students had their art work (paintings) chosen for the Middlesex County Youth Art Month (YAM) exhibit at the State House in Trenton.

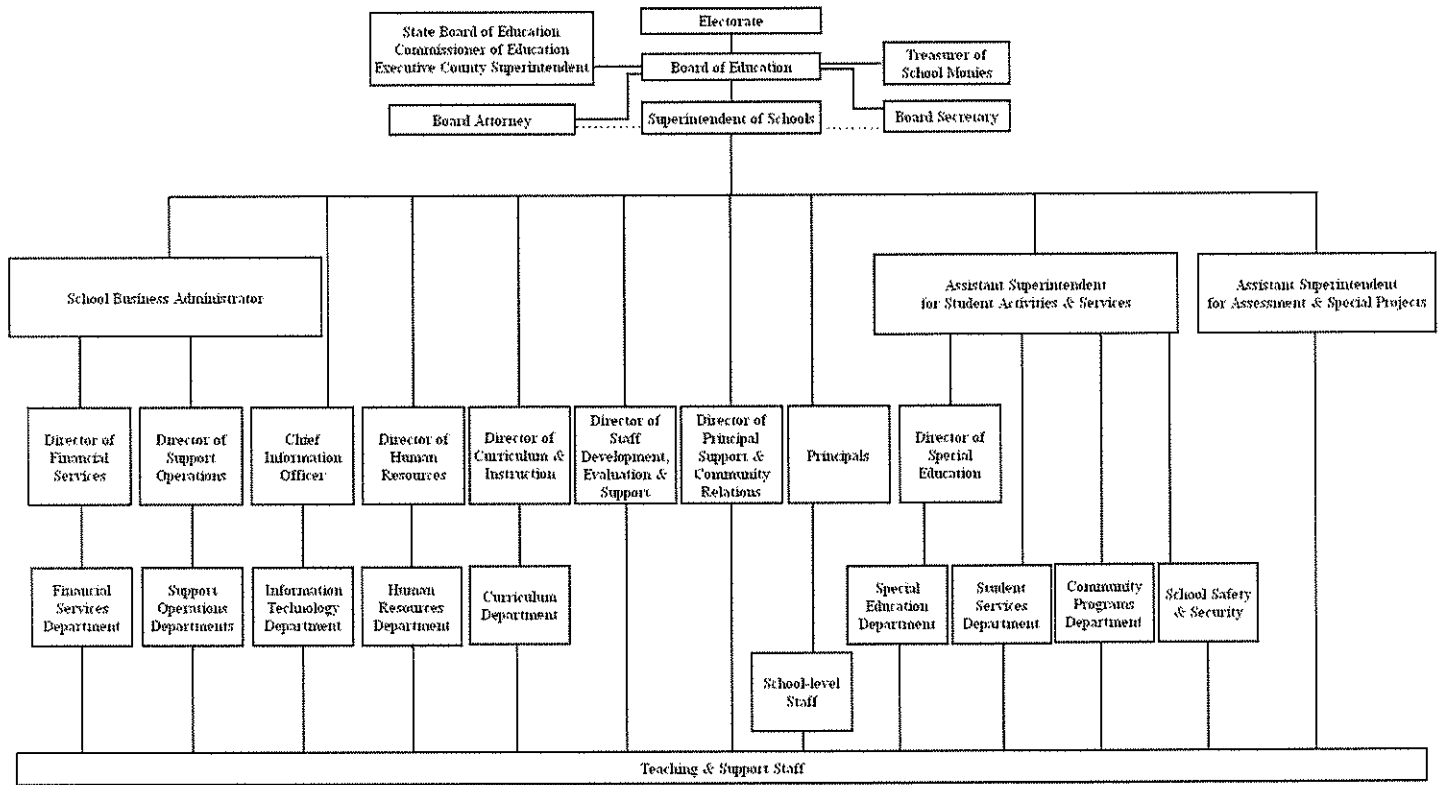
Staff Accomplishments...

- At the State Level of the National Science Olympiad two CJHS Teachers, Alexandra Bartfield & Beth Shobe, were awarded Excellence in Coaching.
- EBHS Coach Brady was named Division Coach of the Year for Girls' Soccer.
- EBHS Coach Portera was named Division Coach of the Year for Girls' Volleyball.
- EBHS Coach Clay was named All Conference Coach of the Year for Girls' Tennis.
- EBHS Coach Carney was named as Coach of the Year for Boys' Swimming.
- EBHS Coach Spishock was named GMC Boys' Bowling Coach of the Year.
- *The Certificate of Excellence in Financial Reporting* was awarded by the *Association of School Business Officials (ASBO) International* to the East Brunswick Public Schools for the fourth consecutive year.
- *The Certificate of Achievement for Excellence in Financial Reporting* was awarded by the *Government Finance Officers Association of the United States and Canada (GFOA)* to the East Brunswick Public Schools for the second year.

For Excellence in Service to the Community...

- \$3,137 was raised by our staff from a district-wide Denim Day in October 2016 and donated locally to the Rutgers Cancer Institute Foundation.
- The East Brunswick High School Girls' Volleyball Program hosted their annual "Pink Out" Volleyball Tournament Fundraiser to benefit Susan G. Koman Breast Cancer Awareness and raised \$3,200.
- A district-wide Denim Day raised \$4,111 for National Go Red Day sponsored by the American Heart Association to go towards awareness, research and community programs.
- Hammarskjold Middle School raised \$24,000 for the American Cancer Society at their 8th Annual Relay Field Day.
- On the two district-wide Denim Days, our staff raised a total of \$4,846 for the East Brunswick Education Foundation.
- In total, our educational community collected 12,000 pounds of food for MCFOODS.

ORGANIZATIONAL CHART



This organizational structure is effective July 1, 2015.

East Brunswick Public Schools
East Brunswick, New Jersey

Roster of Officials

June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Todd Simmens, President	2017
Vicki Becker, Vice President.....	2018
Robert Cancro.....	2019
Susanna Chiu	2017
Liwu Hong	2019
Laurie Lachs.....	2017
Barbara Reiss.....	2018
Chad Seyler.....	2019
Meredith Shaw.....	2018

Other Officials

Victor Valeski, Ed.D., Superintendent

Bernardo J. Giuliana, School Business Administrator/Board Secretary

Louis Figueroa, Assistant Superintendent of Student Activities and Services

Evelyn H. Ogden, Ed.D., Assistant Superintendent for Assessment and Special Projects

L. Mason Neely, Treasurer

East Brunswick Public Schools
East Brunswick, New Jersey

Independent Auditors and Advisors

Architects

Parette Somjen Architects
439 US Highway 46 #4
Rockaway, New Jersey 07866

Van Cleef Engineering Associates, LLC
32 Brower Lane
Hillsborough, NJ 08844

Attorney

Matthew J. Giacobbe, Esq.
Cleary, Giacobbe, Alfieri, Jacobs, LLC
169 Ramapo Valley Road, Upper Level 105
Oakland, NJ 07436

Independent Auditors

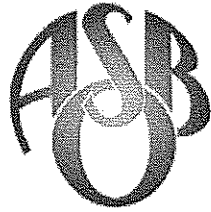
Wiss & Company, LLP
354 Eisenhower Parkway
Livingston, NJ 07039

Insurance Broker

E. Jay Lawton
O’Gorman & Young, Inc.
707 State Road, Route 206
Princeton, New Jersey 08542

Official Depository

PNC Bank
Civic Center Office
555 Cranbury Road
East Brunswick, New Jersey 08816



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

East Brunswick Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**East Brunswick Public Schools
New Jersey**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

Independent Auditors' Report

Honorable President and Members
of the Board of Education
East Brunswick Public Schools
East Brunswick, New Jersey
County of Middlesex

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the East Brunswick Public Schools, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017, 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 management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 20, 2017
Livingston, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

East Brunswick Public Schools

Management's Discussion and Analysis Year Ended June 30, 2017

The discussion and analysis of East Brunswick Public School's (the "District") financial performance provides an overview of the District's financial performance during the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes, which immediately follow this section.

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-Management's Discussion and Analysis for State and Local Governments*. Certain comparative information between the current year and the prior year is presented in the MD&A.

Overview of the Financial Statements

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

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

The statement of net position (A-1) presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

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

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

Business-Type Activities — The District charges fees for certain services it provides. The Food Service, Community Programs and JMPAC are reported here.

The government-wide financial statements can be found on pages 31 – 32 of this report.

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

Governmental Funds. The District's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method, 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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The basic governmental fund financial statements can be found on pages 33 – 35 of this report.

Proprietary funds. The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used 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 of providing goods or services be financed through user charges. The enterprise fund reports the operations of the food service, community education and JMPAC programs. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 36 – 38 of this report.

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

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District uses the trust fund to account for an unemployment compensation fund.

The basic fiduciary fund financial statements can be found on pages 39 – 40 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 41 - 75 of this report.

Other information. The required supplementary information related to pensions and the individual and combining statements referred to earlier in connection with the governmental and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 76-119 of this report.

Financial Highlights

Key financial highlights for 2016-2017 are as follows:

In total, net position at June 30, 2017 was \$114,599,636 which represents a 2.4% increase from 2016. This is primarily due to principal payments on long-term debt in the amount of \$9,320,000, offset by the increase in the net pension liability, net of related deferrals, of \$4,105,665.

Governmental activities general revenues and transfers accounted for \$197,132,717 in revenue or 97.7% of all governmental activity revenue and transfers. Program specific revenue in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,571,711 or 2.3% of total governmental activity revenue of \$201,704,428.

Among major funds, the General Fund had \$159,583,863 in revenue and \$159,210,215 in expenditures. The General Fund's fund balance is \$20,531,991 as of June 30, 2017, an increase of \$1,156,875 from the June 30, 2016 balance.

Notification was received that the two June 2017 state aid payments to the district in the total amount of \$1,735,940 would be delayed until the next school year. While, the State of New Jersey has taken action to withhold the final June payment each year since 2003, it expanded the withholding to both June payments in the 2009-2010 fiscal year, in order to avert a budget shortfall at the state level.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a comparative summary of net position relating to the District's governmental and business-type activities at June 30, 2017 and 2016:

	Net Position					
	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 31,929,526	\$ 3,076,520	\$ 35,006,046	\$ 30,622,674	\$ 3,161,222	\$ 33,783,896
Capital assets	227,047,439	670,188	227,717,627	224,214,362	705,395	224,919,757
Total assets	258,976,965	3,746,708	262,723,673	254,837,036	3,866,617	258,703,653
Deferred outflows of resources	23,803,282		23,803,282	14,680,700		14,680,700
Liabilities:						
Current liabilities	19,956,978	842,545	20,799,523	18,571,171	883,603	19,454,774
Net pension liability	58,573,454		58,573,454	44,927,962		44,927,962
Long-term liabilities	91,959,924	207,602	92,167,526	96,050,964	275,891	96,326,855
Total liabilities	170,490,356	1,050,147	171,540,503	159,550,097	1,159,494	160,709,591
Deferred inflow of resources	386,816		386,816	722,355		722,355
Net position:						
Net investment in capital assets	136,473,915	487,181	136,961,096	130,190,096	440,722	130,630,818
Restricted	16,384,637		16,384,637	17,502,827		17,502,827
Unrestricted (deficit)	(40,955,477)	2,209,380	(38,746,097)	(38,447,639)	2,266,401	(36,181,238)
Total net position	\$111,903,075	\$2,696,561	\$114,599,636	\$109,245,284	\$2,707,123	\$111,952,407

Current and other assets increased in large part due to an increase in restricted cash held for fiscal agent as well as an increase in various receivable balances.

Capital assets increased as a result of the addition of capital assets and construction in progress exceeding depreciation expense in the current year.

Long-term liabilities decreased as result of principal payments made in the total amount of \$9,320,000 for bonds payable, capital leases and lease purchase obligations, combined, offset by a new lease purchase obligation of \$6,200,000. In addition, the District issued \$5,515,000 of refunding school bonds in order to refund the remaining maturities of the 2007 bond issue.

Current liabilities increased due to an increase in accounts payable as a result of the timing when certain bills are paid and an increase in current portion of long-term obligations due to the additional lease purchase obligation principal payment which will be paid in the 2017-2018 fiscal year on the new \$6,200,000 lease purchase obligation that was issued in the 2016-2017 fiscal year.

The net pension liability and related deferrals (net) increased as a result of changes in allocation as determined by the State of New Jersey Division of Pensions and Benefits as well as the result of actual investment performance during the year as compared with anticipated investment performance.

There was a decrease in restricted net position of \$1,118,190, which resulted largely from a decrease in the capital projects fund balance of \$808,786 as a result of the activity on those projects in the current year as well as a decrease in the capital reserve of \$309,404.

There was an overall decrease of \$10,562 in net position reported in connection with the District's business-type activities. The Food Service program generated an increase in net position of \$67,363, due to continued efficiencies in the operational performance. The Community Programs fund generated an increase in net position of \$323,195 prior to the \$359,666 transfer to the General Fund and the Jo Ann Magistro Performing Arts Center ("JMPAC") generated an increase in net position of \$367,346 prior to the \$408,800 transfer to the General Fund. The activity of JMPAC was previously reported within the Community Programs fund prior to the 2017 fiscal year, and is now being reported in a separate enterprise fund.

The following table provides a comparative summary of the changes in net position relating to the District's governmental and business-type activities for the years ended June 30, 2017 and 2016:

Changes in Net Position

	Year ended June 30, 2017			Year ended June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 868,256	\$ 5,654,605	\$ 6,522,861	\$ 475,978	\$ 5,091,227	\$ 5,567,205
Operating Grants and Contributions	3,477,402	911,506	4,388,908	3,610,352	857,304	4,467,656
Capital Grants and Contributions	226,053		226,053	1,676,240		1,676,240
General Revenues:						
Property Taxes	130,177,338		130,177,338	127,939,093		127,939,093
Grants and Entitlements	65,567,501		65,567,501	51,579,165		51,579,165
Miscellaneous	619,412	1,831	621,243	655,422	1,160	656,582
Total Revenues	200,935,962	6,567,942	207,503,904	185,936,250	5,949,691	191,885,941
Expenses:						
Instruction	112,079,060		112,079,060	104,825,806		104,825,806
Support Services	83,695,179		83,695,179	71,563,488		71,563,488
Interest and other charges	3,272,398		3,272,398	3,580,983		3,580,983
Business-type activities		5,810,038	5,810,038		5,128,537	5,128,537
Total Expense	199,046,637	5,810,038	204,856,675	179,970,277	5,128,537	185,098,814
Change in Net Position	1,889,325	757,904	2,647,229	5,965,973	821,154	6,787,127
Transfers	768,466	(768,466)	-	500,000	(500,000)	-
Change in net position after transfers	2,657,791	(10,562)	2,647,229	6,465,973	321,154	6,787,127
Net Position-beginning	109,245,284	2,707,123	111,952,407	102,779,311	2,385,969	105,165,280
Net Position-ending	\$ 111,903,075	\$ 2,696,561	\$ 114,599,636	\$ 109,245,284	\$ 2,707,123	\$ 111,952,407

Governmental Activities

Property taxes made up 65% of total revenue for the fiscal year 2017. Federal, state and local grants and tuition and miscellaneous revenue accounted for the remainder. The total cost of all programs and services was \$199,046,637. Instruction accounted for 56% of total expenditures.

Business-Type Activities

Revenue for the District’s business-type activities was comprised of charges for services and federal and state reimbursements.

Food service revenue, which included no subsidy from the general fund, was greater than expenses by \$67,363. Charges for services, which consist of the amount paid by students and other patrons for daily food service and catering, represent 69.6% of total revenue.

Community Programs revenues exceeded expenses by \$323,195. A \$359,666 transfer to the General Fund brought the change in net position to a net decrease of \$36,471.

The Jo Ann Magistro Performing Arts Center revenues exceeded expenses by \$367,346. A \$408,800 transfer to the General Fund brought the change in net position to a net decrease of \$41,454.

Financial Analysis of the District’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. The District’s fund balance amounts are classified as restricted, assigned or unassigned.

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 schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017 as well as the amount and percentage of increases and decreases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local Sources	\$ 131,781,588	76.75%	\$ 2,523,180	1.95%
State Sources	36,816,889	21.44%	716,840	1.99%
Federal Sources	3,115,558	1.81%	(159,906)	-4.88%
Total	\$ 171,714,035	100.00%	\$ 3,080,114	1.83%

The increase in local source revenue is mainly attributable to the increase in the local tax levy of \$2,238,245.

The increase in state source revenue is largely a result of an increase in the State of New Jersey’s contribution to on-behalf TPAF pension contributions in the amount of \$1,872,861 as well as an increase of \$304,082 in Extraordinary Aid funds, offset by a decrease in state source revenue recognized in the capital projects fund of \$1,450,187 for various SDA projects in progress during the year.

The decrease in federal source revenue is mainly attributable to a decrease in the special revenue activity.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017, as well as the amount and percentage of increases and decreases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 63,595,770	35.89%	\$ 359,490	0.57%
Support services	91,955,802	51.90%	4,472,442	5.11%
Capital Outlay	8,981,196	5.07%	(6,215,130)	-40.90%
Debt Service	12,656,906	7.14%	178,749	1.43%
Total	<u>\$ 177,189,674</u>	<u>100.00%</u>	<u>(1,204,449)</u>	<u>-0.68%</u>

The decrease in capital outlay is the result of the District undertaking less projects in the current year as compared with the prior year. Instruction expenditures, as adjusted for on-behalf expenditures related to TPAF pension costs assumed by the State, increased only slightly as a result of the District's efforts to continue to control costs. Support service expenditures increased as a result of increased costs for student and instruction related services. The increase in debt service expenditures is the result of required principal and interest payments from capital leases, lease purchase obligations and bonds payable coupled with an increase in issuance costs for the refunding of bonds that took place in the 2016-2017 fiscal year.

General Fund

The fund balance increased by \$1,156,875 during the 2016-2017 fiscal year as a result of the timing of when expenditures were incurred on capital projects funded in the general fund, which led to an increase in year-end encumbrances of \$1,204,562 from the prior year. As of June 30, 2017, the District has unassigned fund balance of \$1,741,040, which represents an increase of \$287,443 from the prior year.

Special Revenue Fund

The fund balance in the Special Revenue Fund increased by \$393,078 mostly as a result of the \$6,200,000 capital lease issuance that took place in the 2016-2017 fiscal year.

Capital Projects Fund

As of June 30, 2017, the District's Capital Project's Fund Balance decreased by \$808,786 as a result of expenditures incurred for existing ongoing projects.

Debt Service Fund

Expenditures in the Debt Service Fund increased as a result of an increase in required principal and interest on bonds due in the current year as compared with the prior year coupled with an increase in issuance costs for the refunding of bonds that took place in the 2016-2017 fiscal year.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the 2016-2017 fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. The School Business Administrator, Superintendent of Schools, and Board of Education, must approve transfers from one program to another. Transfers were required due to:

- Staffing changes based on student needs.
- Accounting changes in maintenance and operations, such as transfers to Capital Projects.
- Changes in appropriations to prevent budget overruns, as well as to effect account coding corrections.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2016-2017 fiscal year, the District had capital assets of \$297,814,626, which includes school facilities, land, buildings, equipment and vehicles and construction in progress.

The following provides a summary of the capital assets held by the District at June 30, 2017 and 2016:

	Capital Assets			
	2017		2016	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Non-Depreciable Assets:				
Land	\$ 1,019,208		\$ 1,019,208	
Construction in Progress	14,810,224		16,166,240	
Depreciable Assets:				
Buildings and Improvements	270,253,479	\$ 698,782	260,105,806	\$ 698,782
Machinery and Equipment	10,533,331	499,602	10,326,107	412,521
Totals	\$ 296,616,242	\$ 1,198,384	\$ 287,617,361	\$ 1,111,303

Overall capital assets increased \$9,085,962 from the 2015-2016 fiscal year to the 2016-2017 fiscal year mainly due to the increase in construction attributable to the Irwin Elementary School parking improvements, HVAC and electrical upgrades for the Bowne-Munro, Chittick, Frost, Irwin and Warnsdorfer Elementary Schools, maintenance/transportation facility, East Brunswick High School bus loop improvements and health suite renovations, storage addition planning, district-wide security system upgrades and various other improvements throughout the District.

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

The District's long-term liabilities are as follows for the governmental and business-type activities at June 30, 2017 and 2016:

	2017		2016	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Bonds payable (net)	\$ 80,316,249		\$ 84,398,978	
Obligations under capital leases	6,210,437		8,882,423	
Lease purchase obligations payable	13,025,242	\$ 183,007	9,567,845	\$ 264,673
Compensated absences	2,947,967	111,288	2,849,909	92,885
Total long-term liabilities	\$ 102,499,895	\$ 294,295	105,699,155	\$ 357,558

During fiscal year 2017, the District's governmental-type long-term liabilities decreased by \$3,262,837. The decrease is a result of debt retirements, offset by the issuance of a new \$6,200,000 lease purchase obligation payable and the issuance of \$5,515,000 in refunding bonds.

Additional information on the District's long-term liabilities can be found in Note 6 to the basic financial statements.

Current Concerns and Factors Bearing on the District's Future

The East Brunswick Public School District is in excellent financial position. It has maintained a legally acceptable fund balance position. The District regularly seeks cost-savings and cost containment opportunities, which accrue to the annual budget in controlling costs. In addition, the District's Community Programs Enterprise Operation has provided valuable programs and services to the community while generating revenue and an annual net income. The resultant increases in retained earnings have provided an additional financial resource supporting the General Fund budget. However, there is a limit to the extent that increases can be enjoyed. While the Community Programs Enterprise Operation will continue as a "going concern", the amount annually transferrable to the General Fund budget has reached a leveling-off point, which will remain as such unless and until additional program sections can be instituted. Further program expansion can only occur with the availability of unused classroom space for which there currently is none.

The East Brunswick Public School District's Child Nutrition Enterprise Program has experienced numerous cost-cutting strategies over the last several years. In response to New Jersey Department of Education requirements, the actions were specifically geared toward eliminating the General Fund budget's subsidization of the program. In June 2013 and notwithstanding the steps taken to reduce costs where possible, the Board of Education authorized an independent evaluation of the program to assist it in identifying options for improving the program including additional expense-reducing steps, as well as revenue-generating opportunities, to ensure that students are well served. As a result of the report, the Board engaged the employee bargaining unit in "impact bargaining" in an effort to arrive at mutual agreement on labor costs and to enable retention of the affected employees as District employees. Having arrived at agreement with the bargaining unit, the Board awarded a contract to Aramark K-12 Education (Aramark), a well-established leader in the food service industry. Aramark's responsibility is to operate and manage the District's Child Nutrition Enterprise Program with the District's employees while ensuring improved food quality and selection, efficiency, profitability, through a self-sustaining program. In the subsequent years of the District's partnership with Aramark, the improvements compounded in all aspects of operations from food quality to sales to student and parent satisfaction and, finally, in employee morale. For the fiscal year ending June 30, 2016, the year-end financial position was highly positive, enabling the Board to have declared a salary bonus enjoyed by the department's non-managerial employees in recognition of their efforts toward success. For the fiscal year ending June 30, 2017, notwithstanding the positive trending of increased sales and program participation, net income is insufficient to enable the declaration of a salary bonus, which is attributable to several factors: 1) increases in the cost of sales and health benefit expense, 2) the prior fiscal year's bonus payment being reflected in the current fiscal year, and 3) the expense associated with the application of indirect costs associated with the operations.

For the fiscal year ending June 30, 2017, local property taxes provided 83.36% of the funding to support the district's General Fund operations. While the General Fund tax levy (the amount to be raised by taxes) increases are capped at two percent annually, the actual property tax impact to most property owners is greater. This has resulted from property valuations that are not reflective of current values. In fact, East Brunswick's overall taxable property values are recorded at approximately 25% of true value. The Township of East Brunswick has suffered many tax appeals where major commercial property owners have successfully appealed valuations, thus resulting in property tax reductions to those property owners. The reduction in those property tax assessments merely redistributes the burden to the remaining property taxpayers in East Brunswick. While East Brunswick residents have been supportive of their schools and appreciate the quality education that is provided to students, the Township must undergo a property revaluation if it is to stabilize the impact of property tax increases for all property taxpayers. In addition, a concerted effort must be put forth to improve the Township's business and industrial tax base, which will alleviate the residential property owners tax burden.

A charter school based in East Brunswick opened its doors at the beginning of the 2010-2011 school year. Hatikvah International Academy Charter School was approved as a K-5 school to serve up to 50 students per grade level. In its application in 2012-2013, it proposed increasing its enrollment and expanding grade levels, as well as extending its charter. The application underwent review by the New Jersey Department of Education Office of Charter Schools, after which the Commissioner of Education denied the expansion. Since then, the charter school has annually requested approval to expand grade levels and the number of students per grade.

In fact, the Commissioner of Education granted a portion of the requested expansion for the 2015-2016 school year. It is unfortunate that this charter school was granted an initial charter several years ago in the suburban community of East Brunswick with one of the best school districts in this State. The charter school did not serve any educational need then, and it does not now.

During its first eight years, the charter school's existence has required the cumulative appropriation of \$16,179,074 from the East Brunswick Public School District budget. These appropriations have come with significant loss to the school district most notable of which is the elimination of its model elementary world language program. While the time has passed to argue the merits of whether or not the initial charter should have been approved, it is highly important to underscore the serious and substantive negative impact the current application's approval would have upon the East Brunswick Public Schools.

East Brunswick's taxpayers largely provide the financial support for its public schools. For fiscal year 2018, the local funding share is 83.24% of the District's fiscal year 2018 General Fund budget. More and more, this suburban community's local funds must be diverted to support a charter school for which there is no educational need.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the revenue it receives. If you have questions about this report or need additional information, you may contact Bernardo J. Giuliana, School Business Administrator/Board Secretary at East Brunswick Public Schools, 760 Route 18, Suite 108, East Brunswick, NJ 08816.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2017.

East Brunswick Public Schools

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 19,569,748	\$ 2,952,174	\$ 22,521,922
Accounts receivable	4,984,738	122,846	5,107,584
Inventory		1,500	1,500
Restricted assets:			
Cash and cash equivalents	6,785,603		6,785,603
Cash held by fiscal agent	589,437		589,437
Capital assets, non-depreciable	15,829,432		15,829,432
Capital assets, depreciable, net	211,218,007	670,188	211,888,195
Total assets	<u>258,976,965</u>	<u>3,746,708</u>	<u>262,723,673</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	5,665,309		5,665,309
Pension deferrals	18,137,973		18,137,973
Total deferred outflows of resources	<u>23,803,282</u>		<u>23,803,282</u>
Total assets and deferred outflows of resources	<u>282,780,247</u>	<u>3,746,708</u>	<u>286,526,955</u>
Liabilities			
Accounts payable and accrued expenses	8,647,068	327,463	8,974,531
Accrued interest payable	682,242		682,242
Intergovernmental payable	5,994		5,994
Unearned revenue	81,703	428,389	510,092
Net pension liability	58,573,454		58,573,454
Current portion of long-term obligations	10,539,971	86,693	10,626,664
Noncurrent portion of long-term obligations	91,959,924	207,602	92,167,526
Total liabilities	<u>170,490,356</u>	<u>1,050,147</u>	<u>171,540,503</u>
Deferred Inflow of Resources			
Pension deferrals	<u>386,816</u>		<u>386,816</u>
Net Position			
Net investment in capital assets	136,473,915	487,181	136,961,096
Restricted for:			
Capital Reserve	6,574,268		6,574,268
Excess Surplus	8,700,000		8,700,000
Capital Projects	1,110,369		1,110,369
Unrestricted (deficit)	<u>(40,955,477)</u>	<u>2,209,380</u>	<u>(38,746,097)</u>
Total net position	<u>\$ 111,903,075</u>	<u>\$ 2,696,561</u>	<u>\$ 114,599,636</u>

East Brunswick Public Schools

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction							
Regular Instruction	\$ 80,070,187	\$ 868,256	\$ 859,673	\$ 88,157	\$ (78,254,101)		\$ (78,254,101)
Special Education Instruction	24,696,833		1,780,310	28,030	(22,888,493)		(22,888,493)
Other Instruction	7,312,040			7,980	(7,304,060)		(7,304,060)
Support Services							
Tuition	4,981,583				(4,981,583)		(4,981,583)
Student and Instruction Related Services	33,274,760		837,419	39,457	(32,397,884)		(32,397,884)
School Administration	8,954,594			9,652	(8,944,942)		(8,944,942)
General and Business Administrative Services	9,509,700			11,881	(9,497,819)		(9,497,819)
Plant Operation and Maintenance	17,248,552			24,610	(17,223,942)		(17,223,942)
Pupil Transportation	9,725,990			16,286	(9,709,704)		(9,709,704)
Interest and other charges	3,272,398				(3,272,398)		(3,272,398)
Total governmental activities	<u>199,046,637</u>	<u>868,256</u>	<u>3,477,402</u>	<u>226,053</u>	<u>(194,474,926)</u>		<u>(194,474,926)</u>
Business-type activities							
Food service	2,934,130	2,089,646	911,506			\$ 67,022	67,022
Community Education	2,641,014	2,963,049				322,035	322,035
JMPAC	234,894	601,910				367,016	367,016
Total business-type activities	<u>5,810,038</u>	<u>5,654,605</u>	<u>911,506</u>			<u>756,073</u>	<u>756,073</u>
Total primary government	<u>\$ 204,856,675</u>	<u>\$ 6,522,861</u>	<u>\$ 4,388,908</u>	<u>\$ 226,053</u>	<u>(194,474,926)</u>	<u>756,073</u>	<u>(193,718,853)</u>
General revenues and transfers:							
Taxes:							
Property taxes, levied for general purposes							
					121,923,075		121,923,075
Property taxes, levied for debt service							
					8,254,263		8,254,263
Federal sources							
					99,259		99,259
State sources—unrestricted							
					65,468,242		65,468,242
Investment income							
					18,216	1,831	20,047
Miscellaneous							
					601,196		601,196
Transfers							
					768,466	(768,466)	-
Total general revenues and transfers							
					<u>197,132,717</u>	<u>(766,635)</u>	<u>196,366,082</u>
Change in net position							
					<u>2,657,791</u>	<u>(10,562)</u>	<u>2,647,229</u>
Net Position—beginning							
					<u>109,245,284</u>	<u>2,707,123</u>	<u>111,952,407</u>
Net Position—ending							
					<u>\$ 111,903,075</u>	<u>\$ 2,696,561</u>	<u>\$ 114,599,636</u>

See accompanying notes to basic financial statements.

Fund Financial Statements

Governmental Funds

East Brunswick Public Schools
Governmental Funds

Balance Sheet

June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 16,348,823	\$ 3,183,852		\$ 37,073	\$ 19,569,748
Accounts receivable:					
State	1,354,084	1,798	\$ 2,342,484		3,698,366
Federal	166	793,892			794,058
Other	492,314				492,314
Interfund	1,031,688				1,031,688
Restricted assets:					
Cash and cash equivalents	6,574,268	211,335			6,785,603
Cash held by fiscal agent	589,437				589,437
Total assets	<u>\$ 26,390,780</u>	<u>\$ 4,190,877</u>	<u>\$ 2,342,484</u>	<u>\$ 37,073</u>	<u>\$ 32,961,214</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 5,588,042	\$ 784,755	\$ 200,427		\$ 6,573,224
Accrued expenses	249,477	26,600			276,077
Intergovernmental payables:					
State		5,994			5,994
Interfunds payable			1,031,688		1,031,688
Unearned revenue	21,270	60,433			81,703
Total liabilities	<u>5,858,789</u>	<u>877,782</u>	<u>1,232,115</u>		<u>7,968,686</u>
Fund balances:					
Restricted for:					
Capital reserve	6,574,268				6,574,268
Excess Surplus - current year	4,350,000				4,350,000
Excess Surplus - designated for subsequent year's expenditures	4,350,000				4,350,000
Capital projects			1,110,369		1,110,369
Debt service				\$ 37,073	37,073
Assigned to:					
Designated for subsequent years expenditures		3,313,095			3,313,095
Other purposes	3,516,683				3,516,683
Unassigned:					
General fund	1,741,040				1,741,040
Total fund balances	<u>20,531,991</u>	<u>3,313,095</u>	<u>1,110,369</u>	<u>37,073</u>	<u>24,992,528</u>
Total liabilities and fund balances	<u>\$ 26,390,780</u>	<u>\$ 4,190,877</u>	<u>\$ 2,342,484</u>	<u>\$ 37,073</u>	

Amounts reported for *governmental activities* 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 funds. The cost of the assets is \$296,616,242 and the accumulated depreciation is \$69,568,803. 227,047,439

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (682,242)

Long-term liabilities, including bonds payable, lease purchase obligations, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. (102,499,895)

Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds. 5,665,309

Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds. 17,751,157

Accrued pension contributions for the June 30, 2017 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. (1,797,767)

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (58,573,454)

Net position of governmental activities \$ 111,903,075

East Brunswick Public Schools
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 121,923,075			\$ 8,254,263	\$ 130,177,338
Tuition from individuals	131,996				131,996
Tuition from other LEA's	736,260				736,260
Investment income	18,216				18,216
Rents and royalties	108,755				108,755
Miscellaneous	471,373	\$ 159,102		6,307	636,782
Total local sources	<u>123,389,675</u>	<u>159,102</u>		<u>8,260,570</u>	<u>131,809,347</u>
State sources	36,094,929	302,001	\$ 226,053	419,959	37,042,942
Federal sources	99,259	3,016,299			3,115,558
Total revenues	<u>159,583,863</u>	<u>3,477,402</u>	<u>226,053</u>	<u>8,680,529</u>	<u>171,967,847</u>
Expenditures					
Instruction:					
Regular instruction	42,361,482	1,119,083			43,480,565
Special education instruction	12,044,678	1,780,310			13,824,988
Other special instruction	3,935,738				3,935,738
Support services:					
Tuition	2,627,104				2,627,104
Student and instruction related services	17,888,859	1,572,153			19,461,012
School administration services	4,760,481				4,760,481
Other administrative services	5,860,112				5,860,112
Plant operations and maintenance	12,138,367				12,138,367
Pupil transportation	8,032,512				8,032,512
Employee benefits and on-behalf TPAF social security and pension, medical and disability contributions	39,076,214				39,076,214
Capital outlay	4,168,418	4,812,778	1,034,839		10,016,035
Debt Service:					
Principal	3,831,749			5,537,603	9,369,352
Interest	130,022			3,115,516	3,245,538
Costs of Issuance				42,016	42,016
Charter schools	2,354,479				2,354,479
Total expenditures	<u>159,210,215</u>	<u>9,284,324</u>	<u>1,034,839</u>	<u>8,695,135</u>	<u>178,224,513</u>
Excess (deficiency) of revenues over (under) expenditures	373,648	(5,806,922)	(808,786)	(14,606)	(6,256,666)
Other financing sources (uses):					
Refunding bonds issued				5,515,000	5,515,000
Payment to refunding bond escrow agent				(5,472,984)	(5,472,984)
Lease purchase proceeds		6,200,000			6,200,000
Non-Federal Cost Share Reimbursement Program proceeds - funded by Community Development Block Grant	14,761				14,761
Transfers in	768,466				768,466
Total other financing sources (uses)	<u>783,227</u>	<u>6,200,000</u>		<u>42,016</u>	<u>7,025,243</u>
Net change in fund balances	1,156,875	393,078	(808,786)	27,410	768,577
Fund balances, July 1	19,375,116	2,920,017	1,919,155	9,663	24,223,951
Fund balances, June 30	<u>\$ 20,531,991</u>	<u>\$ 3,313,095</u>	<u>\$ 1,110,369</u>	<u>\$ 37,073</u>	<u>\$ 24,992,528</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

East Brunswick Public Schools
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2)		\$	768,577
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 depreciation expense. This is the amount by which capital asset additions exceeded depreciation expense and loss on disposal of capital assets in the period.			
Depreciation Expense		\$ (6,714,480)	
Loss on capital asset disposals		(30,544)	
Capital Asset Additions		<u>9,578,101</u>	
			2,833,077
The issuance of long-term debt for general purposes provides current financial resources to governmental funds, however has no effect on net position.			
Capital Leases			(6,200,000)
Repayments of bond principal, lease purchase principal and capital lease principal are expenditures 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.			
Serial Bonds Payable		9,320,000	
Lease Purchase Obligations		2,742,603	
Obligations Under Capital Leases		<u>2,671,986</u>	
			14,734,589
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the premium on bonds.			
			277,729
Proceeds from debt issuances are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases liabilities in the statement of net position.			
			(5,515,000)
Governmental funds report the effect of refunding transactions when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. The following represents the current year activity related to the deferred loss on the refunding of debt.			
Amortization of deferred loss on refunding of debt		(347,638)	
Deferred loss on current year refunding		<u>107,984</u>	
			(239,654)
Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
			85,065
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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			
			(98,058)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Pension expense			<u>(3,988,534)</u>
Change in net position of governmental activities (A-2)		\$	<u>2,657,791</u>

Proprietary Funds

East Brunswick Public Schools
Proprietary Funds

Statement of Net Position

June 30, 2017

	Major Enterprise Funds			Total
	Food Service	Community Programs	JMPAC	
Assets				
Current assets:				
Cash and cash equivalents	\$ 651,364	\$ 1,945,378	\$ 355,432	\$ 2,952,174
Accounts receivable:				
State	1,679			1,679
Federal	52,513			52,513
Other	7,594	19,917	41,143	68,654
Inventory	1,500			1,500
Total current assets	<u>714,650</u>	<u>1,965,295</u>	<u>396,575</u>	<u>3,076,520</u>
Noncurrent assets:				
Capital assets:				
Equipment	1,139,106		59,278	1,198,384
Accumulated depreciation	<u>(510,194)</u>		<u>(18,002)</u>	<u>(528,196)</u>
Total capital assets, net	<u>628,912</u>		<u>41,276</u>	<u>670,188</u>
Total assets	<u>1,343,562</u>	<u>1,965,295</u>	<u>437,851</u>	<u>3,746,708</u>
Liabilities				
Current liabilities:				
Accounts payable	146,368	131,310	6,997	284,675
Accrued salaries payable	2,966	37,704	2,118	42,788
Unearned revenue	132,527	281,445	14,417	428,389
Current portion of compensated absences		5,026		5,026
Current portion of purchase agreement payable	81,667			81,667
Total current liabilities	<u>363,528</u>	<u>455,485</u>	<u>23,532</u>	<u>842,545</u>
Noncurrent liabilities:				
Compensated absences	79,132	26,817	313	106,262
Purchase agreement payable, net of current portion	101,340			101,340
Total noncurrent liabilities	<u>180,472</u>	<u>26,817</u>	<u>313</u>	<u>207,602</u>
Total liabilities	<u>544,000</u>	<u>482,302</u>	<u>23,845</u>	<u>1,050,147</u>
Net Position				
Net investment in capital assets	445,905		41,276	487,181
Unrestricted	353,657	1,482,993	372,730	2,209,380
Total net position	<u>\$ 799,562</u>	<u>\$ 1,482,993</u>	<u>\$ 414,006</u>	<u>\$ 2,696,561</u>

East Brunswick Public Schools
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

Year ended June 30, 2017

	Major Enterprise Funds			Total
	Food Service	Community Programs	JMPAC	
Operating revenues:				
Local sources:				
Daily sales reimbursable programs	\$ 1,340,121			\$ 1,340,121
Daily sales non-reimbursable programs	749,525			749,525
Rental			\$ 598,010	598,010
Special functions			3,900	3,900
Registration fees		\$ 2,963,049		2,963,049
Total operating revenues	<u>2,089,646</u>	<u>2,963,049</u>	<u>601,910</u>	<u>5,654,605</u>
Operating expenditures:				
Salaries	1,025,056	1,997,491	191,089	3,213,636
Employee benefits	341,929	343,136	19,615	704,680
Purchased professional services	21,160			21,160
Other purchased services	83,314	226,920	4,928	315,162
Management fee	137,964			137,964
Supplies and materials	187,903	69,747	15,397	273,047
Registrations/Training/Travel		2,703		2,703
Depreciation	118,423		3,865	122,288
Indirect cost	27,759			27,759
Cost of sales - reimbursable programs	768,983			768,983
Cost of sales - non-reimbursable programs	205,988			205,988
Miscellaneous	15,651	1,017		16,668
Total operating expenses	<u>2,934,130</u>	<u>2,641,014</u>	<u>234,894</u>	<u>5,810,038</u>
Operating (loss) income	(844,484)	322,035	367,016	(155,433)
Nonoperating revenues:				
State sources:				
State school lunch program	24,215			24,215
Federal sources:				
School breakfast program	76,950			76,950
National school lunch program	637,326			637,326
Food donation program	173,015			173,015
Interest income	341	1,160	330	1,831
Total nonoperating revenues	<u>911,847</u>	<u>1,160</u>	<u>330</u>	<u>913,337</u>
Income before transfers	67,363	323,195	367,346	757,904
Transfers out		(359,666)	(408,800)	(768,466)
Change in net position	67,363	(36,471)	(41,454)	(10,562)
Total net position-beginning	732,199	1,519,464	455,460	2,707,123
Total net position-ending	<u>\$ 799,562</u>	<u>\$ 1,482,993</u>	<u>\$ 414,006</u>	<u>\$ 2,696,561</u>

See accompanying notes to basic financial statements.

East Brunswick Public Schools
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2017

	Major Enterprise Funds			Total
	Food Service	Community Programs	JMPAC	
Cash flows from operating activities				
Receipts from customers	\$ 2,095,231	\$ 2,963,658	\$ 575,184	\$ 5,634,073
Payments to employees	(1,024,420)	(1,964,568)	(188,658)	(3,177,646)
Payments for employee benefits	(341,929)	(343,136)	(19,615)	(704,680)
Payments to suppliers	(1,546,999)	(271,116)	(13,328)	(1,831,443)
Net cash (used in) provided by operating activities	(818,117)	384,838	353,583	(79,696)
Cash flows from noncapital financing activities				
Cash received from state and federal sources	970,072			970,072
Due from other funds		(455,460)	455,460	
Transfers to other funds		(359,666)	(408,800)	(768,466)
Net cash provided by (used in) noncapital financing activities	970,072	(815,126)	46,660	201,606
Cash flows from capital and related financing activities				
Purchase of capital assets	(59,378)		(27,703)	(87,081)
Transfer of capital assets between funds		17,438	(17,438)	
Payments of purchase agreement payable	(81,667)			(81,667)
Net cash (used in) provided by capital and related financing activities	(141,045)	17,438	(45,141)	(168,748)
Cash flows from investing activities				
Interest received	341	1,160	330	1,831
Net cash provided by investing activities	341	1,160	330	1,831
Net increase (decrease) in cash and cash equivalents	11,251	(411,690)	355,432	(45,007)
Cash and cash equivalents, beginning of year	640,113	2,357,068	-	2,997,181
Cash and cash equivalents, end of year	<u>\$ 651,364</u>	<u>\$ 1,945,378</u>	<u>\$ 355,432</u>	<u>\$ 2,952,174</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:				
Operating (loss) income	\$ (844,484)	\$ 322,035	\$ 367,016	\$ (155,433)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	118,423		3,865	122,288
Change in assets and liabilities:				
Decrease (increase) in other accounts receivable	931	18,525	(41,143)	(21,687)
Decrease in inventory	1,408			1,408
(Decrease) increase in accounts payable	(99,685)	29,271	6,997	(63,417)
(Decrease) increase in accrued expenses	(602)	16,071	2,118	17,587
Increase (decrease) in unearned revenue	4,654	(17,916)	14,417	1,155
Increase in compensated absences	1,238	16,852	313	18,403
Net cash (used in) provided by operating activities	<u>\$ (818,117)</u>	<u>\$ 384,838</u>	<u>\$ 353,583</u>	<u>\$ (79,696)</u>

Noncash noncapital financing activities:

The District received \$171,607 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2017.

Fiduciary Funds

East Brunswick Public Schools
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

	Unemployment Compensation Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 727,821	\$ 1,137,674
Total assets	727,821	\$ 1,137,674
Liabilities		
Accounts payable	8,068	
Payroll deductions payable		\$ 628,586
Due to student groups		509,088
Total liabilities	8,068	\$ 1,137,674
Net Position		
Held in trust for unemployment claims	\$ 719,753	

East Brunswick Public Schools
Fiduciary Fund

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<u>Unemployment Compensation Trust Fund</u>
Additions	
Interest income	\$ 370
Board contributions	16,571
Employee contributions	144,053
Total additions	<u>160,994</u>
Deductions	
Unemployment payments	<u>199,283</u>
Total deductions	<u>199,283</u>
Change in net position	(38,289)
Net position-beginning	758,042
Net position-ending	<u><u>\$ 719,753</u></u>

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies

The financial statements of the East Brunswick Public Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States (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.

A. Reporting Entity

The District is a Type II school 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 members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The District had an average daily enrollment for the 2016-17 fiscal year of 7,994 students.

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has control over all activities related to the East Brunswick Public Schools in East Brunswick Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and capital leases, are recorded only when payment is due.

Property taxes, interest, and state aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and 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 non-instructional equipment, which are classified in the capital outlay sub-fund.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid 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 accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District's Proprietary Fund is comprised of three programs, the Food Service Fund the Community Program Fund and the Jo Ann Magistro Performing Arts Center ("JMPAC") Fund. All are considered major enterprise fund programs.

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

Community Program Enterprise Fund: The community program fund accounts for financial activity related to providing child care services for District students before and after school, as well as, providing adults with lifelong learning opportunities.

JMPAC Enterprise Fund: The JMPAC fund accounts for financial activity related to rental activities at the District owned performing arts center.

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Trust Funds: The unemployment compensation trust fund is accounted for using the accrual basis of accounting. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims.

Agency Funds (Student Activity, Payroll and Other Agency Fund): 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 student activities, payroll and retirement party funds.

Amounts reported as program revenues include 1) charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, registration fees and rentals. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position and revenue is recognized.

D. Budgets/Budgetary Control

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount 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 County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

In accordance with P.L. 2011, which became effective January 17, 2012, the District elected to move the annual school board election from April to the date of the annual November general election, thereby eliminating the vote on the annual based budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Middlesex County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The overexpenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2017 and were not significant.

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 with the exception of the legally mandated revenue recognition of the last state aid payments 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. Open encumbrances at year-end are reappropriated in the subsequent year's budget. 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.

E. Interfund Receivables/Payables

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

F. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

F. Inventories (continued)

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2017, the District had inventories in the Food Service Enterprise Fund of \$1,500.

G. Capital Assets

Capital assets, which include land, construction in progress, property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Buildings and Improvements	20-50
Furniture and Equipment	7-20
Vehicles	8

H. Compensated Absences

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 employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments. 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, 2017, a liability existed for compensated absences in the government-wide financial statements in the amount of \$2,947,967 and a liability in the amount of \$111,288 for compensated absences in the proprietary fund types.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

I. Unearned Revenue

Unearned revenue in the general fund, food service enterprise fund, community program enterprise fund and the JMPAC enterprise fund represent fees received in advance for services to be provided. Unearned revenue in the special revenue fund represents cash received from federal, state and local sources, which have been received but not yet earned and outstanding encumbrances.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

K. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of 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. As of June 30, 2017, the District has recorded an unamortized balance of \$5,665,309 as a deferred outflow of resources.

L. 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 assets to what is now referred to as the statement of net position and the term "net assets" was changed to "net position" throughout the financial statements. Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

M. 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. Currently, the District has two items that qualify for reporting in this category, including deferred amounts from the unamortized loss on refunding of debt and deferred amounts related to pensions. 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. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

N. Fund Balances

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 categories, as defined below:

- 1) 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, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) 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 revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) 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.
- 5) 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

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

general fund. The general fund is the only fund that reports a positive 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.

Of the \$20,531,991 of fund balances in the General Fund, \$3,516,683 of outstanding encumbrances has been assigned to other purposes, \$6,574,268 has been restricted for capital reserve, \$4,350,000 has been restricted for excess surplus – current year, \$4,350,000 has been restricted for excess surplus – designated for subsequent years expenditures and \$1,741,040 is classified as unassigned.

All of the \$3,313,095 special revenue fund balance at June 30, 2017, is assigned as designated for subsequent years expenditures.

The \$1,110,369 Capital Projects fund balance at June 30, 2017 is restricted for capital projects. The District has contractual commitments in the amount of \$482,354 at June 30, 2017 to vendors related to ongoing construction projects that is reported as part of the restricted capital projects fund balance.

Of the \$37,073 Debt Service fund balance at June 30, 2017, \$9,656, in accordance with N.J.S.A. 7F-41c(2), is anticipated as revenue in the 2017-2018 adopted budget.

O. Management Estimates

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

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$28,953,354 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Q. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund 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. The excess fund balance at June 30, 2017 was \$8,700,000. Of this amount, \$4,350,000 has been appropriated in the 2017/18 budget and the remaining \$4,350,000 is required to be appropriated in the 2018/19 budget.

R. GASB Pronouncements

Recently Issued and Adopted Accounting Principles

The GASB issued Statement No. 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. As the District is not a taxing government, the Statement did not result in a change in the District's assets, revenues or fund balance. However, certain required disclosures were included in Note 18.

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

S. Reclassification

The activity of JMPAC was previously reported within the Community Programs fund prior to the 2017 fiscal year, and is now being reported in a separate enterprise fund. As a result, the beginning net position on the Statement of Revenues, Expenses and Changes in Fund Net Position (B-5) reflects a reclassification of \$455,460, which represents the beginning net position of the JMPAC enterprise fund.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2017 through November 20, 2017, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and related unamortized premiums, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$102,499,895 difference are as follows:

Bonds payable	\$ 75,780,000
Unamortized premium on bonds	4,536,249
Capital lease obligations	6,210,437
Lease purchase obligations	13,025,242
Compensated absences	<u>2,947,967</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 102,499,895</u>

3. Deposits and Investments

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

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. 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.

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, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

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

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

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

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

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2017, the carrying amount of the District's deposits was \$31,173,020 and the bank balance was \$32,953,354. Of the bank balance, \$461,335 of the District's cash deposits on June 30, 2017 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$31,772,675. \$719,344 held in the District agency accounts are not covered by GUDPA. The District also has \$589,437 of cash held by fiscal agents on its behalf which is not covered by the FDIC or GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

The District did not have any funds held as investments during or at the year ended June 30, 2017.

At June 30, 2017, the District has funds held by fiscal agent in the amount of \$589,437.

4. Capital Reserve Account

A capital reserve account was established by the Board by inclusion of \$410,363 in the 1996-1997 capital outlay budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, 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 (July 1 to June 30) of 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.* 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the period July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 6,883,672
Increases:	
Interest earnings	2,067
Board approved deposit - June 2017 resolution	4,308,915
Return of unexpended capital outlay	296,302
	<hr/>
	11,490,956
Decreases:	
Board approved withdrawal – various dates	(4,916,688)
	<hr/>
Ending balance, June 30, 2017	<u>\$ 6,574,268</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the June 30, 2017 capital reserve balance. The withdrawals from the capital reserve were for DOE approved facilities projects.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Capital Assets

The District capitalizes all assets with an acquisition cost greater than \$2,000. The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 1,019,208				\$ 1,019,208
Construction in Progress	16,166,240	\$ 8,783,273		\$ (10,139,289)	14,810,224
Total Capital Assets not being Depreciated	17,185,448	8,783,273		(10,139,289)	15,829,432
Capital Assets, being Depreciated:					
Building and Improvements	260,105,806	8,384		10,139,289	270,253,479
Machinery and Equipment	10,326,107	786,444	\$ (579,220)		10,533,331
Total Capital Assets, being Depreciated	270,431,913	794,828	(579,220)	10,139,289	280,786,810
Less Accumulated Depreciation:					
Building and Improvements	(57,252,726)	(5,777,092)			(63,029,818)
Machinery and Equipment	(6,150,273)	(937,388)	548,676		(6,538,985)
Total Accumulated Depreciation	(63,402,999)	(6,714,480)	548,676		(69,568,803)
Total Capital Assets, being Depreciated, Net	207,028,914	(5,919,652)	(30,544)	10,139,289	211,218,007
Governmental Activities Capital Assets, Net	\$ 224,214,362	\$ 2,863,621	\$ (30,544)	\$ -	\$ 227,047,439
Business-Type Activities:					
Total Capital Assets, being Depreciated:					
Building and building improvements	\$ 698,782				\$ 698,782
Machinery and Equipment	412,521	\$ 87,081			499,602
Total Capital Assets, being Depreciated	1,111,303	87,081			1,198,384
Less Accumulated Depreciation:					
Building and Improvements	(154,562)	(96,523)			(251,085)
Machinery and Equipment	(251,346)	(25,765)			(277,111)
Total Accumulated Depreciation	(405,908)	(122,288)			(528,196)
Total Business-Type Activities Capital Assets, Net	\$ 705,395	\$ (35,207)	\$ -	\$ -	\$ 670,188

Total depreciation expense for the fiscal year ended June 30, 2017 for governmental activities was \$6,714,480 and for business-type activities was \$122,288.

Depreciation for governmental activities was charged as follows in the Statement of Activities:

Regular instruction	\$ 2,618,526
Special education instruction	832,581
Other instruction	237,022
Student and instruction related services	1,171,999
School administration services	286,690
General and other administration services	352,913
Plant operation and maintenance	731,008
Pupil transportation	483,741
Total depreciation expense – governmental activities	\$ 6,714,480

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Long-Term Liabilities

During the fiscal year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Serial Bonds Payable	\$ 79,585,000	\$ 5,515,000	\$ 9,320,000	\$ 75,780,000	\$ 4,120,000
Unamortized premium on bonds	4,813,978	-	277,729	4,536,249	277,729
Obligations under capital leases	8,882,423	-	2,671,986	6,210,437	2,611,234
Lease purchase obligation payable	9,567,845	6,200,000	2,742,603	13,025,242	3,357,453
Compensated absences payable	2,849,909	335,428	237,370	2,947,967	173,555
Sub-total	105,699,155	12,050,428	15,249,688	102,499,895	10,539,971
Net pension liability	44,927,962	13,645,492	-	58,573,454	-
Total governmental activities long-term liabilities	<u>\$ 150,627,117</u>	<u>\$ 25,695,920</u>	<u>\$ 15,249,688</u>	<u>\$ 161,073,349</u>	<u>\$ 10,539,971</u>
Business-Type Activities:					
Lease purchase obligation payable	\$ 264,673	\$ -	\$ 81,666	\$ 183,007	\$ 81,667
Compensated absences payable	92,885	18,403	-	111,288	5,026
Total Business-Type activities long-term liabilities	<u>\$ 357,558</u>	<u>\$ 18,403</u>	<u>\$ 81,666</u>	<u>\$ 294,295</u>	<u>\$ 86,693</u>

The District expects to liquidate the obligations under capital leases and the net pension liability with payments made from the District's general fund and the bonds payable and governmental activities lease purchase obligations payable from the debt service fund. The District expects to liquidate the compensated absences payable with payments made from the general fund, the food service enterprise fund, the community program enterprise fund and the JMPAC enterprise fund. The District expects to liquidate the business-type activities lease purchase obligation payable with payments made from the food service enterprise fund.

A. Bonds Payable

Bonds are authorized in accordance with State law or 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 District are general obligation bonds.

2007 Issue

On March 15, 2007, the District issued \$10,825,000 School Refunding Bonds. In February 2017, the District refunded the remaining balance of \$5,365,000 with the issuance of 2017 refunding school bonds.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Long-Term Liabilities (continued)

2010 Issue

On May 12, 2010, the District issued \$13,960,000 School Bonds. The remaining outstanding Bonds mature annually through May 2040 in amounts ranging from \$325,000 to \$880,000. The Bonds bear interest rates ranging from 4.00% to 4.50%.

The bonds were issued to finance a portion of the replacement of the Memorial Elementary School, including acquisition of furnishings and equipment and site work.

The Bonds maturing prior to May 15, 2021 are not subject to optional redemption. The Bonds maturing on or after May 15, 2021 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after May 15, 2020 at par, plus unpaid accrued interest to the date fixed for redemption.

On September 29, 2009, the District's voters approved the issuance of \$17,956,480 in bonds for the Memorial School replacement. At June 30, 2017, there were bonds authorized but not issued of \$3,996,480 from a 2009 authorization.

2012 Issue

On November 20, 2012, the District issued \$60,560,000 Refunding School Bonds. The remaining outstanding Bonds mature annually through November 2034 in amounts ranging from \$2,620,000 to \$6,755,000. The Bonds bear interest rates ranging from 3.00% to 5.00%. As of June 30, 2017, the amount of defeased bonds still outstanding is \$56,381,000.

The Bonds maturing prior to November 1, 2023 are not subject to redemption to their stated maturities. The Bonds maturing on or after November 1, 2023 are redeemable at the option of the Board in whole or in part, on any date on or after November 1, 2022 at par, plus unpaid accrued interest to the date fixed for redemption.

2017 Issue

On February 28, 2017, the District issued \$5,515,000 Refunding School Bonds at an interest rate of 1.722% to advance refund \$5,365,000 of 2007 School Bonds. As of June 30, 2017, the amount of defeased bonds outstanding is \$5,365,000. The savings from the refunding was \$322,294 with a net present value savings of \$312,347. The 2017 Refunding School Bonds mature in amounts ranging from \$1,020,000 to \$1,155,000 through May 2022.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Long-Term Liabilities (continued)

A. Bonds Payable (continued)

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

Year ending June 30,	Principal	Interest	Total
2018	\$ 4,120,000	\$ 2,782,227	\$ 6,902,227
2019	4,080,000	2,657,338	6,737,338
2020	4,080,000	2,506,176	6,586,176
2021	4,445,000	2,331,832	6,776,832
2022	4,455,000	2,147,239	6,602,239
2023-2027	18,330,000	8,345,125	26,675,125
2028-2032	19,975,000	4,957,187	24,932,187
2033-2037	13,775,000	1,624,329	15,399,329
2038-2040	2,520,000	229,400	2,749,400
	<u>\$ 75,780,000</u>	<u>\$ 27,580,853</u>	<u>\$ 103,360,853</u>

B. Lease Purchase Obligations Payable

1996 Agreement

In June 1996, the Board of Education (the Lessee) entered into a lease purchase agreement with the Township of East Brunswick (the Lessor) to finance the construction of additions and renovations of the existing East Brunswick Public Schools buildings. The approval was obtained from the Commissioner of Education of the State of New Jersey and the New Jersey Local Finance Board in the Department of Community Affairs on May 6, 1996. The building is located on land owned by the Board of Education that has been leased to the Township of East Brunswick, pursuant to a ground lease agreement dated June 1, 1996. Certificates of Participation (the "Certificates") in the par amount of \$9,000,000 were issued and the net proceeds of \$8,841,945 were budgeted as follows:

Project Construction Fund	<u>\$ 8,841,945</u>
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Proceeds from the sales of the Certificates were used to finance additions, renovations and/or facility improvements at Bowne Munro, Central, Chittick, Frost, Irwin, Lawrence Brook, Memorial, Warnsdorfer, Churchill and Hammarskjold Schools, including site work and acquisition and installation of furnishings and equipment, in order to alleviate overcrowding, and to accommodate technology.

Under the lease, the Board was required to pay Basic Rent due on each October 1, which commenced October 1, 1997. Basic Rent is composed of an interest component and a principal component. The Certificates carried an interest rate of 4.36% and matured on October 1, 2016.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Long-Term Liabilities (continued)

B. Lease Purchase Obligations Payable (continued)

1999 Agreement

In March 1999, the Board of Education (the Lessee) entered into a lease purchase agreement with the Township of East Brunswick (the Lessor) to finance additions and renovations to the East Brunswick High School, including site work and acquisition and installation of furnishings and equipment. Approval was obtained from the Commissioner of Education and the State of New Jersey Local Finance Board. The building is located on land owned by the Board of Education that has been leased to the Township of East Brunswick, pursuant to a ground lease agreement dated March 1, 1999.

Under the lease, the Board is required to pay basic rent due on each October 1, which commenced on October 1, 1999 and will conclude on October 1, 2019. The lease carries an interest rate of 4.24%. The total principal amount of the lease was \$14,320,000.

Future Minimum Lease Payments - Future minimum lease payments for the next three years under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2017 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,050,000
2019	1,050,000
2020	239,519
Total Minimum Lease Payments	<u>2,339,519</u>
Less: Amount representing interest	<u>(154,277)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 2,185,242</u>

Optional Prepayment - The Lease is prepayable in whole or in part by the Board at any time upon notice in writing to the Township not less than fifteen (15) days prior to the date on which the option is to be exercised with the consent of the Township. On any partial prepayment, the remaining rent shall be computed by a qualified firm as selected by the Board and acceptable to the Township.

2015 Agreement

In May 2015, the Board of Education (the Lessee) entered into a lease purchase agreement with the Township of East Brunswick (the Lessor) to finance district-wide building improvements and renovations. Approval was obtained from the Commissioner of Education and the State of New Jersey Local Finance Board. The building is located on land owned by the Board of Education that has been leased to the Township of East Brunswick, pursuant to a ground lease agreement dated May 18, 2015.

Under the lease, the Board is required to pay basic rent due on each August 1, which

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Long-Term Liabilities (continued)

B. Lease Purchase Obligations Payable (continued)

commenced on August 1, 2016 and will conclude on August 1, 2020. The lease carries an interest rate of 0.578%. The total principal amount of the lease was \$5,800,000.

Future Minimum Lease Payments - Future minimum lease payments for the next four years under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2017 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,195,280
2019	1,180,114
2020	1,173,410
2021	1,166,705
Total Minimum Lease Payments	4,715,509
Less: Amount representing interest	(75,509)
Present Value of Net Minimum Lease Payments	<u>\$ 4,640,000</u>

2017 Agreement

In August 2016, the Board of Education (the Lessee) entered into a lease purchase agreement with the Township of East Brunswick (the Lessor) to finance district-wide building improvements, technology equipment, classroom furnishings and transportation and maintenance vehicles. In exchange, the Board of Education will permit use of its facilities for and by the Township of East Brunswick as specified in the agreement. Approval was obtained from the Commissioner of Education and the State of New Jersey Local Finance Board.

Under the lease, the Board is required to pay basic rent due on each August 1, which commences on August 1, 2017 and will conclude on August 1, 2021. The lease carries an interest rate of 0.84%. The total principal amount of the lease was \$6,200,000.

Future Minimum Lease Payments - Future minimum lease payments for the next five years under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2017 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,292,080
2019	1,281,664
2020	1,271,248
2021	1,260,832
2022	1,250,416
Total Minimum Lease Payments	6,356,240
Less: Amount representing interest	(156,240)
Present Value of Net Minimum Lease Payments	<u>\$ 6,200,000</u>

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Long-Term Liabilities (continued)

C. Capital Lease Obligations – Governmental Activities

The District entered into a Capital Lease Obligation on July 18, 2012 for various equipment in the amount of \$481,500, which is due in five annual installments and for which final payment was due on August 15, 2016. Interest rate was 1.139%.

The District entered into a Capital Lease Obligation on June 19, 2013 for various construction in the amount of \$4,225,000, which is due in five annual installments and for which final payment is due on June 19, 2018. Interest rate is at 1.230%.

The District entered into a Capital Lease Obligation on January 28, 2014 for various equipment in the amount of \$89,513, which is due in five annual installments and for which final payment is due on January 28, 2018. Interest rate is at 2.243%.

The District entered into a Capital Lease Obligation on July 15, 2014 for facilities in the amount of \$7,200,000, which is due in annual installments and for which final payment is due on July 15, 2019. Interest rate is at 1.514%.

The District entered into a Capital Lease Obligation on February 26, 2015 for transportation equipment in the amount of \$650,000, which is due in annual installments and for which final payment is due on August 15, 2018. Interest rate is at 1.212%.

The District entered into a Capital Lease Obligation on August 1, 2015 for transportation equipment in the amount of \$860,000, which is due in annual installments and for which final payment is due on August 1, 2020. Interest rate is at 1.671%.

Future Minimum Lease Payments - Future minimum lease payments for the next five years under the capital lease obligations along with the present value of the minimum lease payments as of June 30, 2017 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 2,703,366
2019	1,817,957
2020	1,686,855
2021	180,786
Total Minimum Lease Payments	6,388,964
Less: Amount representing interest	(178,527)
Present Value of Net Minimum Lease Payments	<u>\$ 6,210,437</u>

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

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, 60, 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.

Public Employee's Retirement System

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, 60, 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

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

Public Employee's Retirement System (continued)

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.

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

Funding Policy

The contribution policy is set by New Jersey State 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 annually through July 2018 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 noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2017, the State of New Jersey contributed \$12,482,338 to the TPAF for post-retirement medical benefits and other pension costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,515,251 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2017, 2016 and 2015 was \$1,756,950, \$1,720,688, and \$1,590,486 respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Public Employee's Retirement System (PERS)

At June 30, 2017, the District reported a liability of \$58,573,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2015, which was rolled forward to June 30, 2016. 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. At June 30, 2016, the District's proportion was 0.1977688257 percent, which was a decrease of 0.0023735899 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized full accrual pension expense of \$5,745,484 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,089,289	
Changes of assumptions	12,133,291	
Net difference between projected and actual earnings on pension plan investments	2,233,459	
Changes in proportion and differences between District contributions and proportionate share of contributions	884,167	\$ 386,816
District contributions subsequent to the measurement date	<u>1,797,767</u>	
	<u>\$ 18,137,973</u>	<u>\$ 386,816</u>

\$1,797,767 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 3,638,918
2019	3,638,917
2020	4,177,718
2021	3,474,989
2022	<u>1,022,848</u>
	<u>\$ 15,953,390</u>

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases	
through 2026	1.65 - 4.15%
	based on age
Thereafter	2.65 - 5.15%
	based on age
Investment rate of return	7.65%

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of formers members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
\$ 71,774,931	\$ 58,573,454	\$ 47,674,490

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.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$	8,685,338,380
Deferred inflows of resources	\$	870,133,595
Net pension liability	\$	29,617,131,759
District's Proportion		0.1977688257%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,830,763,540.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 5.57 years and 5.72 years for the measurement period ended June 30, 2015.

Teachers Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2016 was \$475,837,667. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

At June 30, 2016, the State's proportionate share of the TPAF net pension liability associated with the District was 0.6048806937 percent, which was an increase of 0.0310494003 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$35,752,580 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.19%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Pension Plans (continued)

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

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's proportionate share of the net pension liability associated with the District	\$ 568,256,513	\$ 475,837,667	\$ 400,365,753

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	\$ 195,027,919
Net pension liability	\$ 78,666,367,052

State's proportionate share associated with the District 0.6048806937%

Collective pension expense for the Local Group for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 8.3 years.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

8. Post-Retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the state contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

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 the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2017, 2016, and 2015 were \$5,665,302, \$5,766,567, and \$4,924,971, respectively, which equaled the required contributions for each year. The State's contributions to the 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.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

9. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2017 amounted to \$1,031,688 analyzed as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,031,688	
Capital Projects Fund		\$ 1,031,688
	<u>\$ 1,031,688</u>	<u>\$ 1,031,688</u>

The interfund receivable in the General Fund due from the Capital Projects Fund represents cash loaned from the General Fund to reduce a pooled cash deficit in advance of funds to be received by the New Jersey Schools Development Authority.

All interfunds are expected to be liquidated within one year.

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

11. Deferred Compensation

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 401(a), 403(b) and 457(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. All amounts of compensation deferred under the plans, all property and rights purchased with the amounts and all income attributable to these amounts are held in trust for the exclusive benefit of participating employees and their beneficiaries.

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

11. Deferred Compensation (continued)

The plan administrators are as follows:

- A.I.G. Met Life Investment
- Franklin Templeton Group
- American Fund (Capital Guardian)
- Equitable
- ING

12. Risk Management

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

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. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

New Jersey Unemployment Compensation Insurance: The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and previous two years:

Fiscal Year	Beginning Balance	Board Contribution	Employee Contribution	Interest	Deductions	Ending Balance
2016-2017	\$ 758,042	\$ 16,571	\$ 144,053	\$ 370	\$ 199,283	\$ 719,753
2015-2016	769,829	15,057	137,305	375	164,524	758,042
2014-2015	801,700	-	146,464	332	178,667	769,829

13. Economic Dependency

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

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

14. Transfers to Capital Outlay

During the year ending June 30, 2017, the District transferred \$4,916,688 (net) to the capital outlay accounts. The transfers were made from the capital reserve account to supplement capital projects previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23A-8.4.

15. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2017 fiscal year:

	In	Out
General Fund	\$ 768,466	
Community Programs Enterprise Fund		\$ 359,666
JMPAC Enterprise Fund		408,800
	\$ 768,466	\$ 768,466

The transfers from the community programs enterprise fund and the JMPAC enterprise fund to the general fund represents a return on investment transferred to the general fund.

16. Restricted Assets

The funds set aside for the capital reserve are classified as restricted assets (cash and cash equivalents) as they are restricted for use for future capital requirements. The unexpended proceeds from lease purchase obligations have been classified as restricted assets (cash and cash equivalents) as they are restricted for use for capital projects as identified in the lease purchase agreements.

17. Net Position - Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$136,473,915 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 227,047,439
Bonds payable (used to build or acquire capital assets)	(75,780,000)
Deferred loss on refunding of debt	5,665,309
Unamortized deferred premium	(4,536,249)
Lease purchase obligations	(13,025,242)
Capital leases	(6,210,437)
Designated for subsequent years expenditures - Special Revenue Fund (unused capital lease proceeds)	3,313,095
Total net investment in capital assets	\$ 136,473,915

East Brunswick Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

18. Tax Abatements

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

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

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

The Township of East Brunswick recognized revenue of \$699,317 from the annual service charge in lieu of payment of taxes in 2016 and taxes in 2016 that otherwise would have been due on these long-term tax exemptions amounted to \$1,172,915, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$473,598 abatement would have been allocated to the District.

Required Supplementary Information
Part II

East Brunswick Public Schools
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Measurement date	N/A	N/A	N/A	N/A	N/A	N/A	6/30/2013	6/30/2014	6/30/2015	6/30/2016
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	0.1930621676%	0.1931581586%	0.2001424156%	0.1977688257%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 36,898,016	\$ 36,164,490	\$ 44,927,962	\$ 58,573,454
District's covered-employee payroll	\$ 12,543,911	\$ 13,326,674	\$ 14,726,213	\$ 14,427,632	\$ 13,907,475	\$ 13,261,244	\$ 13,047,120	\$ 13,447,670	\$ 13,368,140	\$ 13,252,553
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	282.81%	268.93%	336.08%	441.98%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	48.72%	52.08%	47.93%	40.14%

N/A - Information not available

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.
 The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

East Brunswick Public Schools
Schedule of District Contributions
Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually required contribution	\$ 1,034,653	\$ 1,139,483	\$ 1,663,034	\$ 1,514,573	\$ 1,589,566	\$ 1,454,684	\$ 1,590,486	\$ 1,720,688	\$ 1,756,950	\$ 1,797,767
Contributions in relation to the contractually required contribution	(1,034,653)	(1,139,483)	(1,663,034)	(1,514,573)	(1,589,566)	(1,454,684)	(1,590,486)	(1,720,688)	(1,756,950)	(1,797,767)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,326,674	\$ 14,726,213	\$ 14,427,632	\$ 13,907,475	\$ 13,261,244	\$ 13,047,120	\$ 13,447,670	\$ 13,368,140	\$ 13,252,553	\$ 13,301,469
Contributions as a percentage of covered-employee payroll	7.76%	7.74%	11.53%	10.89%	11.99%	11.15%	11.83%	12.87%	13.26%	13.52%

East Brunswick Public Schools
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30,			
	2014	2015	2016	2017
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.6038945428%	0.5894999659%	0.5738312934%	0.6048806937%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 305,203,552	\$ 315,068,546	\$ 362,685,882	\$ 475,837,667
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 305,203,552</u>	<u>\$ 315,068,546</u>	<u>\$ 362,685,882</u>	<u>\$ 475,837,667</u>
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%

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

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

Required Supplementary Information
Part III

Budgetary Comparison

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 121,923,075		\$ 121,923,075	\$ 121,923,075	
Tuition (from individuals)	35,000		35,000	131,996	\$ 96,996
Tuition (other LEAS)	290,200		290,200	736,260	446,060
Investment income	14,000		14,000	18,216	4,216
Rents and royalties	80,000		80,000	108,755	28,755
Miscellaneous	344,030		344,030	471,373	127,343
Total revenues - local sources	122,686,305		122,686,305	123,389,675	703,370
State sources:					
Extraordinary aid	500,000		500,000	1,097,560	597,560
Special education categorical aid	5,152,548		5,152,548	5,152,548	
Equalization aid	11,737,848		11,737,848	11,737,848	
Security aid	176,418		176,418	176,418	
Transportation aid	679,647		679,647	679,647	
Non-public school transportation aid				35,167	35,167
PARCC Readiness aid	83,350		83,350	83,350	
Per Pupil Growth aid	83,350		83,350	83,350	
Professional Learning Community aid	82,110		82,110	82,110	
Additional Adjustment aid	1		1	1	
On-Behalf TPAF - Pension Contribution (non-budgeted)				6,799,226	6,799,226
On-Behalf TPAF - Post-Retirement Medical (non-budgeted)				5,665,302	5,665,302
On-Behalf TPAF - Long-Term Disability Insurance (non-budgeted)				17,810	17,810
Reimbursed TPAF social security contributions (non-budgeted)				4,515,251	4,515,251
Total - state sources	18,495,272		18,495,272	36,125,588	17,630,316
Federal sources:					
Medical assistance	73,927		73,927	93,490	19,563
Medical assistance - SEMI ARRA		\$ 5,769	5,769	5,769	
Total - federal sources	73,927	5,769	79,696	99,259	19,563
Total revenues	141,255,504	5,769	141,261,273	159,614,522	18,353,249
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	217,159	112,710	329,869	329,869	
Kindergarten	1,956,189	56,300	2,012,489	2,012,489	
Grades 1-5	13,514,317	(251,633)	13,262,684	12,866,718	395,966
Grades 6-8	10,530,148	(128,700)	10,401,448	10,136,157	265,291
Grades 9-12	15,464,092	(663,753)	14,800,339	14,640,171	160,168
Home instruction - regular programs:					
Salaries of teachers	26,622		26,622	13,622	13,000
Purchased professional-educational services	35,000	18,961	53,961	53,961	
Undistributed instruction - regular programs:					
Other salaries for instruction	165,641	22,097	187,738	187,738	
Purchased professional-educational services	165,736	(2,291)	163,445	150,908	12,537
Purchased technical services	149,500	(4,349)	145,151	120,492	24,659
Other purchased services	1,153,495	(7,744)	1,145,751	355,487	790,264
General supplies	1,524,242	23,481	1,547,723	1,406,160	141,563
Textbooks	165,108	(3,175)	161,933	152,493	9,440
Other objects	8,643	405	9,048	7,163	1,885
Total instruction - regular programs	45,075,892	(827,691)	44,248,201	42,433,428	1,814,773

East Brunswick Public Schools
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures					
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 323,176	\$ (13,520)	\$ 309,656	\$ 275,666	\$ 33,990
Other salaries for instruction	192,096	5,685	197,781	197,781	
Other purchased services	100	(61)	39	39	
General supplies	600		600	599	1
Total learning and/or language disabilities	515,972	(7,896)	508,076	474,085	33,991
Behavioral disabilities:					
Salaries of teachers	133,181	58,966	192,147	192,147	
Other salaries for instruction	122,681	2,403	125,084	125,084	
General supplies	2,000	440	2,440	1,541	899
Total behavioral disabilities	257,862	61,809	319,671	318,772	899
Multiple disabilities:					
Salaries of teachers	347,688	(7,862)	339,826	332,033	7,793
Other salaries for instruction	249,742	(81,735)	168,007	168,007	
Unused vacation payments to terminated/retired staff - normal retirements		1,161	1,161	1,161	
Other purchased services	250	192	442	442	
General supplies	4,800		4,800	4,414	386
Textbooks	1,500	(944)	556	198	358
Total multiple disabilities	603,980	(89,188)	514,792	506,255	8,537
Resource room/center:					
Salaries of teachers	6,998,697	275,517	7,274,214	7,274,214	
Other salaries for instruction	1,099,372	(33,951)	1,065,421	1,065,421	
Other purchased services	1,200	(123)	1,077	1,041	36
General supplies	18,735	1,951	20,686	19,461	1,225
Textbooks	1,500	(982)	518	518	
Total resource room/center	8,119,504	242,412	8,361,916	8,360,655	1,261
Autism:					
Salaries of teachers	1,162,993	(128,577)	1,034,416	726,057	308,359
Other salaries for instruction	988,498	(254,495)	734,003	725,377	8,626
Other purchased services	100	(100)			
General supplies	12,566	332	12,898	11,896	1,002
Total autism	2,164,157	(382,840)	1,781,317	1,463,330	317,987
Preschool disabilities - part time:					
Salaries of teachers	80,885	(31,917)	48,968	42,772	6,196
Other salaries for instruction	4,831	44,539	49,370	49,370	
General supplies	800	(201)	599	599	
Total preschool disabilities - part time	86,516	12,421	98,937	92,741	6,196

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Preschool disabilities - full time:					
Salaries of teachers	\$ 288,045	\$ 30,550	\$ 318,595	\$ 318,595	
Other salaries for instruction	346,509	13,441	359,950	359,950	
General supplies	1,300	292	1,592	1,367	\$ 225
Total preschool disabilities - full time	635,854	44,283	680,137	679,912	225
Home instruction - special education:					
Salaries of teachers	22,440	914	23,354	23,354	
Purchased professional - educational services	61,000	64,574	125,574	125,574	
Total home instruction - special education	83,440	65,488	148,928	148,928	
Total special education	12,467,285	(53,511)	12,413,774	12,044,678	369,096
Basic skills/remedial - instruction:					
Salaries of teachers	2,107,877		2,107,877	2,100,665	7,212
Other purchased services	100	2,399	2,499	2,499	
General supplies	16,140	(5,734)	10,406	8,364	2,042
Total basic skills/remedial - instruction	2,124,117	(3,335)	2,120,782	2,111,528	9,254
Bilingual education - instruction:					
Salaries of teachers	759,188	(33,553)	725,635	725,616	19
Other purchased services	600		600	495	105
General supplies	4,309	(759)	3,550	3,474	76
Total bilingual education - instruction	764,097	(34,312)	729,785	729,585	200
School - sponsored cocurricular activities:					
Salaries	298,089		298,089	295,648	2,441
Purchased services	38,250	9,997	48,247	48,247	
Supplies and materials	180	6,105	6,285	6,105	180
Other objects	5,000	(148)	4,852	3,960	892
Total school-sponsored cocurricular activities	341,519	15,954	357,473	353,960	3,513
School - sponsored athletics - instruction:					
Salaries	627,799		627,799	591,767	36,032
Purchased services	49,900	7,778	57,678	47,090	10,588
Supplies and materials	58,235	(5,343)	52,892	47,103	5,789
Other objects	4,700	300	5,000	5,000	
Transfers to cover deficit (agency funds)	57,668		57,668	51,190	6,478
Total school - sponsored athletics - instruction	798,302	2,735	801,037	742,150	58,887
Total instruction	61,571,212	(900,160)	60,671,052	58,415,329	2,255,723

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs w/in the state - regular	\$ 15,547	\$ (7,245)	\$ 8,302	\$ 8,302	
Tuition to other LEAs w/in the state - special	1,274,543	(113,405)	1,161,138	1,161,138	
Tuition to CSSD and regional day schools	211,950	(62,375)	149,575	149,575	
Tuition to private schools disabled - within state	844,070	431,713	1,275,783	1,275,783	
Tuition - state facilities	32,306		32,306	32,306	
Tuition - other	45,900	(45,900)			
Total instruction	<u>2,424,316</u>	<u>202,788</u>	<u>2,627,104</u>	<u>2,627,104</u>	
Attendance and social work services:					
Salaries	102,944	1,183	104,127	104,127	
Purchased professional and technical services	15,000		15,000		\$ 15,000
Other purchased services	3,352		3,352	2,495	857
Supplies and materials	535	2,261	2,796	2,689	107
Total attendance and social work services	<u>121,831</u>	<u>3,444</u>	<u>125,275</u>	<u>109,311</u>	<u>15,964</u>
Health services:					
Salaries	1,221,940	24,063	1,246,003	1,246,003	
Purchased professional and technical services	97,536	4,576	102,112	102,112	
Other purchased services	6,452	777	7,229	6,451	778
Supplies and materials	26,879	(7,063)	19,816	19,310	506
Total health services	<u>1,352,807</u>	<u>22,353</u>	<u>1,375,160</u>	<u>1,373,876</u>	<u>1,284</u>
Other support services - students - speech, OT, PT & related services					
Salaries	1,566,107	34,969	1,601,076	1,601,076	
Purchased professional educational services	753,526	180,308	933,834	932,005	1,829
Supplies and materials	9,300	1,445	10,745	10,496	249
Total other support services - students - speech, OT, PT & related services	<u>2,328,933</u>	<u>216,722</u>	<u>2,545,655</u>	<u>2,543,577</u>	<u>2,078</u>
Other support services - students - extraordinary:					
Salaries	938,895	402,569	1,341,464	1,341,464	
Purchased professional - educational services	1,226,168	37,934	1,264,102	1,264,102	
Supplies and materials	18,250	(3,230)	15,020	15,010	10
Other objects	3,000	(2,029)	971	971	
Total other support services - students - extraordinary	<u>2,186,313</u>	<u>435,244</u>	<u>2,621,557</u>	<u>2,621,547</u>	<u>10</u>

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 3,139,550	\$ (10,143)	\$ 3,129,407	\$ 3,129,407	
Salaries of secretarial and clerical assistants	418,430	23,424	441,854	441,854	
Other salaries	64,457	(305)	64,152	64,152	
Unused vacation payments to terminated/retired staff - normal retirements		994	994	994	
Other purchased professional - technical services	26,960		26,960	24,619	\$ 2,341
Other purchased services	17,744	(278)	17,466	15,021	2,445
Supplies and materials	20,275	(5,478)	14,797	12,675	2,122
Other objects	2,425	(245)	2,180	1,674	506
Total guidance	3,689,841	7,969	3,697,810	3,690,396	7,414
Child study teams:					
Salaries of other professional staff	2,346,371		2,346,371	2,317,920	28,451
Salaries of secretarial and clerical assistants	352,172	33,618	385,790	385,790	
Other salaries		15,506	15,506	15,506	
Unused vacation payments to terminated/retired staff - normal retirements		1,176	1,176	1,176	
Purchased professional - educational services	46,000	28,488	74,488	74,488	
Other purchased professional & tech services	20,283		20,283	20,272	11
Miscellaneous purchased services	14,875	3,234	18,109	13,956	4,153
Supplies and materials	15,865	2,400	18,265	17,782	483
Total child study teams	2,795,566	84,422	2,879,988	2,846,890	33,098
Improvement of instructional services:					
Salaries of supervisors of instruction	641,004	896,594	1,537,598	1,537,598	
Salaries of other professional staff	147,207	1,513	148,720	148,720	
Salaries of secretarial and clerical assistants	225,599	203,149	428,748	428,748	
Salaries of Facilitators, Math & Literacy coaches	652,643	152,258	804,901	804,901	
Purchased professional - educational services	45,250	(1,200)	44,050	43,707	343
Other purchased professional & tech services	34,575		34,575	31,822	2,753
Other purchased services	47,228	(4,134)	43,094	32,916	10,178
Supplies and materials	50,331	(67)	50,264	45,169	5,095
Other objects	11,500	328	11,828	11,238	590
Total improvement of instructional services	1,855,337	1,248,441	3,103,778	3,084,819	18,959
Educational media services/school library:					
Salaries	1,089,057	39,527	1,128,584	1,128,584	
Purchased professional - technical services	37,855	1,857	39,712	37,716	1,996
Other purchased services	4,620	(161)	4,459	3,767	692
Supplies and materials	151,195	(2,132)	149,063	139,711	9,352
Other objects	175		175	175	
Total educational media services / school library	1,282,902	39,091	1,321,993	1,309,953	12,040
Instructional staff training services:					
Salaries of supervisors of instruction	1,087,808	(854,122)	233,686	224,711	8,975
Salaries of other professional staff	37,800	(9,007)	28,793	28,793	
Salaries of secretarial and clerical assistants	363,130	(251,839)	111,291	33,179	78,112
Unused vacation payments to terminated/retired staff - normal retirements		432	432	432	
Purchased professional - educational services	20,000	39,100	59,100	4,150	54,950
Other purchased services	32,975	346	33,321	33,209	112
Supplies and materials	12,500	1,169	13,669	11,989	1,680
Other objects		820	820	820	
Total instructional staff training services	1,554,213	(1,073,101)	481,112	308,490	172,622

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-general administration					
Salaries	\$ 726,728	\$ 84,581	\$ 811,309	\$ 811,309	
Salaries of secretarial and clerical assistants		92	92	92	
Unused vacation payments to terminated/retired staff - normal retirements		31,627	31,627	31,627	
Legal services	262,920		262,920	208,225	\$ 54,695
Audit fees	71,500	69,000	140,500	69,000	71,500
Other purchased professional services	15,000	(7,880)	7,120	3,955	3,165
Purchased technical services	13,800	1,169	14,969	14,969	
Communications/telephone	388,025	1,826	389,851	336,734	53,117
BOE other purchased services	10,500		10,500	5,797	4,703
Miscellaneous purchased services	350,860	(13,255)	337,605	320,914	16,691
General supplies	15,760	(1,839)	13,921	10,873	3,048
BOE in-house training/meeting supplies	2,000		2,000	321	1,679
Miscellaneous expenditures	16,348	(1,537)	14,811	13,087	1,724
BOE membership dues/fees	36,210		36,210	34,733	1,477
Total support services-general administration	1,909,651	163,784	2,073,435	1,861,636	211,799
Support services-school administration:					
Salaries of principals / assistant principals	2,412,131	49,119	2,461,250	2,461,250	
Salaries of other professional staff	837,748	(30,403)	807,345	706,438	100,907
Salaries of secretarial and clerical assistants	1,503,795		1,503,795	1,454,752	49,043
Salaries - other	15,506	(15,506)			
Unused vacation payments to terminated/retired staff - normal retirements		26,360	26,360	26,360	
Purchased professional and technical services	1,650		1,650	1,650	
Other purchased services	72,623	(18,351)	54,272	49,080	5,192
Supplies and materials	41,873	14,336	56,209	38,751	17,458
Other objects	24,400	(820)	23,580	22,200	1,380
Total support services-school administration	4,909,726	24,735	4,934,461	4,760,481	173,980
Central services:					
Salaries	1,734,394	(23,779)	1,710,615	1,630,845	79,770
Purchased professional services	56,200	6,050	62,250	51,747	10,503
Purchased technical services	32,410	21,623	54,033	48,794	5,239
Miscellaneous purchased services	73,446	(20,478)	52,968	38,219	14,749
Supplies and materials	28,707	2,074	30,781	23,824	6,957
Interest on lease purchase agreements	112,185		112,185	111,374	811
Miscellaneous expenditures	6,500	(126)	6,374	4,722	1,652
Total central services	2,043,842	(14,636)	2,029,206	1,909,525	119,681
Administrative information technology:					
Salaries	1,402,425	54,942	1,457,367	1,457,367	
Purchased technical services	244,493	195,234	439,727	392,372	47,355
Other purchased services	618,290	(23,709)	594,581	285,710	308,871
Supplies and materials	67,281	(173)	67,108	66,432	676
Other objects	760		760	200	560
Total administrative information technology	2,333,249	226,294	2,559,543	2,202,081	357,462
Required maintenance for school facilities:					
Salaries	980,422	(72,611)	907,811	744,908	162,903
Cleaning, repair and maintenance services	550,730	(118,740)	431,990	381,901	50,089
Lead testing of drinking water		54,154	54,154	28,098	26,056
General supplies	349,832	(61,692)	288,140	217,631	70,509
Other objects	1,500	95,517	97,017	91,385	5,632
Total required maintenance for school facilities	1,882,484	(103,372)	1,779,112	1,463,923	315,189

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial services:					
Salaries	\$ 1,378,726	\$ (72,215)	\$ 1,306,511	\$ 1,240,595	\$ 65,916
Salaries of non-instructional aides	487,247	45,631	532,878	532,878	
Unused vacation payments to					
terminated/retired staff - normal retirements		1,184	1,184	1,184	
Purchased professional and technical services	129,699	(14,314)	115,385	103,961	11,424
Cleaning, repair and maintenance services	3,199,149	45,089	3,244,238	3,224,186	20,052
Other purchased property services	83,508	(3,626)	79,882	62,434	17,448
Insurance	580,763	(3,562)	577,201	514,879	62,322
Miscellaneous purchased services	500	17,660	18,160	18,080	80
General supplies	169,942	71,618	241,560	231,840	9,720
Energy (electricity)	2,216,011		2,216,011	1,746,115	469,896
Energy (natural gas)	982,098		982,098	492,978	489,120
Other objects	10,800	(6,434)	4,366	4,366	
Total custodial services	9,238,443	81,031	9,319,474	8,173,496	1,145,978
Care and upkeep of grounds:					
Salaries	475,464		475,464	429,255	46,209
Unused vacation payments to					
terminated/retired staff - normal retirements		2,678	2,678	2,678	
Cleaning, repair and maintenance services	461,832	960	462,792	116,546	346,246
General supplies	112,232	17,924	130,156	128,376	1,780
Other objects	27,153	(433)	26,720	26,631	89
Total care and upkeep of grounds	1,076,681	21,129	1,097,810	703,486	394,324
Security:					
Salaries	1,204,937	507,498	1,712,435	1,712,435	
Purchased professional and technical services	115,000	16,000	131,000	29,000	102,000
Cleaning, Repair, and Maintenance Services	89,149	1,509	90,658	79,027	11,631
General supplies	13,469	57,410	70,879	70,833	46
Other objects	17,810	602	18,412	18,275	137
Total security	1,440,365	583,019	2,023,384	1,909,570	113,814
Student transportation services:					
Salaries - Non-instructional Aides	77,494	71,033	148,527	148,527	
Salaries for pupil transportation:					
Between home and school - regular	1,244,958	35,495	1,280,453	1,280,453	
Other Purchased professional and technical services	58,647	(13,000)	45,647	11,487	34,160
Cleaning, Repair, and Maintenance Services	488,040	(7,000)	481,040	449,473	31,567
Rental payments - School Buses	9,000	(9,000)			
Lease Purchase Payments - School Buses	364,463		364,463	238,412	126,051
Contracted services:					
Aid in lieu of payments	159,120	(4,395)	154,725	122,365	32,360
Vendors - between home and school	1,553,550	24,668	1,578,218	1,578,218	
Vendors - other than between home and school	529,615	5,804	535,419	491,233	44,186
Vendors - Special Ed	988,193	241,800	1,229,993	1,229,993	
Vendors - between home and school - regional ESCs	186,960	(70,433)	116,527	59,371	57,156
ESCs & CTSAs - Special Ed	2,251,307	195,508	2,446,815	2,446,815	
Miscellaneous purchased services - transportation	87,358	(339)	87,019	86,697	322
General supplies	2,100	(1,190)	910	909	1
Transportation Supplies	327,598	(49,089)	278,509	124,105	154,404
Other objects	3,425		3,425	2,865	560
Total student transportation services	8,331,828	419,862	8,751,690	8,270,923	480,767

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Unallocated benefits:					
Social security contributions	\$ 1,494,771	\$ 186,783	\$ 1,681,554	\$ 1,681,554	
Other retirement contributions - PERS	1,881,364	(119,020)	1,762,344	1,761,877	\$ 467
Unemployment compensation insurance	140,000		140,000		140,000
Worker's compensation	585,307	2,598	587,905	587,905	
Health benefits	19,901,018	(1,287,493)	18,613,525	17,720,476	893,049
Tuition reimbursement	197,000	880	197,880	130,510	67,370
Other employee benefits	565,565	(250,791)	314,774	24,545	290,229
Unused sick payments to terminated/retired staff - normal retirements		171,758	171,758	171,758	
Total unallocated benefits	<u>24,765,025</u>	<u>(1,295,285)</u>	<u>23,469,740</u>	<u>22,078,625</u>	<u>1,391,115</u>
On-behalf payments:					
TPAF - Pension Contribution (non-budgeted)				6,799,226	(6,799,226)
TPAF - Post-Retirement Medical (non-budgeted)				5,665,302	(5,665,302)
TPAF - Long-Term Disability Insurance (non-budgeted)				17,810	(17,810)
Reimbursed TPAF social security contributions (non-budgeted)				4,515,251	(4,515,251)
Total on-behalf payments				<u>16,997,589</u>	<u>(16,997,589)</u>
Total undistributed expenditures	<u>77,523,353</u>	<u>1,293,934</u>	<u>78,817,287</u>	<u>90,847,298</u>	<u>(12,030,011)</u>
Total current expenditures	<u>139,094,565</u>	<u>393,774</u>	<u>139,488,339</u>	<u>149,262,627</u>	<u>(9,774,288)</u>
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Grades 6-8		2,810	2,810	2,810	
Grades 9-12	5,500	918	6,418	3,200	3,218
Undistributed instruction:					
Students - extraordinary		7,499	7,499	7,499	
General administration	7,000		7,000		7,000
Central services		2,943	2,943	2,943	
Administration information technology	31,600	(3,295)	28,305		28,305
Required maintenance for school facilities		11,870	11,870	11,870	
Care and upkeep of grounds		8,560	8,560	8,560	
Non-instructional equipment	3,800		3,800	3,672	128
Total equipment	<u>47,900</u>	<u>31,305</u>	<u>79,205</u>	<u>40,554</u>	<u>38,651</u>
Facilities acquisition and construction services:					
Salaries		11,957	11,957	11,957	
Architectural/engineering services	85,050	1,481,129	1,566,179	556,617	1,009,562
Other Purch Prof & Tech services		83,847	83,847	47,426	36,421
Construction services	60,000	5,364,851	5,424,851	3,164,326	2,260,525
Supplies and materials	60,000	(30,823)	29,177		29,177
Lease purchase agreements - principal	4,074,692	(372,037)	3,702,655	3,424,691	277,964
Assessment for Debt Service on SDA Funding	347,538		347,538	347,538	
Total facilities acquisition and construction services	<u>4,627,280</u>	<u>6,538,924</u>	<u>11,166,204</u>	<u>7,552,555</u>	<u>3,613,649</u>
Total expenditures - capital outlay	<u>4,675,180</u>	<u>6,570,229</u>	<u>11,245,409</u>	<u>7,593,109</u>	<u>3,652,300</u>
Special schools:					
Summer school - instruction:					
Salaries of teachers	19,299		19,299		19,299
Other salaries for instruction	10,145		10,145		10,145
Total summer school - instruction	<u>29,444</u>		<u>29,444</u>		<u>29,444</u>
Total special schools	<u>29,444</u>		<u>29,444</u>		<u>29,444</u>
Charter schools	<u>2,599,781</u>		<u>2,599,781</u>	<u>2,354,479</u>	<u>245,302</u>
Total expenditures	<u>146,398,970</u>	<u>6,964,003</u>	<u>153,362,973</u>	<u>159,210,215</u>	<u>(5,847,242)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(5,143,466)</u>	<u>(6,958,234)</u>	<u>(12,101,700)</u>	<u>404,307</u>	<u>12,506,007</u>

East Brunswick Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources:					
Non-Federal Cost Share Reimbursement Program proceeds - funded by Community Development Block Grant				\$ 14,761	\$ 14,761
Transfers in	\$ 793,466		\$ 793,466	768,466	(25,000)
Total other financing sources	<u>793,466</u>		<u>793,466</u>	<u>783,227</u>	<u>(10,239)</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(4,350,000)	\$ (6,958,234)	(11,308,234)	1,187,534	12,495,768
Fund balances, July 1	21,080,397		21,080,397	21,080,397	
Fund balances, June 30	<u>\$ 16,730,397</u>	<u>\$ (6,958,234)</u>	<u>\$ 9,772,163</u>	<u>\$ 22,267,931</u>	<u>\$ 12,495,768</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources					
Budgeted fund balance	\$ (4,350,000)		\$ (4,350,000)	\$ 3,809,059	\$ 8,159,059
Budgeted fund balance - capital reserve		\$ (4,620,387)	(4,620,387)	(309,404)	4,310,983
Budgeted fund balance - prior year SEMI		(25,726)	(25,726)		25,726
Adjustment for prior year encumbrances		(2,312,121)	(2,312,121)	(2,312,121)	
Total	<u>\$ (4,350,000)</u>	<u>\$ (6,958,234)</u>	<u>\$ (11,308,234)</u>	<u>\$ 1,187,534</u>	<u>\$ 12,495,768</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 6,574,268	
Excess Surplus - Current Year				4,350,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				4,350,000	
Assigned Fund Balance:					
Year-end Encumbrances				3,516,683	
Unassigned Fund Balance				<u>3,476,980</u>	
				22,267,931	
Reconciliation to Government Funds Statements GAAP:					
Last state aid payments not recognized on GAAP basis				(1,735,940)	
Fund balance per Government Funds (GAAP) (B-1)				<u>\$ 20,531,991</u>	

East Brunswick Public Schools
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources	\$ 2,735,000	\$ 491,734	\$ 3,226,734	\$ 3,005,076	\$ (221,658)
State sources	153,000	158,897	311,897	294,945	(16,952)
Other sources	75,000	3,057,008	3,132,008	158,805	(2,973,203)
Total revenues	2,963,000	3,707,639	6,670,639	3,458,826	(3,211,813)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries	519,390	126,120	645,510	547,378	98,132
Purchased professional educational services	85,000	48,489	133,489	133,456	33
Other purchased services	1,690,499	120,118	1,810,617	1,806,862	3,755
Supplies and materials	86,694	385,907	472,601	410,993	61,608
Textbooks	375	75	450	407	43
Total instruction	2,381,958	680,709	3,062,667	2,899,096	163,571
Support services:					
Salaries	161,391	138,870	300,261	275,577	24,684
Personal services - employee benefits	217,660	52,528	270,188	263,938	6,250
Purchased professional technical services	78,509	49,473	127,982	103,429	24,553
Purchased professional educational services	68,000	35,198	103,198	99,162	4,036
Other purchased services	20,983	19,210	40,193	23,578	16,615
Contract services - transportation		10,618	10,618	10,618	
Supplies and materials	28,000	818,829	846,829	777,572	69,257
Other objects		1,000,000	1,000,000		1,000,000
Total support services	574,543	2,124,726	2,699,269	1,553,874	1,145,395
Capital outlay:					
Facilities acquisition and construction services:					
Instructional equipment	6,499	394,620	401,119	38,776	362,343
Regular education - school buses		629,929	629,929	629,928	1
Architectural/engineering services		76,467	76,467	47,671	28,796
Other purchased professional / technical services		22,672	22,672	17,692	4,980
Construction services		5,892,944	5,892,944	3,993,140	1,899,804
Infrastructure		85,572	85,572	85,571	1
Total facilities acquisition and construction services	6,499	7,102,204	7,108,703	4,812,778	2,295,925
Total expenditures	2,963,000	9,907,639	12,870,639	9,265,748	3,604,891
(Deficiency) excess of revenues (under) over expenditures	-	(6,200,000)	(6,200,000)	(5,806,922)	393,078
Other financing sources:					
Lease purchase obligation proceeds		6,200,000	6,200,000	6,200,000	
Total other financing sources	-	6,200,000	6,200,000	6,200,000	-
Net change in fund balance	-	-	-	393,078	393,078
Fund Balance, July 1	2,920,017		2,920,017	2,920,017	
Fund Balance, June 30	\$ 2,920,017	\$ -	\$ 2,920,017	\$ 3,313,095	\$ 393,078

East Brunswick Public Schools
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2017

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 159,614,522	\$ 3,458,826
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances (net) are recognized as expenditures, and the related revenue is recognized. Prior year		18,576
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP purposes in the current fiscal year.	1,705,281	.
State aid payments recognized for budgetary purposes, not recognized for GAAP purposes	(1,735,940)	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 159,583,863	\$ 3,477,402
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 159,210,215	\$ 9,265,748
Differences - budget to GAAP		
Encumbrances (net) for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year they are received for GAAP purposes. Prior year		18,576
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 159,210,215	\$ 9,284,324

Supplementary Information

Special Revenue Fund

East Brunswick Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year ended June 30, 2017

	Title I Part A	Title II Part A	Title III Part A	Title III Immigrant	I.D.E.I.A.		Adult Basic Education
					Regular	Preschool	
Revenues:							
Federal sources	\$ 620,907	\$ 228,124	\$ 46,098	\$ 40,208	\$ 1,860,438	\$ 63,922	\$ 145,379
State sources							
Other sources							
Total revenues	\$ 620,907	\$ 228,124	\$ 46,098	\$ 40,208	\$ 1,860,438	\$ 63,922	\$ 145,379
Expenditures:							
Instruction:							
Salaries	\$ 395,869		\$ 32,659	\$ 15,564			\$ 103,286
Purchased professional/educational services					\$ 1,750,310	\$ 30,000	
Other purchased services							1,391
Supplies and materials	15,585		6,382	1,291			407
Textbooks							
Total instruction	411,454		39,041	16,855	1,750,310	30,000	105,084
Support services:							
Salaries	13,712	\$ 172,735	803	10,950	32,087	1,089	17,587
Personal services-employee benefits	195,741	17,408	3,287	2,403	19,376	657	22,534
Purchased professional/technical services				10,000	58,665	32,176	
Purchased professional/educational services		20,973	2,575				30
Other purchased services							
Contracted services - transportation							
Supplies and materials		17,008	392				144
Total support services	209,453	228,124	7,057	23,353	110,128	33,922	40,295
Capital outlay:							
Facilities acquisition and construction services							
Instructional equipment							
School Buses-Regular							
Lease purchase principal payments							
Architectural / Engineering services							
Other purchased professional / technical services							
Construction services							
Infrastructure							
Total facilities acquisition and construction services							
Total expenditures	620,907	228,124	46,098	40,208	1,860,438	63,922	145,379
Excess/(deficiency) of revenues over/(under) expenditures	-	-	-	-	-	-	-
Other financing sources:							
Lease purchase proceeds							
Total other financing sources	-	-	-	-	-	-	-
Net changes in fund balance	-	-	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

East Brunswick Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year ended June 30, 2017

	NJ Nonpublic Auxiliary Services, Ch. 192					NJ Nonpublic Handicapped Services, Ch. 193		
	NJ Achievement Coaches Content	English as a Second Language	Transportation	Compensatory Education	Home Instruction	Supplemental Instruction	Examination and Classification	Corrective Speech
Revenues:								
Federal sources								
State sources	\$ 31,734	\$ 10,049	\$ 10,618	\$ 76,501	\$ 1,798	\$ 20,010	\$ 23,237	\$ 26,505
Other sources								
Total revenues	\$ 31,734	\$ 10,049	\$ 10,618	\$ 76,501	\$ 1,798	\$ 20,010	\$ 23,237	\$ 26,505
Expenditures:								
Instruction:								
Salaries								
Purchased professional/educational services		\$ 10,049		\$ 76,501	\$ 1,798	\$ 20,010		
Other purchased services								
Supplies and materials								
Textbooks								
Total instruction		10,049		76,501	1,798	20,010		
Support services:								
Salaries	\$ 26,614							
Personal services-employee benefits	2,532							
Purchased professional/technical services	2,588							
Purchased professional/educational services							\$ 23,237	\$ 26,505
Other purchased services								
Contracted services - transportation			\$ 10,618					
Supplies and materials								
Total support services	31,734		10,618				23,237	26,505
Capital outlay:								
Facilities acquisition and construction services								
Instructional equipment								
School Buses-Regular								
Lease purchase principal payments								
Architectural / Engineering services								
Other purchased professional / technical services								
Construction services								
Infrastructure								
Total facilities acquisition and construction services								
Total expenditures	31,734	10,049	10,618	76,501	1,798	20,010	23,237	26,505
Excess/(deficiency) of revenues over/(under) expenditures	-	-	-	-	-	-	-	-
Other financing sources:								
Lease purchase proceeds								
Total other financing sources	-	-	-	-	-	-	-	-
Net changes in fund balance	-	-	-	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

East Brunswick Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year ended June 30, 2017

	Nonpublic Textbook Aid	Nonpublic Nursing	Nonpublic Technology Services	Nonpublic Security	East Brunswick Education Fund	PTA Grants	Other Local	2013-2014 Lease Agreement TD Bank, N.A.
Revenues:								
Federal sources								
State sources	\$ 25,098	\$ 39,033	\$ 10,387	\$ 19,975	\$ 108,442	\$ 2,896	\$ 46,882	
Other sources								
Total revenues	\$ 25,098	\$ 39,033	\$ 10,387	\$ 19,975	\$ 108,442	\$ 2,896	\$ 46,882	
Expenditures:								
Instruction:								
Salaries								
Purchased professional/educational services	\$ 25,098				\$ 26,451		\$ 101	
Other purchased services					70,503	\$ 2,896	9,308	
Supplies and materials								
Textbooks								
Total instruction	25,098				96,954	2,896	9,409	
Support services:								
Salaries								
Personal services-employee benefits								
Purchased professional/technical services								
Purchased professional/educational services		\$ 39,033	\$ 10,387					
Other purchased services								
Contracted services - transportation								
Supplies and materials				\$ 19,975	4,258		476	
Total support services		39,033	10,387	19,975	4,258		476	
Capital outlay:								
Facilities acquisition and construction services								
Instructional equipment					7,230		9,417	\$ 6,287
School Buses-Regular								
Lease purchase principal payments								
Architectural / Engineering services								
Other purchased professional / technical services							27,580	
Construction services								
Infrastructure								
Total facilities acquisition and construction services					7,230		36,997	6,287
Total expenditures	25,098	39,033	10,387	19,975	108,442	2,896	46,882	6,287
Excess/(deficiency) of revenues over/(under) expenditures	-	-	-	-	-	-	-	(6,287)
Other financing sources:								
Lease purchase proceeds								
Total other financing sources	-	-	-	-	-	-	-	-
Net changes in fund balance	-	-	-	-	-	-	-	(6,287)
Fund balance, July 1	-	-	-	-	-	-	-	6,287
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

East Brunswick Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year ended June 30, 2017

	2014-2015 Lease Agreement TD Bank, N.A.	2014-2015 Lease Agreement Bank of America	2014-2015 Lease Agreement Township of East Brunswick	2015-2016 Lease Agreement Bancorp	2016-2017 Lease Agreement Township of East Brunswick	Totals
Revenues:						
Federal sources						\$ 3,005,076
State sources						294,945
Other sources	\$ 16	\$ 7		\$ 562		158,805
Total revenues	\$ 16	\$ 7	\$ -	\$ 562	\$ -	\$ 3,458,826
Expenditures:						
Instruction:						
Salaries						\$ 547,378
Purchased professional/educational services						133,456
Other purchased services						1,806,862
Supplies and materials					\$ 303,637	410,993
Textbooks						407
Total instruction					303,637	2,899,096
Support services:						
Salaries						275,577
Personal services-employee benefits						263,938
Purchased professional/technical services						103,429
Purchased professional/educational services						99,162
Other purchased services						23,578
Contracted services - transportation						10,618
Supplies and materials					735,319	777,572
Total support services					735,319	1,553,874
Capital outlay:						
Facilities acquisition and construction services						
Instructional equipment				\$ 11,579	4,263	38,776
School Buses-Regular				78	629,850	629,928
Lease purchase principal payments	\$ 261					261
Architectural / Engineering services			\$ 47,671			47,671
Other purchased professional / technical services					17,692	17,692
Construction services	4		2,085,207		1,880,088	3,992,879
Infrastructure					85,571	85,571
Total facilities acquisition and construction services	265		2,132,878	11,657	2,617,464	4,812,778
Total expenditures	265	-	2,132,878	11,657	3,656,420	9,265,748
Excess/(deficiency) of revenues over/(under) expenditures	(249)	\$ 7	(2,132,878)	(11,095)	(3,656,420)	(5,806,922)
Other financing sources:						
Lease purchase proceeds					6,200,000	6,200,000
Total other financing sources	-	-	-	-	6,200,000	6,200,000
Net changes in fund balance	(249)	7	(2,132,878)	(11,095)	2,543,580	393,078
Fund balance, July 1	3,789	35,226	2,693,825	180,890	-	2,920,017
Fund balance, June 30	\$ 3,540	\$ 35,233	\$ 560,947	\$ 169,795	\$ 2,543,580	\$ 3,313,095

Capital Projects Fund

East Brunswick Public Schools
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures,
Project Balance and Project Status

(Budgetary Basis)

Year ended June 30, 2017

Revenues and other financing sources	
State sources - SDA grant	\$ (10,751)
Total Revenues and other financing sources	<u>(10,751)</u>
Expenditures and other financing uses	
Other professional services	10,092
Purchased professional and technical services	15,321
Construction services	<u>1,009,426</u>
Total expenditures	<u>1,034,839</u>
(Deficiency) of revenues and other financing sources (under) expenditures and other financing uses	<u>(1,045,590)</u>
Fund Balance, July 1	<u>2,171,961</u>
Fund Balance, June 30	<u>\$ 1,126,371</u>
<u>Reconciliation of Fund Balance:</u>	
Fund Balance, budgetary basis	\$ 1,126,371
GAAP basis revenues not recognized	<u>(16,002)</u>
Fund Balance, June 30 - GAAP basis	<u>\$ 1,110,369</u>

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 7,246,392	\$ (10,751)	\$ 7,235,641	\$ 7,235,641
Bond proceeds	13,960,000		13,960,000	13,960,000
Lease purchase	4,955,768		4,955,768	4,955,768
Transfer from special revenue fund				
Transfer from (to) capital reserve	2,778,107		2,778,107	2,778,107
Transfer from capital outlay	730,000		730,000	730,000
Miscellaneous	3,996,480		3,996,480	3,996,480
Total Revenues	<u>33,666,747</u>	<u>(10,751)</u>	<u>33,655,996</u>	<u>33,655,996</u>
Expenditures and other financing uses				
Legal	36,966		36,966	36,966
Other professional services	2,830,012	10,092	2,840,104	2,840,104
Purchased professional and technical services	364,965	15,321	380,286	380,286
Construction services	27,900,797	1,009,426	28,910,223	28,910,223
Other objects	73,885		73,885	73,885
Transfer to capital reserve	197,801		197,801	197,801
Equipment purchases	90,360		90,360	90,360
Total expenditures	<u>31,494,786</u>	<u>1,034,839</u>	<u>32,529,625</u>	<u>32,529,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,171,961</u>	<u>\$ (1,045,590)</u>	<u>\$ 1,126,371</u>	<u>\$ 1,126,371</u>

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Security Systems - Project No 922

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant				
Bond proceeds				
Lease purchase				
Transfer from special revenue fund				
Transfer from capital reserve				
Transfer from capital outlay	\$ 730,000		\$ 730,000	\$ 730,000
Miscellaneous				
Total Revenues	<u>730,000</u>		<u>730,000</u>	<u>730,000</u>
Expenditures and other financing uses				
Legal				
Other professional services				
Purchased professional and technical services	67,868		67,868	67,868
Construction services	508,794		508,794	508,794
Other objects	35,834		35,834	35,834
Transfer to capital reserve				
Equipment purchases	90,360		90,360	90,360
Total expenditures	<u>702,856</u>		<u>702,856</u>	<u>702,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 27,144</u>	<u>\$ -</u>	<u>\$ 27,144</u>	<u>\$ 27,144</u>
Additional project information				
Project number		922		
Grant date		N/A		
Bond authorization date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 730,000			
Additional Authorized Cost	-			
Revised Authorized Cost	730,000			
Percentage Increase over Original				
Authorized Cost		0.00%		
Percentage completion		96.28%		
Original target completion date		2008		
Revised target completion date		2018		

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Memorial Elementary School Replacement - Project No. 924

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 4,238,520		\$ 4,238,520	\$ 4,238,520
Bond proceeds	13,960,000		13,960,000	13,960,000
Lease purchase				
Transfer from special revenue fund				
Transfer from capital reserve	1,619,000		1,619,000	1,619,000
Transfer from capital outlay				
Miscellaneous	3,996,480		3,996,480	3,996,480
Total Revenues	<u>23,814,000</u>		<u>23,814,000</u>	<u>23,814,000</u>
Expenditures and other financing uses				
Legal	36,966		36,966	36,966
Other professional services	2,485,071		2,485,071	2,485,071
Purchased professional and technical services	238,006		238,006	238,006
Construction services	20,954,232		20,954,232	20,954,232
Other objects	38,051		38,051	38,051
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>23,752,326</u>		<u>23,752,326</u>	<u>23,752,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 61,674</u>	<u>\$ -</u>	<u>\$ 61,674</u>	<u>\$ 61,674</u>
Additional project information				
Project number	924			
Grant date	January 4, 2010			
Bond authorization date	May 12, 2010			
Bonds Authorized	17,956,480			
Bonds Issued	13,960,000			
Original Authorized Cost	\$ 23,814,000			
Additional Authorized Cost	-			
Revised Authorized Cost	23,814,000			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	99.74%			
Original target completion date	2012			
Revised target completion date	2018			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Bowne Munro School Security and Communications Systems Upgrade - Project No. 930

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 96,779		\$ 96,779	\$ 96,779
Bond proceeds				
Lease purchase	145,169		145,169	145,169
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>241,948</u>		<u>241,948</u>	<u>241,948</u>
Expenditures and other financing uses				
Legal				
Other professional services	56,063	\$ 735	56,798	56,798
Purchased professional and technical services	4,532		4,532	4,532
Construction services	9,928	136,982	146,910	146,910
Other objects				
Transfer to capital reserve				
Transfers				
Total expenditures	<u>70,523</u>	<u>137,717</u>	<u>208,240</u>	<u>208,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 171,425</u>	<u>\$ (137,717)</u>	<u>\$ 33,708</u>	<u>\$ 33,708</u>
Additional project information				
Project number	930			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 241,948			
Additional Authorized Cost				
Revised Authorized Cost	241,948			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	86.07%			
Original target completion date	2015			
Revised target completion date	2018			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Central School Security and Communications Systems Upgrade - Project No. 931

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 54,113		\$ 54,113	\$ 54,113
Bond proceeds				
Lease purchase	91,587		91,587	91,587
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>145,700</u>		<u>145,700</u>	<u>145,700</u>
Expenditures and other financing uses				
Legal				
Other professional services	13,458	\$ 97	13,555	13,555
Purchased professional and technical services				
Construction services	116,409	15,591	132,000	132,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>129,867</u>	<u>15,688</u>	<u>145,555</u>	<u>145,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,833</u>	<u>\$ (15,688)</u>	<u>\$ 145</u>	<u>\$ 145</u>
Additional project information				
Project number	931			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 135,283			
Additional Authorized Cost	10,417			
Revised Authorized Cost	145,700			
Percentage Increase over Original				
Authorized Cost	7.70%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Chittick School Security and Communications Systems Upgrade - Project No. 933

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 58,280	\$ (364)	\$ 57,916	\$ 57,916
Bond proceeds				
Lease purchase	87,419		87,419	87,419
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>145,699</u>	<u>(364)</u>	<u>145,335</u>	<u>145,335</u>
Expenditures and other financing uses				
Legal				
Other professional services	11,790		11,790	11,790
Purchased professional and technical services				
Construction services	117,532	15,468	133,000	133,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>129,322</u>	<u>15,468</u>	<u>144,790</u>	<u>144,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,377</u>	<u>\$ (15,832)</u>	<u>\$ 545</u>	<u>\$ 545</u>
Additional project information				
Project number	933			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 145,699			
Additional Authorized Cost		(364)		
Revised Authorized Cost	145,335			
Percentage Increase over Original				
Authorized Cost	-0.25%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Churchill School Security and Communications Systems Upgrade - Project No. 934

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 50,424		\$ 50,424	\$ 50,424
Bond proceeds				
Lease purchase	116,376		116,376	116,376
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>166,800</u>		<u>166,800</u>	<u>166,800</u>
Expenditures and other financing uses				
Legal				
Other professional services	10,673		10,673	10,673
Purchased professional and technical services				
Construction services	139,892	\$ 16,108	156,000	156,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>150,565</u>	<u>16,108</u>	<u>166,673</u>	<u>166,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,235</u>	<u>\$ (16,108)</u>	<u>\$ 127</u>	<u>\$ 127</u>
Additional project information				
Project number	934			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 126,060			
Additional Authorized Cost	40,740			
Revised Authorized Cost	166,800			
Percentage Increase over Original				
Authorized Cost	32.32%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

East Brunswick High School Security and Communications Systems Upgrade - Project No. 936

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 47,958		\$ 47,958	\$ 47,958
Bond proceeds				
Lease purchase	101,842		101,842	101,842
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>149,800</u>		<u>149,800</u>	<u>149,800</u>
Expenditures and other financing uses				
Legal				
Other professional services	10,722		10,722	10,722
Purchased professional and technical services				
Construction services	137,197	\$ 1,803	139,000	139,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>147,919</u>	<u>1,803</u>	<u>149,722</u>	<u>149,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,881</u>	<u>\$ (1,803)</u>	<u>\$ 78</u>	<u>\$ 78</u>
Additional project information				
Project number	936			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 119,894			
Additional Authorized Cost	29,906			
Revised Authorized Cost	149,800			
Percentage Increase over Original				
Authorized Cost	24.94%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Frost Elementary School Roof Replacement - Project No. 938

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 466,069		\$ 466,069	\$ 466,069
Bond proceeds				
Lease purchase	857,676		857,676	857,676
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>1,323,745</u>		<u>1,323,745</u>	<u>1,323,745</u>
Expenditures and other financing uses				
Legal				
Other professional services	98,386		98,386	98,386
Purchased professional and technical services				
Construction services	1,066,786		1,066,786	1,066,786
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>1,165,172</u>		<u>1,165,172</u>	<u>1,165,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 158,573</u>	<u>\$ -</u>	<u>\$ 158,573</u>	<u>\$ 158,573</u>
Additional project information				
Project number	938			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 1,429,460			
Additional Authorized Cost	(105,715)			
Revised Authorized Cost	1,323,745			
Percentage Increase over Original				
Authorized Cost	-7.40%			
Percentage completion	100.00%			
Original target completion date	2015			
Revised target completion date	2016			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Frost School Security and Communications Systems Upgrade - Project No. 939

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 56,632	\$ (10,387)	\$ 46,245	\$ 46,245
Bond proceeds				
Lease purchase	84,948		84,948	84,948
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>141,580</u>	<u>(10,387)</u>	<u>131,193</u>	<u>131,193</u>
Expenditures and other financing uses				
Legal				
Other professional services	11,613		11,613	11,613
Purchased professional and technical services				
Construction services	90,176	13,824	104,000	104,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>101,789</u>	<u>13,824</u>	<u>115,613</u>	<u>115,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 39,791</u>	<u>\$ (24,211)</u>	<u>\$ 15,580</u>	<u>\$ 15,580</u>
Additional project information				
Project number	939			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 141,580			
Additional Authorized Cost	(10,387)			
Revised Authorized Cost	131,193			
Percentage Increase over Original Authorized Cost	-7.34%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Hammarskjold School Security and Communications Systems Upgrade - Project No. 940

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 65,617		\$ 65,617	\$ 65,617
Bond proceeds				
Lease purchase	137,983		137,983	137,983
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>203,600</u>		<u>203,600</u>	<u>203,600</u>
Expenditures and other financing uses				
Legal				
Other professional services	13,444		13,444	13,444
Purchased professional and technical services				
Construction services	172,288	\$ 17,712	190,000	190,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>185,732</u>	<u>17,712</u>	<u>203,444</u>	<u>203,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,868</u>	<u>\$ (17,712)</u>	<u>\$ 156</u>	<u>\$ 156</u>
Additional project information				
Project number	940			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 164,042			
Additional Authorized Cost	39,558			
Revised Authorized Cost	203,600			
Percentage Increase over Original				
Authorized Cost	24.11%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Lawrence Brook School Security and Communications Systems Upgrade - Project No. 942

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 57,044		\$ 57,044	\$ 57,044
Bond proceeds				
Lease purchase	112,756		112,756	112,756
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>169,800</u>		<u>169,800</u>	<u>169,800</u>
Expenditures and other financing uses				
Legal				
Other professional services	11,489		11,489	11,489
Purchased professional and technical services				
Construction services	141,870	\$ 16,130	158,000	158,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>153,359</u>	<u>16,130</u>	<u>169,489</u>	<u>169,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,441</u>	<u>\$ (16,130)</u>	<u>\$ 311</u>	<u>\$ 311</u>
Additional project information				
Project number	942			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 142,609			
Additional Authorized Cost	27,191			
Revised Authorized Cost	169,800			
Percentage Increase over Original				
Authorized Cost	19.07%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Lawrence Brook School Security and Communications Systems Upgrade - Project No. 943

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 56,632		\$ 56,632	\$ 56,632
Bond proceeds				
Lease purchase	105,068		105,068	105,068
Transfer from special revenue fund				
Transfer from (to) capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>161,700</u>		<u>161,700</u>	<u>161,700</u>
Expenditures and other financing uses				
Legal				
Other professional services	11,624		11,624	11,624
Purchased professional and technical services				
Construction services	133,677	\$ 16,323	150,000	150,000
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>145,301</u>	<u>16,323</u>	<u>161,624</u>	<u>161,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,399</u>	<u>\$ (16,323)</u>	<u>\$ 76</u>	<u>\$ 76</u>
Additional project information				
Project number	943			
Grant date	June 10, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 141,580			
Additional Authorized Cost	20,120			
Revised Authorized Cost	161,700			
Percentage Increase over Original				
Authorized Cost	14.21%			
Percentage completion	100%			
Original target completion date	2015			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Chittick Elementary School HVAC and Electrical Upgrades - Project No. 932

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 795,614		\$ 795,614	\$ 795,614
Bond proceeds				
Lease purchase	1,193,422		1,193,422	1,193,422
Transfer from special revenue fund				
Transfer from capital reserve	887,710		887,710	887,710
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>2,876,746</u>		<u>2,876,746</u>	<u>2,876,746</u>
Expenditures and other financing uses				
Legal				
Other professional services	49,497	\$ 4,623	54,120	54,120
Purchased professional and technical services	23,964	12,156	36,120	36,120
Construction services	1,832,322	304,086	2,136,408	2,136,408
Other objects				
Transfer to capital reserve	98,526		98,526	98,526
Equipment purchases				
Total expenditures	<u>2,004,309</u>	<u>320,865</u>	<u>2,325,174</u>	<u>2,325,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 872,437</u>	<u>\$ (320,865)</u>	<u>\$ 551,572</u>	<u>\$ 551,572</u>
Additional project information				
Project number	932			
Grant date	October 23, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 1,989,036			
Additional Authorized Cost	887,710			
Revised Authorized Cost	2,876,746			
Percentage Increase over Original				
Authorized Cost	44.63%			
Percentage completion	80.83%			
Original target completion date	2016			
Revised target completion date	2018			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

East Brunswick High School Gymnasium HVAC Upgrades - Project No. 935

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 304,609		\$ 304,609	\$ 304,609
Bond proceeds				
Lease purchase	456,914		456,914	456,914
Transfer from special revenue fund				
Transfer from capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>761,523</u>		<u>761,523</u>	<u>761,523</u>
Expenditures and other financing uses				
Legal				
Other professional services				
Purchased professional and technical services				
Construction services	\$ 755,226		755,226	755,226
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>755,226</u>		<u>755,226</u>	<u>755,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,297</u>	<u>\$ -</u>	<u>\$ 6,297</u>	<u>\$ 6,297</u>
Additional project information				
Project number	935			
Grant date	October 23, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 761,523			
Additional Authorized Cost	-			
Revised Authorized Cost	761,523			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	100%			
Original target completion date	2016			
Revised target completion date	2017			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

East Brunswick High School Gym Bleacher Replacement - Project No. 937

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 50,640		\$ 50,640	\$ 50,640
Bond proceeds				
Lease purchase	123,937		123,937	123,937
Transfer from special revenue fund				
Transfer from capital reserve				
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>174,577</u>		<u>174,577</u>	<u>174,577</u>
Expenditures and other financing uses				
Legal				
Other professional services				
Purchased professional and technical services				
Construction services	174,577		174,577	174,577
Other objects				
Transfer to capital reserve				
Equipment purchases				
Total expenditures	<u>174,577</u>		<u>174,577</u>	<u>174,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information				
Project number	937			
Grant date	October 23, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 126,600			
Additional Authorized Cost	47,977			
Revised Authorized Cost	174,577			
Percentage Increase over Original				
Authorized Cost	37.90%			
Percentage completion	100.00%			
Original target completion date	2016			
Revised target completion date	2016			

East Brunswick Public Schools
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Irwin Elementary School HVAC and Electrical Upgrades - Project No. 941

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA grant	\$ 847,461		\$ 847,461	\$ 847,461
Bond proceeds				
Lease purchase	1,340,671		1,340,671	1,340,671
Transfer from special revenue fund				
Transfer from capital reserve	271,397		271,397	271,397
Transfer from capital outlay				
Miscellaneous				
Total Revenues	<u>2,459,529</u>		<u>2,459,529</u>	<u>2,459,529</u>
Expenditures and other financing uses				
Legal				
Other professional services	46,182	\$ 4,637	50,819	50,819
Purchased professional and technical services	30,595	3,165	33,760	33,760
Construction services	1,549,891	455,399	2,005,290	2,005,290
Other objects				
Transfer to capital reserve	99,275		99,275	99,275
Equipment purchases				
Total expenditures	<u>1,725,943</u>	<u>463,201</u>	<u>2,189,144</u>	<u>2,189,144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 733,586</u>	<u>\$ (463,201)</u>	<u>\$ 270,385</u>	<u>\$ 270,385</u>
Additional project information				
Project number	941			
Grant date	October 23, 2014			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 2,118,653			
Additional Authorized Cost	340,876			
Revised Authorized Cost	2,459,529			
Percentage Increase over Original				
Authorized Cost	16.09%			
Percentage completion	89.01%			
Original target completion date	2016			
Revised target completion date	2018			

East Brunswick Public Schools
Capital Projects Fund

Summary Schedule of Project Expenditures
(Budgetary Basis)

From Inception and for the year ended June 30, 2017

Issue/Project Title	District Project Number	Original Date	Revised Appropriations	Expenditures to Date		Transfers Out		Unexpended Balance
				Prior Years	Current Year	Prior Years		
Security Systems 06/07	922	N/A	\$ 730,000	\$ 702,856				\$ 27,144
Memorial Elementary School Replacement 09/10	924	1/4/2010	23,814,000	23,752,326				61,674
Bowne Munro School Security 13/14	930	6/10/2014	241,948	70,523	\$ 137,717			33,708
Central School Security and Communications Systems Upgrade 13/14	931	6/10/2014	145,700	129,867	15,688			145
Chittick School Security and Communications Systems Upgrade 13/14	933	6/10/2014	145,335	129,322	15,468			545
Churchill School Security And Communications Systems Upgrades 13/14	934	6/10/2014	166,800	150,565	16,108			127
East Brunswick High School Security and Communications Systems Upgrades 13/14	936	6/10/2014	149,800	147,919	1,803			78
Frost Elementary School Roof Replacement 13/14	938	6/10/2014	1,323,745	1,165,172				158,573
Frost School Security and Communications Systems Upgrades 13/14	939	6/10/2014	131,193	101,789	13,824			15,580
Hammarkjold School Security Systems Upgrades 13/14	940	6/10/2014	203,600	185,732	17,712			156
Lawrence Brook School Security and Communications Systems Upgrades 13/14	942	6/10/2014	169,800	153,359	16,130			311
Wamsdorfer School Security Communications Systems Upgrades 13/14	943	6/10/2014	161,700	145,301	16,323			76
Chittick Elementary School HVAC and Electrical Upgrades 14/15	932	10/23/2014	2,876,746	1,905,783	320,865	\$ 98,526		551,572
East Brunswick High School Gymnasium HVAC Upgrades 14/15	935	10/23/2014	761,523	755,226				6,297
East Brunswick High School Gym Bleacher Replacement 14/15	937	10/23/2014	174,577	174,577				
Irwin Elementary School HVAC and Electrical Upgrades 14/15	941	10/23/2014	2,459,529	1,626,668	463,201	99,275		270,385
Grand Total			\$ 33,655,996	\$ 31,296,985	\$ 1,034,839	\$ 197,801		\$ 1,126,371

Fiduciary Funds

East Brunswick Public Schools
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2017

	Agency			
	Unemployment Compensation Trust Fund	Student Activity	Payroll	Total Agency
Assets				
Cash and cash equivalents	\$ 727,821	\$ 509,088	\$ 628,586	\$ 1,137,674
Total assets	727,821	\$ 509,088	\$ 628,586	\$ 1,137,674
Liabilities				
Accounts payable	8,068			
Payroll deductions payable			\$ 628,586	\$ 628,586
Due to student groups		\$ 509,088		509,088
Total liabilities	8,068	\$ 509,088	\$ 628,586	\$ 1,137,674
Net Position				
Held in trust for unemployment claims	719,753			
Total net position	\$ 727,821			

East Brunswick Public Schools
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary Schools:				
Bowne-Munro	\$ 4,133	\$ 6,013	\$ 6,025	\$ 4,121
Central	6,926	11,392	9,126	9,192
Irwin	14	8,697	8,612	99
Lawrence Brook	2,426	14,241	15,015	1,652
Memorial	2,593	9,416	10,228	1,781
Murray A. Chittick	12,161	8,724	9,440	11,445
Robert Frost	5,218	11,084	11,565	4,737
Warnsdorfer	18,131	20,355	20,259	18,227
Total elementary schools	51,602	89,922	90,270	51,254
Middle Schools:				
Churchill	96,179	74,622	82,336	88,465
Hammarskjold	25,629	52,900	51,919	26,610
Total middle schools	121,808	127,522	134,255	115,075
High Schools:				
East Brunswick High School	320,970	605,464	585,253	341,181
E.B.H.S. Athletic Fund		103,300	101,722	1,578
Total high schools	320,970	708,764	686,975	342,759
Total all schools	\$ 494,380	\$ 926,208	\$ 911,500	\$ 509,088

East Brunswick Public Schools
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Assets				
Cash and equivalents	\$ 610,492	\$ 98,252,177	\$ 98,234,083	\$ 628,586
Total assets	<u>\$ 610,492</u>	<u>\$ 98,252,177</u>	<u>\$ 98,234,083</u>	<u>\$ 628,586</u>
Liabilities				
Payroll deductions and withholdings	\$ 610,492	\$ 98,252,177	\$ 98,234,083	\$ 628,586
Total liabilities	<u>\$ 610,492</u>	<u>\$ 98,252,177</u>	<u>\$ 98,234,083</u>	<u>\$ 628,586</u>

Long-Term Debt

East Brunswick Public Schools
Long-Term Debt
Schedule of Serial Bonds Payable
Year ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
School Bonds	3/15/2007	\$ 10,825,000				\$ 6,270,000		\$ 6,270,000	
School Bonds	5/12/2010	13,960,000	5/15/2018	\$ 325,000	4.000%				
			5/15/2019	340,000	4.000%				
			5/15/2020	355,000	4.000%				
			5/15/2021	370,000	4.000%				
			5/15/2022	390,000	4.000%				
			5/15/2023	410,000	4.000%				
			5/15/2024	425,000	4.000%				
			5/15/2025	445,000	4.000%				
			5/15/2026	465,000	4.000%				
			5/15/2027	490,000	4.000%				
			5/15/2028	510,000	4.000%				
			5/15/2029	535,000	4.000%				
			5/15/2030	560,000	4.250%				
			5/15/2031	585,000	4.250%				
			5/15/2032	615,000	4.250%				
			5/15/2033	640,000	4.250%				
			5/15/2034	670,000	4.250%				
			5/15/2035	700,000	4.250%				
			5/15/2036	735,000	4.375%				
			5/15/2037	770,000	4.375%				
			5/15/2038	800,000	4.375%				
			5/15/2039	840,000	4.500%				
			5/15/2040	880,000	4.500%	13,165,000		310,000	\$ 12,855,000
2012 Refunding of 2005 School Bonds	11/20/2012	60,560,000	11/1/2017	2,640,000	3.000%				
			11/1/2018	2,620,000	4.000%				
			11/1/2019	2,635,000	5.000%				
			11/1/2020	3,020,000	5.000%				
			11/1/2021	3,045,000	5.000%				
			11/1/2022	3,075,000	5.000%				
			11/1/2023	3,110,000	5.000%				
			11/1/2024	3,105,000	3.000%				
			11/1/2025	3,425,000	3.000%				
			11/1/2026	3,380,000	3.000%				
			11/1/2027	3,350,000	4.000%				
			11/1/2028	3,340,000	4.000%				
			11/1/2029	3,305,000	3.000%				
			11/1/2030	3,615,000	3.000%				
			11/1/2031	3,560,000	3.000%				
			11/1/2032	3,505,000	3.125%				
			11/1/2034	6,755,000	4.000%	60,150,000		2,665,000	57,485,000
2017 Refunding of 2007 School Bonds	2/28/2017	5,515,000	5/1/2018	1,155,000	1.722%				
			5/1/2019	1,120,000	1.722%				
			5/1/2020	1,090,000	1.722%				
			5/1/2021	1,055,000	1.722%				
			5/1/2022	1,020,000	1.722%				
							\$ 5,515,000	75,000	5,440,000
						\$ 79,585,000	\$ 5,515,000	\$ 9,320,000	\$ 75,780,000

East Brunswick Public Schools
Long-Term Debt

Schedule of Lease Purchase Obligations Payable

Year ended June 30, 2017

	Interest Rate	Amount of Original Issue	Balance July 1, 2016	Additions	Current Retired	Balance June 30, 2017
Capital Improvement Projects:						
Construction of Various Schools Lease with East Brunswick Township	4.360%	\$ 9,000,000	\$ 664,051		\$ 664,051	
Additions and Renovations to High School - Lease with East Brunswick Township	4.230%	14,320,000	3,103,794		918,552	\$ 2,185,242
Capital Improvement Projects - Lease with East Brunswick Township	0.5780%	5,800,000	5,800,000		1,160,000	4,640,000
Capital Improvement Projects - 2016 Lease with East Brunswick Township	0.8400%	6,200,000		\$ 6,200,000		6,200,000
			<u>\$ 9,567,845</u>	<u>\$ 6,200,000</u>	<u>\$ 2,742,603</u>	<u>\$ 13,025,242</u>

East Brunswick Public Schools
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 8,254,263		\$ 8,254,263	\$ 8,254,263	
Miscellaneous				6,307	\$ 6,307
State sources:					
Debt service aid type II	419,959		419,959	419,959	
Total revenues	<u>8,674,222</u>		<u>8,674,222</u>	<u>8,680,529</u>	<u>6,307</u>
Expenditures:					
Principal	5,462,604	\$ 75,000	5,537,604	5,537,603	1
Interest	3,211,625	(75,000)	3,136,625	3,115,516	21,109
Cost of issuance				42,016	(42,016)
Total expenditures	<u>8,674,229</u>	<u>-</u>	<u>8,674,229</u>	<u>8,695,135</u>	<u>(20,906)</u>
(Deficiency) of revenues (under) expenditures	<u>(7)</u>		<u>(7)</u>	<u>(14,606)</u>	<u>(14,599)</u>
Other financing sources (uses):					
Refunding bonds issued				5,515,000	5,515,000
Payment to refunding bond escrow agent				(5,472,984)	(5,472,984)
Total other financing sources (uses):				<u>42,016</u>	<u>42,016</u>
Net change in fund balances	(7)		(7)	27,410	27,417
Fund balance, July 1	9,663		9,663	9,663	
Fund balance, June 30	<u>\$ 9,656</u>	<u>\$ -</u>	<u>\$ 9,656</u>	<u>\$ 37,073</u>	<u>\$ 27,417</u>

East Brunswick Public Schools
Long-Term Debt
Schedule of Obligations Under Capital Leases

Year Ended June 30, 2017

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
2012-13 US Bancorp Government Lease - Various Equipment	7/18/2012	5 Years	\$ 481,500	1.139 %	\$ 97,356	\$ 97,356	
2012-13 Bank of America Lease - Various Construction	6/19/2013	5 Years	4,225,000	1.230	1,703,392	846,490	\$ 856,902
2013-2014 First Hope Bank Lease	1/28/2014	5 Years	89,513	2.243	34,760	17,188	17,572
2014-2015 TD Equipment Lease	7/15/2014	5 Years	7,200,000	1.514	5,802,954	1,418,200	4,384,754
2014-2015 Bank of America Lease	2/26/2015	42 Months	650,000	1.212	383,961	126,448	257,513
2015-16 US Bancorp Government Lease - Various Equipment	8/1/2015	5 Years	860,000	1.671	860,000	166,304	693,696
					<u>\$ 8,882,423</u>	<u>\$ 2,671,986</u>	<u>\$ 6,210,437</u>

Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

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.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

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.

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.

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

East Brunswick Public Schools
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	June 30,									
	2008	2009	2010	2011	2012	2013 Restated	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 72,866,718	\$ 86,461,666	\$ 90,778,110	\$ 83,801,596	\$ 100,224,934	\$ 114,047,274	\$ 115,774,538	\$ 118,166,184	\$ 130,190,096	\$ 136,473,915
Restricted	18,892,433	7,169,912	11,594,973	23,296,846	22,469,548	14,836,012	13,811,105	18,700,525	17,502,827	16,384,637
Unrestricted (deficit)	1,849,947	1,770,518	1,526,272	769,348	(2,552,220)	168,169	3,327,547	(34,087,398)	(38,447,639)	(40,955,477)
Total governmental activities net position	\$ 93,609,098	\$ 95,402,096	\$ 103,899,355	\$ 107,867,790	\$ 120,142,263	\$ 129,051,455	\$ 132,913,190	\$ 102,779,311	\$ 109,245,284	\$ 111,903,075
Business-type activities										
Net investment in capital assets	\$ 164,119	\$ 210,710	\$ 206,220	\$ 285,615	\$ 247,811	\$ 201,309	\$ 170,296	\$ 186,262	\$ 440,722	\$ 487,181
Unrestricted (deficit)	413,764	501,154	340,556	270,875	470,686	1,043,379	1,822,788	2,199,707	2,266,401	2,209,380
Total business-type activities net position	\$ 577,883	\$ 711,864	\$ 546,776	\$ 556,490	\$ 718,497	\$ 1,244,688	\$ 1,993,084	\$ 2,385,969	\$ 2,707,123	\$ 2,696,561
Government-wide										
Net investment in capital assets	\$ 73,030,837	\$ 86,672,376	\$ 90,984,330	\$ 84,087,211	\$ 100,472,745	\$ 114,248,583	\$ 115,944,834	\$ 118,352,446	\$ 130,630,818	\$ 136,961,096
Restricted	18,892,433	7,169,912	11,594,973	23,296,846	22,469,548	14,836,012	13,811,105	18,700,525	17,502,827	16,384,637
Unrestricted (deficit)	2,263,711	2,271,672	1,866,828	1,040,223	(2,081,534)	1,211,548	5,150,335	(31,887,691)	(36,181,238)	(38,746,097)
Total government-wide net position	\$ 94,186,981	\$ 96,113,959	\$ 104,446,131	\$ 108,424,280	\$ 120,860,760	\$ 130,296,143	\$ 134,906,274	\$ 105,165,280	\$ 111,952,407	\$ 114,599,636

Source: CAFR Schedule A-1 and District records.

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$36,898,016. This amount is not reflected in the June 30, 2014 Net Position, above.

East Brunswick Public Schools
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 57,705,173	\$ 59,100,982	\$ 57,817,859	\$ 56,358,268	\$ 60,237,148	\$ 61,577,016	\$ 61,222,122	\$ 68,615,626	\$ 72,875,349	\$ 80,070,187
Special Education	12,629,815	13,046,829	12,903,642	12,957,610	14,203,357	16,765,399	18,002,997	21,564,452	23,374,092	24,696,833
Other Special Education	3,548,481	3,383,252	4,423,965	4,256,967	4,854,386	5,098,557	4,993,065	5,724,102	6,123,010	7,312,040
Support services:										
Tuition	6,632,965	5,768,671	6,832,491	6,266,150	4,697,912	4,015,981	3,585,012	2,583,902	2,423,489	2,627,104
Student & Instruction Related Services	21,821,101	21,437,378	19,635,924	15,004,755	17,549,487	22,618,275	23,070,531	26,533,976	28,307,168	33,274,760
School Administrative Services	6,697,842	6,937,981	7,028,984	6,818,701	7,158,663	7,071,530	6,916,828	7,732,508	8,390,585	8,954,594
General and Business Administrative Services	5,686,675	5,903,282	6,158,466	9,199,308	8,520,561	6,143,549	6,655,280	7,562,626	8,633,111	9,509,700
Plant Operations and Maintenance	15,474,047	14,920,747	14,702,662	14,971,472	11,495,597	11,686,068	13,791,457	14,699,178	15,438,680	17,248,552
Pupil Transportation	10,646,274	9,814,283	9,802,207	8,899,046	7,556,037	7,564,334	7,492,952	7,687,318	8,370,455	9,725,990
Special Schools	272,254	32,257	113,131	94,766						
Charter Schools*	8,953	9,984	20,691	721,423	1,146,507	1,215,974	1,721,288	2,056,054	2,253,355	2,354,479
Interest and other charges	4,788,458	4,738,656	4,336,393	4,680,945	4,492,514	4,014,883	4,183,089	3,832,985	3,580,983	3,272,398
Total governmental activities	145,912,038	145,094,301	143,776,415	140,229,411	141,912,168	147,771,566	151,634,621	168,592,727	179,970,277	199,046,637
Business-type activities:										
Food service	2,984,123	2,902,032	2,463,097	2,537,836	2,545,286	2,590,808	2,566,676	2,754,647	2,680,889	2,934,130
ETTC Program	300,013	307,824	289,885	295,590	245,245					
Community Programs	534,156	1,298,423	1,402,177	1,730,273	1,724,445	1,888,113	1,855,711	2,163,566	2,447,648	2,641,014
JMPAC Program**										234,894
Total business-type activities expense	3,818,292	4,508,279	4,155,159	4,563,699	4,514,976	4,478,921	4,422,387	4,918,213	5,128,537	5,810,038
Total district expenses	149,730,330	149,602,580	147,931,574	144,793,110	146,427,144	152,250,487	156,057,008	173,510,940	185,098,814	204,856,675
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	52,600	34,904	78,449	162,291	311,056	346,709	306,837	358,579	475,978	868,256
Operating grants and contributions	2,158,208	209,349	2,224,838	6,395,117	3,392,303	3,561,312	2,815,490	3,267,971	3,610,352	3,477,402
Capital grants and contributions									1,676,240	226,053
Total governmental activities program revenues	2,210,808	244,253	2,303,287	6,557,408	3,703,359	3,908,021	3,122,327	3,626,550	5,762,570	4,571,711
Business-type activities:										
Charges for services										
Food service	2,094,372	2,147,958	2,002,810	1,935,376	2,006,262	1,940,913	1,895,886	1,936,567	1,981,236	2,089,646
ETTC Program	249,794	245,649	274,573	420,712	284,852					
Community Programs	550,573	1,544,496	1,530,473	2,036,964	2,030,824	2,398,119	2,689,454	2,979,625	3,109,991	2,963,049
JMPAC Program**										601,910
Operating grants and contributions	449,521	497,605	580,391	579,205	649,303	732,776	784,488	793,844	857,304	911,506
Total business type activities program revenues	3,344,260	4,435,708	4,388,247	4,972,257	4,971,241	5,071,808	5,369,828	5,710,036	5,948,531	6,566,111
Total district program revenues	5,555,068	4,679,961	6,691,534	11,529,665	8,674,600	8,979,829	8,492,155	9,336,586	11,711,101	11,137,822
Net (Expense) / Revenue										
Governmental activities	(143,701,230)	(144,850,048)	(141,473,128)	(133,672,003)	(138,208,809)	(143,863,545)	(148,512,294)	(164,966,177)	(174,207,707)	(194,474,926)
Business-type activities	(474,032)	(72,571)	233,088	408,558	456,265	592,887	947,441	791,823	819,994	756,073
Total government-wide net expense	\$ (144,175,262)	\$ (144,922,619)	\$ (141,240,040)	\$ (133,263,445)	\$ (137,752,544)	\$ (143,270,658)	\$ (147,564,853)	\$ (164,174,354)	\$ (173,387,713)	\$ (193,718,853)

East Brunswick Public Schools
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 105,704,289	\$ 106,086,288	\$ 106,086,288	\$ 106,788,787	\$ 108,271,963	\$ 110,437,402	\$ 113,246,150	\$ 116,518,219	\$ 119,532,427	\$ 121,923,075
Taxes levied for debt service	7,344,256	8,651,094	7,809,410	8,602,137	8,406,922	8,383,979	8,122,565	7,698,287	8,406,666	8,254,263
Grants and contributions	36,264,114	32,329,338	34,658,361	22,057,827	28,249,227	31,656,765	30,310,681	46,511,588	51,579,165	65,567,501
Investment earnings	855,104	432,502	113,024	32,816		20,548	14,985	13,327	17,394	18,216
Miscellaneous income	1,154,218	(994,489)	903,614	1,744,262	5,570,134	647,814	479,648	588,893	638,028	601,196
Transfers	(448,230)	(339,748)	400,000	424,553	(14,964)	100,000	200,000	400,000	500,000	768,466
Total governmental activities	150,873,751	146,164,985	149,970,697	139,650,382	150,483,282	151,246,508	152,374,029	171,730,314	180,673,680	197,132,717
Business-type activities:										
Investment earnings	22,335	13,128	1,824	1,156	876	875	955	1,062	1,160	1,831
Miscellaneous					(27,353)	64,634				
Transfers	448,230	193,423	(400,000)	(400,000)	(267,781)	(100,000)	(200,000)	(400,000)	(500,000)	(768,466)
Total business-type activities	470,565	206,552	(398,176)	(398,844)	(294,258)	(34,491)	(199,045)	(398,938)	(498,840)	(766,635)
Total government-wide	151,344,316	146,371,537	149,572,521	139,251,538	150,189,024	151,212,017	152,174,984	171,331,376	180,174,840	196,366,082
Change in Net Position										
Governmental activities	7,172,521	1,314,937	8,497,569	5,978,379	12,274,473	7,382,963	3,861,735	6,764,137	6,465,973	2,657,791
Business-type activities	(3,467)	133,981	(165,088)	9,714	162,007	558,396	748,396	392,885	321,154	(10,562)
Total district	\$ 7,169,054	\$ 1,448,918	\$ 8,332,481	\$ 5,988,093	\$ 12,436,480	\$ 7,941,359	\$ 4,610,131	\$ 7,157,022	\$ 6,787,127	\$ 2,647,229

Source: CAFR Schedules A-2 and District records

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

*Charter school expenditures were included with tuition on CAFR Schedule A-2 in the year ended June 30, 2017.

**The activity of the JMPAC Fund was included with the Community Programs Fund prior to the 2017 fiscal year.

East Brunswick Public Schools
Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 11,439,853	\$ 9,818,204	\$ 7,906,176							
Unreserved	3,465,104	3,446,187	3,269,166							
Restricted for				\$ 7,002,885	\$ 8,562,302	\$ 13,013,648	\$ 11,481,907	\$ 14,201,020	\$ 15,583,672	\$ 15,274,268
Assigned to				2,424,836	7,445,100	2,323,488	5,486,090	5,638,436	2,337,847	3,516,683
Unassigned				1,780,284	1,499,532	1,439,161	1,345,345	1,280,719	1,453,597	1,741,040
Total general fund	\$ 14,904,957	\$ 13,264,391	\$ 11,175,342	\$ 11,208,005	\$ 17,506,934	\$ 16,776,297	\$ 18,313,342	\$ 21,140,175	\$ 19,375,116	\$ 20,531,991
All Other Governmental Funds										
Reserved	\$ 5,694,005	\$ 3,221,962	\$ 2,538,494							
Unreserved, reported in:										
Special revenue fund	1,948,257	1,793,774	328,220							
Capital projects fund	7,374,680	631,478	18,301,111							
Debt service fund	725,059	157,502	46,841							
Restricted for:										
Capital projects fund				\$ 16,639,816	\$ 6,275,902	\$ 1,525,699	\$ 2,329,198	\$ 4,499,505	\$ 1,919,155	\$ 1,110,369
Debt service fund				108,444	95,024	296,665	289,419	7	9,663	37,073
Assigned to:										
Special revenue fund				338,644	91,220	4,875,751	3,871,997	6,984,466	2,920,017	3,313,095
Total all other governmental funds	\$ 15,742,001	\$ 5,804,716	\$ 21,214,666	\$ 17,086,904	\$ 6,462,146	\$ 6,698,115	\$ 6,490,614	\$ 11,483,978	\$ 4,848,835	\$ 4,460,537

Source: CAFR Schedule B-I and District records.

GASB # 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1 in the basic financial statements). Prior years have not been restated above.

East Brunswick Public Schools
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 113,048,545	\$ 114,737,382	\$ 113,895,698	\$ 115,390,924	\$ 116,678,885	\$ 118,821,381	\$ 121,368,715	\$ 124,216,506	\$ 127,939,093	\$ 130,177,338
Tuition Charges	52,600	34,904	78,449	162,291	311,056	346,709	306,837	358,579	475,978	868,256
Miscellaneous	4,500,757	2,165,724	2,580,085	3,595,241	601,337	914,856	694,541	818,651	843,337	763,753
State Sources	33,513,345	29,781,346	31,138,147	24,595,645	27,776,857	31,715,955	30,290,748	32,775,963	36,100,049	37,042,942
Federal Sources	2,750,769	2,813,562	5,745,052	3,857,299	3,453,938	3,210,294	2,635,515	2,935,861	3,275,464	3,115,558
Total revenue	153,866,016	149,532,919	153,437,431	147,601,400	148,822,073	155,009,195	155,296,556	161,105,560	168,633,921	171,967,847
Expenditures										
Instruction										
Regular Instruction	42,853,159	45,417,776	43,844,668	43,154,030	42,612,785	42,875,279	42,331,154	42,609,345	43,161,359	43,480,565
Special Education Instruction	9,410,531	9,840,464	9,630,116	9,628,331	9,695,591	11,729,002	12,641,912	13,625,208	14,241,889	13,824,988
Other Instruction	2,643,989	2,551,790	3,301,649	3,163,198	3,357,934	3,502,369	3,408,525	3,505,574	3,579,677	3,935,738
Support Services:										
Tuition	4,942,252	4,377,299	5,099,156	4,656,149	4,697,912	4,015,981	3,585,012	2,583,902	2,423,489	2,627,104
Student and Instruction Related Services	16,259,000	16,168,967	14,654,484	11,152,274	11,775,157	16,258,531	16,556,932	17,091,007	17,647,875	19,461,012
School Administration Services	4,990,592	5,232,915	5,245,800	4,721,103	4,929,749	4,809,718	4,679,406	4,679,531	4,869,160	4,760,481
Business Administration Services	4,379,376	4,588,725	4,596,124	6,835,673	6,837,269	4,450,189	4,852,209	5,089,572	5,717,736	5,860,112
Plant Operations and maintenance	9,784,556	10,492,528	11,016,147	11,167,779	10,846,462	10,704,702	11,335,943	11,496,169	11,541,729	12,138,367
Pupil transportation	7,932,587	7,838,887	7,626,405	6,972,249	6,727,402	7,179,167	6,564,578	6,579,452	7,066,950	8,032,512
Employee Benefits	33,323,931	30,301,813	31,297,289	29,689,813	30,928,665	34,005,911	33,460,636	34,833,557	38,216,421	39,076,214
Special Schools	202,857	24,330	84,431	70,417						
Charter Schools	8,953	9,984	20,691	721,423	1,146,507	1,215,974	1,721,288	2,056,054	2,253,355	2,354,479
Capital Outlay	38,726,462	15,264,412	12,252,448	9,118,270	16,229,966	12,406,577	4,562,211	12,547,621	15,196,326	10,016,035
Debt Service:										
Principal	4,624,670	5,171,169	4,094,473	4,240,233	4,292,974	4,517,976	6,675,699	6,942,671	8,893,503	9,369,352
Interest and other charges	4,744,208	4,541,551	4,325,584	4,743,426	4,554,572	4,401,548	3,880,821	3,695,700	3,584,654	3,287,554
Total expenditures	184,827,123	161,822,610	157,089,465	150,034,369	158,632,945	162,072,924	156,256,326	167,335,363	178,394,123	178,224,513
Excess (Deficiency) of revenues over (under) expenditures	(30,961,107)	(12,289,692)	(3,652,034)	(2,432,969)	(9,810,872)	(7,063,729)	(959,970)	(6,229,803)	(9,760,202)	(6,256,666)
Other Financing sources (uses)										
Capital leases						6,106,500	2,089,513	7,850,000	860,000	
Bond proceeds			13,960,000							
Cancellation of prior year's receivables	(37,282)	(943,379)								
Lease purchase proceeds	2,500,000	2,690,000	750,000					5,800,000		6,200,000
Transfer out to escrow agent			(127,519)							
Insurance recoveries - Memorial School		607,195			5,500,000					
Memorial School fire loss		(1,350,977)	(156,121)	(76,740)						
Refunding bonds issued						60,560,000				5,515,000
Premium on bonds issued						5,832,318				
Payment to refunding bond escrow agent						(66,075,091)				(5,472,984)
Insurance proceeds						45,334				
Non-Federal Cost Share Reimb. Program proceeds										14,761
Transfers in	69,055	598,998	3,787,416	438,200	272,730	100,000	2,728,534	3,771,596	500,000	768,466
Transfers Out	(517,285)	(790,766)	(1,240,841)	(13,647)	(72,027)		(2,528,534)	(3,371,596)		
Total other financing sources (uses)	2,014,488	811,971	16,972,955	347,813	5,700,703	6,569,061	2,289,513	14,050,000	1,360,000	7,025,243
Net change in fund balances	\$ (28,946,619)	\$ (11,478,621)	\$ 13,320,901	\$ (2,085,156)	\$ (4,110,169)	\$ (494,668)	\$ 1,329,543	\$ 7,820,197	\$ (8,400,202)	\$ 768,577
Debt service as a percentage of noncapital expenditures	6.41%	6.63%	5.81%	6.38%	6.21%	5.96%	6.96%	6.87%	7.63%	7.50%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

East Brunswick Public Schools
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Miscellaneous	Annual Totals
2008	\$ 855,104	\$ 52,600	\$ 101,446	\$ 224,285	\$ 1,233,435
2009	432,502	34,904	109,661	387,682	964,749
2010	113,024	78,449	82,301	428,775	702,549
2011	32,816	162,291	110,300	405,503	710,908
2012	25,178	311,056	102,968	2,047,637	2,486,839
2013	20,548	346,709	162,047	440,433	969,737
2014	14,985	306,837	146,365	333,284	801,471
2015	13,327	358,579	146,556	442,337	960,799
2016	17,394	475,978	113,618	514,754	1,121,744
2017	18,216	868,256	108,755	471,373	1,466,600

Source: District Records

East Brunswick Public Schools
Assessed Value and Actual Value of Taxable Property
Last Ten Years

Unaudited

Year Ended December 31.	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Ratio to True Value %	Aggregate True Value
2008	\$ 17,546,800	\$ 1,525,964,300	\$ 3,012,800	\$ 342,894,700	\$ 95,344,300	\$ 32,988,700	\$ 2,017,751,600	\$ 3,641,776	\$ 2,021,393,376	\$ 5.64	25.06	\$ 8,051,682,362
2009	17,766,700	1,528,947,400	3,012,800	339,965,000	94,814,900	35,525,900	2,020,032,700	3,585,743	2,023,618,443	5.65	24.48	8,251,767,565
2010	14,551,600	1,535,083,900	2,896,600	337,851,900	94,190,800	28,025,900	2,012,600,700	3,275,529	2,015,876,229	5.69	24.54	8,201,306,846
2011	14,084,400	1,517,338,100	2,846,900	309,543,500	93,318,800	24,317,200	1,961,448,900	3,056,266	1,964,505,166	5.91	25.16	7,795,901,828
2012	13,483,800	1,498,633,500	2,787,000	303,218,900	91,231,200	21,457,100	1,930,811,500	3,075,073	1,933,886,573	6.09	25.67	7,521,665,368
2013	12,615,800	1,487,937,400	2,788,000	289,821,200	87,643,100	19,733,100	1,900,538,600	2,654,186	1,903,192,786	6.31	26.39	7,201,737,779
2014	14,019,200	1,484,263,200	2,191,300	285,010,100	85,197,400	19,733,100	1,890,414,300	2,044,733	1,892,459,033	6.49	26.19	7,218,076,747
2015	12,763,300	1,485,430,500	2,582,800	287,524,800	85,132,900	19,733,100	1,893,167,400	2,143,448	1,895,310,848	6.65	26.64	7,106,484,234
2016	13,442,700	1,489,679,700	2,568,400	286,964,750	83,421,100	19,733,100	1,895,809,750	2,077,187	1,897,886,937	6.80	26.22	7,230,395,690
2017	14,646,300	1,492,830,200	2,471,500	286,380,850	84,933,800	19,733,100	1,900,995,750	2,031,934	1,903,027,684	6.90	25.34	7,501,956,393

Source: District records, Abstract of Ratables, Table of Aggregates & 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 ordered by the County Board of Taxation

a Taxable Value of Machinery, implements and Equipment of Telephones, Telegraph and Messenger System Companies

b Tax rates are per \$100

East Brunswick Public Schools
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)

Unaudited

Year Ended December 31,	East Brunswick Public Schools			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	East Brunswick Township	Middlesex County	Municipal Open Space	Middlesex County Open Space	
2008	\$ 5.240	\$ 0.395	\$ 5.635	\$ 1.495	\$ 1.020	\$ 0.020	\$ 0.120	\$ 8.290
2009	5.242	0.407	5.649	1.692	1.086	0.020	0.123	8.570
2010	5.281	0.407	5.688	1.715	1.131	0.019	0.082	8.635
2011	5.474	0.433	5.907	1.843	1.208	0.020	0.119	9.097
2012	5.655	0.434	6.089	1.811	1.255	0.019	0.116	9.290
2013	5.877	0.434	6.311	1.842	1.316	0.019	0.112	9.600
2014	6.071	0.418	6.489	1.948	1.391	0.019	0.114	9.961
2015	6.228	0.425	6.653	2.009	1.385	0.019	0.113	10.179
2016	6.362	0.439	6.801	2.139	1.358	0.020	0.113	10.431
2017	6.482	0.418	6.900	2.211	1.406	0.019	0.115	10.651

Source: District Records and Municipal Tax Collector

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.

East Brunswick Public Schools
Principal Property Taxpayers
Current Year and Nine Years Ago

Unaudited

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Brunswick Square Mall	\$ 26,196,900	1	1.38%	\$ 30,852,400	1	1.53%
Mid State Mall	15,460,000	2	0.81%	19,647,600	4	0.97%
Tower II	15,159,000	3	0.80%	19,256,100	3	0.95%
Tower I	13,039,400	4	0.69%	19,050,500	2	0.94%
East Brunswick UE, LLC	8,568,800	5	0.45%	9,630,000	7	0.48%
L.P.E. Partners	7,813,800	6	0.41%	9,038,400	8	0.45%
Wyndmoor Apartments	7,500,000	7	0.39%	9,000,000	6	0.45%
Summerhill Square LLC	7,377,100	8	0.39%			
645 State Route 18 LLC	6,354,700	9	0.33%			
East Coast Cranbury Crossing	5,100,000	10	0.27%			
Toll JM EB, LLC				8,093,000	9	0.40%
CVEB				8,456,600	10	0.42%
Tower Center Hotel				13,500,000	5	0.67%
Total	<u>\$ 112,569,700</u>		<u>5.92%</u>	<u>\$ 146,524,600</u>		<u>7.26%</u>

Source: District CAFR & Municipal Tax Assessor

East Brunswick Public Schools
General Fund Property Tax Levies and Collections
Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 105,704,289	\$ 105,704,289	100.00%	
2009	106,086,288	106,086,288	100.00%	
2010	106,086,288	106,086,288	100.00%	
2011	106,788,787	106,788,787	100.00%	
2012	108,271,963	108,271,963	100.00%	
2013	110,437,402	110,437,402	100.00%	
2014	113,246,150	113,246,150	100.00%	
2015	116,518,219	116,518,219	100.00%	
2016	119,532,427	119,532,427	100.00%	
2017	121,923,075	121,923,075	100.00%	

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

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

East Brunswick Public Schools
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Unamortized Premium on Bonds	Capital Leases	Lease Purchase Obligations				
2008	\$ 88,766,000		\$ 7,296,412	\$ 16,172,705	\$ 112,235,117	*	\$ 2,393	
2009	86,226,000		8,111,436	13,541,536	107,878,972	*	2,293	
2010	97,646,000		5,442,744	11,987,065	115,075,809	*	2,434	
2011	94,636,000		4,713,955	10,756,832	110,106,787	*	2,318	
2012	91,626,000		2,674,110	9,473,858	103,773,968	*	2,173	
2013	90,085,000	\$ 5,647,165	5,726,746	8,135,882	109,594,793	*	2,279	
2014	86,775,000	5,369,436	5,845,897	6,740,545	104,730,878	*	2,170	
2015	83,465,000	5,091,707	11,518,383	11,085,388	111,160,478	*	2,293	
2016	79,585,000	4,813,978	8,882,423	9,567,845	102,849,246	*	2,114	
2017	75,780,000	4,536,249	6,210,437	13,025,242	99,551,928	*	2,047	

Source: District CAFR Schedules I-1, I-2 and I-4

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.
- * District personal income information is not available.

East Brunswick Public Schools
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Unaudited

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Unamortized Premium on Bonds	Deductions ^c	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 88,766,000	\$ -	\$ 725,059	\$ 88,040,941	4.36%	\$ 1,877
2009	86,226,000	-	157,502	86,068,498	4.26%	1,829
2010	97,646,000	-	46,841	97,599,159	4.85%	2,064
2011	94,636,000	-	108,444	94,527,556	4.82%	1,990
2012	91,626,000	-	95,024	91,530,976	4.74%	1,917
2013	90,085,000	5,647,165	296,665	95,435,500	5.02%	1,984
2014	86,775,000	5,369,436	289,419	91,855,017	4.86%	1,903
2015	83,465,000	5,091,707	7	88,556,700	4.68%	1,826
2016	79,585,000	4,813,978	9,663	84,389,315	4.45%	1,735
2017	75,780,000	4,536,249	37,073	80,279,176	4.22%	1,651

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

a See Exhibit J-6 for property tax data.

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

c Deductions are externally restricted for the payment of principal of the debt.

East Brunswick Public Schools
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
East Brunswick Township (as of 12/31/16)	\$ 90,040,651	100.000%	\$ 90,040,651
Other debt			
Middlesex County as of 1/1/17	512,964,315	6.955%	35,679,232
Middlesex County Utility Authority as of 9/30/17	140,596,563	4.355%	<u>6,123,589</u>
Subtotal, overlapping debt			131,843,472
East Brunswick Public Schools Direct Debt			<u>99,551,928</u>
Total direct and overlapping debt			<u><u>\$ 231,395,400</u></u>

Sources: District Records, East Brunswick Township Official Statement

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 East Brunswick. This process recognizes that, when considering the District's ability to issue and repay long-term 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.

East Brunswick Public Schools
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2017	\$ 7,501,956,393
	2016	7,230,395,690
	2015	7,106,484,234
	[A]	<u>\$ 21,838,836,317</u>
Average equalized valuation of taxable property	[A/3]	<u>\$ 7,279,612,106</u>
Debt limit (4 % of average equalization value)		\$ 291,184,484
Net bonded school debt	[C]	84,275,656
Legal debt margin	[B-C]	<u>\$ 206,908,828</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 304,838,589	\$ 319,929,780	\$ 326,882,878	\$ 326,309,991	\$ 318,290,884	\$ 306,089,007	\$ 292,553,065	\$ 287,017,317	\$ 287,399,422	\$ 291,184,484
Total net debt applicable to limit *	<u>88,766,000</u>	<u>86,226,000</u>	<u>101,642,480</u>	<u>98,632,480</u>	<u>95,622,480</u>	<u>99,431,980</u>	<u>95,851,497</u>	<u>92,553,180</u>	<u>88,385,795</u>	<u>84,275,656</u>
Legal debt margin	<u>\$ 216,072,589</u>	<u>\$ 233,703,780</u>	<u>\$ 225,240,398</u>	<u>\$ 227,677,511</u>	<u>\$ 222,668,404</u>	<u>\$ 206,657,027</u>	<u>\$ 196,701,568</u>	<u>\$ 194,464,137</u>	<u>\$ 203,010,107</u>	<u>\$ 206,908,828</u>
Total net debt applicable to the limit as a percentage of debt limit	29.12%	26.95%	31.09%	30.23%	30.04%	32.48%	32.76%	32.25%	29.36%	28.94%

Includes bonds and notes authorized but not issued in the amount of \$3,996,480.

Source: Township Official Statement and District Records CAFR Schedule J-11

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

East Brunswick Public Schools
Demographic and Economic Statistics
Last Ten Fiscal Years

Unaudited

Year	Population **	Personal Income (thousands of dollars)	Per Capita Personal Income **	Unemployment Rate
2008	46,894	-	\$ 47,829	4.1%
2009	47,055	-	46,018	7.6%
2010	47,281	-	47,248	7.1%
2011	47,505	-	50,530	7.2%
2012	47,746	-	52,887	7.4%
2013	48,096	-	50,631	6.4%
2014	48,268	-	51,974	5.0%
2015	48,485	-	53,467	4.2%
2016	48,641	-	*	3.7%
2017	48,630	-	*	*

Source: NJ Department of Labor and Workforce Development

* Information for the noted years was not available.

** Prior year estimates revised.

Note: Per capita personal income is disclosed at the county level. Personal income and per capita personal income information was not available at the district level.

East Brunswick Public Schools
Principal Employers
Current Year and Nine Years Ago

Unaudited

Employer	2017 *			2008*		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Robert Wood Johnson University Hospital	5,000 - 5,249	1	0.00%	5,000 - 5,249	1	0.00%
Novo Nordisk	4,500 - 4,579	2	0.00%	2,750 - 2,999	4	0.00%
Wakefern Food Corporation	3,500 - 3,749	3	0.00%	n/a	n/a	0.00%
J.F.K. Medical Center	3,000 - 3,369	4	0.00%	2,500 - 2,749	8	0.00%
Bristol-Myers Squibb	3,000 - 3,249	5	0.00%	3,500 - 3,749	2	0.00%
St. Peter's Healthcare System	2,750 - 2,999	6	0.00%	2,750 - 2,999	6	0.00%
Silverline Building Products	2,250 - 2,299	7	0.00%	2,250 - 2,299	9	0.00%
Johnson & Johnson	2,000 - 2,249	8	0.00%	2,000 - 2,249	10	0.00%
Raritan Bay Medical Center	2,000 - 2,249	9	0.00%	n/a	n/a	0.00%
Home Depot	1,750 - 1,999	10	0.00%	n/a	n/a	0.00%
Telcorida Technology				2,500 - 2,749	7	0.00%
Merrill Lynch & Company				2,750 - 2,999	3	0.00%
Prudential Insurance Company				2,750 - 2,999	5	0.00%

Source: Middlesex County Department of Economic Development

* Note: Top ten employers by number of employees was not available at the municipal level, therefore we have presented the current year information at the county level. We have also presented the number of employees as a range, as an exact number of employees was unavailable.

East Brunswick Public Schools
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Unaudited

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	605.5	615.0	612.3	529.7	503.7	500.2	504.7	510.2	516.2	605.8
Special education	228.5	220.0	224.0	206.5	206.5	216.5	224.5	230.5	238.5	268.3
Support Services:										
Student & instruction related services	240.9	234.5	201.4	201.2	198.2	199.7	204.2	205.7	206.7	214.3
General administrative services	8.9	8.9	8.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
School administrative services	67.5	67.5	65.6	60.6	60.6	60.6	60.6	60.6	60.6	56.4
Business administrative services	27.5	27.9	27.9	22.9	22.9	22.9	22.9	22.9	23.9	25.7
Information Technology	17.0	19.0	21.0	18.0	18.0	19.0	19.0	19.0	19.0	20.0
Plant operations and maintenance	166.9	168.7	169.8	152.8	152.8	157.8	157.8	157.8	157.8	144.5
Pupil transportation	28.6	33.6	38.2	37.3	37.3	37.3	37.3	37.3	37.3	39.5
Food Service	44.5	45.5	37.5	36.4	38.6	36.4	42.0	37.8	40.1	34.3
Adult and Community Programs	4.0	4.0	4.5	5.2	5.1	6.6	5.5	6.2	6.2	6.4
JMPAC	-	-	-	-	-	-	-	-	-	1.7
ETTC	2.5	2.5	2.0	2.0	2.0	-	-	-	-	-
Total	<u>1,442.3</u>	<u>1,447.1</u>	<u>1,413.1</u>	<u>1,280.5</u>	<u>1,253.6</u>	<u>1,264.9</u>	<u>1,286.3</u>	<u>1,295.9</u>	<u>1,314.2</u>	<u>1,424.8</u>

* Prior year reclassification

Source: District Personnel Records

East Brunswick Public Schools
 Operating Statistics
 Last Ten Fiscal Years

Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Junior High School	High School				
2008	8,846	\$ 135,469,684	\$ 15,314	8.25%	720	11.8	12.5	12.2	11.9	8,781.66	8,480.19	-2.12%	96.57%
2009	8,876	136,731,783	15,405	0.59%	706	10.9	10.6	10.7	11.9	8,809.58	8,381.17	0.32%	95.14%
2010	8,783	136,416,960	15,532	0.83%	715	11.5	10.4	10.9	12.0	8,709.20	8,364.48	-1.14%	96.04%
2011	8,631	131,932,439	15,286	-1.58%	696	11.8	10.3	11.0	11.8	8,495.63	8,142.89	-2.45%	95.85%
2012	8,468	133,555,433	15,772	3.18%	687	11.4	10.4	11.4	11.9	8,292.92	7,983.85	-2.39%	96.27%
2013	8,420	140,746,823	16,716	5.99%	672	11.1	10.0	11.0	12.0	8,212.62	7,859.09	-0.97%	95.70%
2014	8,439	141,137,595	16,724	0.05%	662	12.1	11.0	12.0	13.0	8,270.77	7,926.72	0.71%	95.84%
2015	8,399	144,149,371	17,163	2.62%	690	11.8	11.0	12.0	13.0	8,261.29	7,904.34	-0.11%	95.68%
2016	8,259	150,719,640	18,249	6.33%	717	10.4	10.0	11.0	12.0	8,107.92	7,769.14	-1.86%	95.82%
2017	8,089	155,551,572	19,230	5.37%	722	10.4	10.0	11.0	12.0	7,993.63	7,647.36	-1.41%	95.67%

Sources: District records, ASSA, NJ School Report Card, NJ School Performance Report

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

East Brunswick Public Schools
School Building Information
Last Ten Fiscal Years

	Unaudited									
	2008	2009	2010	2011	2012	2013	2014 *	2015	2016	2017
District Building										
Elementary										
Bowne-Munro (1952)										
Square Feet	32,015	32,015	32,015	32,015	32,015	32,015	32,738	32,738	32,738	32,738
Capacity (students)	242	242	242	242	242	242	270	270	270	270
Enrollment	312	297	286	256	238	237	213	215	205	209
Central (1949)										
Square Feet	73,266	73,266	73,266	73,266	73,266	73,266	78,283	78,283	78,283	78,283
Capacity (students)	552	552	552	552	552	552	532	532	532	532
Enrollment	444	443	449	428	424	407	426	438	418	416
Chittick (1969)										
Square Feet	49,127	49,127	49,127	49,127	49,127	49,127	52,241	52,241	52,241	52,241
Capacity (students)	383	383	383	383	383	383	550	550	550	550
Enrollment	501	495	489	494	515	462	453	417	397	414
Frost (1965)										
Square Feet	49,971	49,971	49,971	49,971	49,971	49,971	52,230	52,230	52,230	52,230
Capacity (students)	438	438	438	438	438	438	455	455	455	455
Enrollment	479	504	502	491	457	429	423	427	442	444
Irwin (1957)										
Square Feet	43,033	43,033	43,033	43,033	43,033	43,033	43,279	43,279	43,279	43,279
Capacity (students)	376	376	376	376	376	376	478	478	478	478
Enrollment	424	441	436	409	417	459	459	468	464	440
Lawrence Brook (1959)										
Square Feet	67,267	67,267	67,267	67,267	67,267	67,267	77,218	77,218	77,218	77,218
Capacity (students)	532	532	532	532	532	532	520	520	520	520
Enrollment	521	572	547	524	513	432	426	405	406	446
Memorial (2012)										
Square Feet	30,759	30,759	30,759	30,759	30,759	78,000	82,821	82,821	82,821	82,821
Capacity (students)	446	446	446	446	446	650	565	565	565	565
Enrollment	389	377	356	348	337	489	499	507	494	493
Warnsdorfer (1968)										
Square Feet	49,971	49,971	49,971	49,971	49,971	49,971	55,708	55,708	55,708	55,708
Capacity (students)	479	479	479	479	479	479	488	488	488	488
Enrollment	531	500	462	461	429	415	443	476	472	462
Total Elementary Schools										
Square Feet	395,409	395,409	395,409	395,409	395,409	442,650	474,518	474,518	474,518	474,518
Capacity (students)	3,448	3,448	3,448	3,448	3,448	3,652	3,858	3,858	3,858	3,858
Enrollment	3,601	3,629	3,527	3,411	3,330	3,330	3,342	3,353	3,298	3,324

East Brunswick Public Schools
School Building Information (continued)
Last Ten Fiscal Years

	Unaudited									
	2008	2009	2010	2011	2012	2013	2014 *	2015	2016	2017
Middle School										
Hammar skjold (2009)										
Square Feet	116,862	254,580	254,580	254,580	254,580	254,580	271,520	271,520	271,520	271,520
Capacity (students)	1,288	1,288	1,288	1,288	1,288	1,288	1,518	1,518	1,518	1,518
Enrollment	1,414	1,441	1,452	1,388	1,298	1,323	1,357	1,311	1,294	1,212
Junior High School										
Churchill Jr. High (1962)										
Square Feet	205,549	205,549	205,549	205,549	205,549	205,549	260,332	260,332	260,332	260,332
Capacity (students)	1,325	1,325	1,325	1,325	1,325	1,325	1,432	1,432	1,432	1,432
Enrollment	1,506	1,461	1,466	1,469	1,462	1,415	1,315	1,372	1,374	1,336
High School										
East Brunswick High (1958)										
Square Feet	257,727	257,727	257,727	257,727	257,727	257,727	360,422	360,422	360,422	360,422
Capacity (students)	1,582	1,582	1,582	1,582	1,582	1,582	2,724	2,724	2,724	2,724
Enrollment	2,176	2,284	2,310	2,234	2,208	2,186	2,225	2,165	2,101	2,055
Other										
Administration Building										
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Support Operations										
Square Feet	-	-	-	-	-	-	-	-	-	29,614
Number of Schools at June 30, 2017										
Elementary = 8										
Middle School = 1										
Junior High School = 1										
High School = 1										
Other = 2										

Source: District records, ASSA, LRF

* Square footage and capacity for each building have been updated to reflect the results of a District-Wide Capacity Study that was performed.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October

East Brunswick Public Schools
Schedule of Required Maintenance
Last Ten Fiscal Years

Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
East Brunswick High School	\$ 368,229	\$ 459,471	\$ 415,952	\$ 418,330	\$ 350,196	\$ 363,539	\$ 357,072	\$ 410,530	\$ 714,920	\$ 533,832
Churchill Junior High School	268,147	329,563	300,543	302,159	287,404	295,625	273,595	302,575	535,537	426,848
Hammarkjold School	277,384	348,852	313,353	315,145	339,632	351,406	323,944	343,687	72,810	242,166
Bowne-Munro School	33,445	41,444	37,782	37,998	42,023	42,089	40,757	47,494	95,882	66,159
Central School	81,914	100,193	90,344	90,861	96,169	97,621	93,848	104,944	20,954	153,963
Irwin School	46,594	54,788	49,947	50,232	56,485	57,479	57,905	77,816	122,496	87,549
Lawrence Brook School	78,886	97,753	89,115	89,625	88,295	90,433	84,485	93,577	19,238	139,809
Memorial School	84,610	105,652	95,581	96,128	105,383	43,033	39,151	42,919	88,410	67,486
Chittick School	53,369	66,134	60,290	60,634	64,484	67,793	65,862	67,929	105,673	106,422
Frost School	53,358	66,120	60,277	60,622	65,592	65,695	62,304	69,193	122,373	102,292
Warnsdorfer School	57,086	70,523	64,291	64,659	65,592	65,695	62,304	70,227	106,286	103,639
Total School Facilities	1,403,022	1,740,493	1,577,475	1,586,393	1,561,255	1,540,408	1,461,226	1,630,891	2,004,579	2,030,165
Other Facilities										
Administration	30,647	37,976	34,622	34,819	39,378	39,440	37,051	39,686	44,732	60,340
Support Operations	30,254	-	-	-	-	-	-	-	-	-
Total Other Facilities	60,901	37,976	34,622	34,819	39,378	39,440	37,051	39,686	44,732	60,340
Grand Total	\$ 1,463,923	\$ 1,778,469	\$ 1,612,097	\$ 1,621,212	\$ 1,600,633	\$ 1,579,848	\$ 1,498,278	\$ 1,670,577	\$ 2,049,311	\$ 2,090,505

Source: M1

East Brunswick Public Schools
Insurance Schedule
Year Ended June 30, 2017

Unaudited

	Coverage	Deductible
<u>MULTI-PERIL PACKAGE POLICY</u>		
EDUCATIONAL RISK AND INSURANCE CONSORTIUM / NJSIG POLICY NO. P-135AH ANNUAL PREMIUM: \$607,704		
<u>Section II - Commercial General Liability</u>		
Bodily Injury, Property Damage and Personal Injury	\$ 11,000,000	
Medical Expense		10,000
Aggregate Child Molestation/Sexual Abuse		11,000,000
Employee Benefits Legal Liability		11,000,000
<u>Section III - Crime</u>		
Money and Securities	50,000	\$ 500
Employee Dishonesty	1,000,000	1,000
Depositors Forgery	1,000,000	1,000
Computer Fraud	1,000,000	1,000
<u>SCHOOL BOARD LEGAL</u>		
EDUCATIONAL RISK AND INSURANCE CONSORTIUM / NJSIG POLICY NO. E-135AH ANNUAL PREMIUM: \$211,578		
Wrongful Acts Liability - Each Occurrence	11,000,000	15,000
Annual Aggregate	11,000,000	
<u>CATASTROPHIC POLICY</u>		
FIREMAN'S FUND POLICY NO. SHX00015236458 ANNUAL PREMIUM: \$41,826		
Limit of Insurance (Group Aggregate)	50,000,000	
<u>PROPERTY INSURANCE</u>		
EDUCATIONAL RISK AND INSURANCE CONSORTIUM / NJSIG POLICY NO. P135AH ANNUAL PREMIUM: Included		
Blanket Building - Contents Coverage	455,986,528	10,000
Extra Expense	50,000,000	10,000
Flood & Earthquake	75,000,000	10,000
EDP	2,100,000	1,000
Energy Systems - Property Damage	100,000,000	10,000
Energy Systems - Extra Expense	10,000,000	10,000

East Brunswick Public Schools
Insurance Schedule
Year Ended June 30, 2017

Unaudited

	Coverage	Deductible
<u>AUTOMOBILE POLICY AND GARAGE KEEPERS</u>		
INCLUDED IN MULTI-PERIL PACKAGE POLICY BY EDUCATIONAL RISK AND INSURANCE CONSORTIUM / NJSIG		
Bodily Injury and Property Damage	\$ 11,000,000	
Uninsured Motorist Coverage	1,000,000	
Comprehensive	Replacement	\$ 1,000
Collision	Replacement	1,000
Beazley POLICY NO. W1BE82160101 ANNUAL PREMIUM: \$16,647		
Legal Liability	1,000,000 each loss 3,000,000 aggregate	10,000
<u>WORKERS COMPENSATION</u>		
EDUCATIONAL RISK AND INSURANCE CONSORTIUM / NJSBAIG POLICY NO. W-135AH ESTIMATED DEPOSIT PREMIUM: \$575,803		
A. Worker's Compensation Insurance Under New Jersey State Laws		
B. Employer's Liability		
Bodily Injury - Each Accident	2,000,000	
Bodily Injury By Disease - Each Employee	2,000,000	
CHUBB INSURANCE POLICY NO. 64775774 ANNUAL PREMIUM: \$31,723		
Supplemental Coverage:		
Reimbursement of Salary - Max Weekly Benefit		1,750
<u>PRIMARY UMBRELLA</u>		
INCLUDED IN MULTI-PERIL PACKAGE POLICY BY EDUCATIONAL RISK AND INSURANCE CONSORTIUM / NJSBAIG		

East Brunswick Public Schools
Insurance Schedule
Year Ended June 30, 2017

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
<u>STUDENT ACCIDENT INSURANCE</u>		
BOLLINGER POLICY NO. MCB5859349 ANNUAL PREMIUM: \$82,919	\$ 5,000,000	
Supplemental to primary family policy - full excess		
 <u>BONDS</u>		
SELECTIVE POLICY NO. B1005809 ANNUAL PREMIUM: \$1,800		
L. Mason Neely, Treasurer		750,000
SELECTIVE INSURANCE POLICY NO. B1005007 ANNUAL PREMIUM: \$280		
Bernardo J. Giuliani, Business Administrator / Board Secretary		100,000

Source: District Records

Single Audit Section

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

Independent Auditors' Report

Honorable President and Members
of the Board of Education
East Brunswick Public Schools
East Brunswick, New Jersey
County of Middlesex

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Brunswick Public Schools, in the County of Middlesex, New Jersey (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 20, 2017
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance and
New Jersey OMB Circular 15-08

Independent Auditors' Report

Honorable President and Members
of the Board of Education
East Brunswick Public Schools
East Brunswick, New Jersey
County of Middlesex

Report on Compliance for Each Major Federal and State Program

We have audited the East Brunswick Public Schools, in the County of Middlesex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance


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

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

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

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 20, 2017
Livingston, New Jersey

East Brunswick Public Schools

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2017		
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor
General Fund:															
U.S. Department of Health and Human Services															
-Passed-Through State Department of Education															
Medical Assistance Aid	93.778	1705NJSMAP	N/A	\$ 93,490	7/1/2016	6/30/2017			\$ 93,324	\$ (93,490)			\$ (166)		
Medical Assistance - SEMI ARRA	93.778	1705NJSMAP	N/A	5,769	7/1/2016	6/30/2017			5,769	(5,769)					
Medical Assistance Aid	93.778	1605NJSMAP	N/A	116,469	7/1/2015	6/30/2016	\$ (38,066)		38,066						
Total U.S. Department of Health and Human Services - Passed-Through State Department of Education							(38,066)		137,159	(99,259)			(166)		
U.S. Department of Housing and Urban Development															
-Passed-Through State Department of Education															
Community Development Block Grant - Non-Federal Cost Share Reimbursement Program	14.269	B13DS340001	N/A	14,761	7/1/2016	6/30/2017			14,761	(14,761)					
Total General Fund							(38,066)		151,920	(114,020)			(166)		
U.S. Department of Education--Passed-Through State Department of Education															
No Child Left Behind (NCLB):															
Title I, Part A - 16/17	84.010A	S010A160030	N/A	712,292	7/1/2016	6/30/2017			467,624	(620,907)			(153,283)		
Title I, Part A - 15/16	84.010A	S010A150030	N/A	705,879	7/1/2015	6/30/2016	(145,370)		145,370						
Title II, Part A - 16/17	84.367A	S367A160029	N/A	253,902	7/1/2016	6/30/2017			147,703	(228,124)			(80,421)		
Title II, Part A - 15/16	84.367A	S367A150029	N/A	289,440	7/1/2015	6/30/2016	(123,226)		123,226						
Title III - 16/17	84.365A	S365A160030	N/A	70,274	7/1/2016	6/30/2017			41,130	(46,098)			(4,968)		
Title III - 15/16	84.365A	S365A150030	N/A	100,423	7/1/2015	6/30/2016	(25,624)		25,624						
Title III Immigrant - 16/17	84.365	S365A160030	N/A	50,130	7/1/2016	6/30/2017			18,352	(40,208)			(21,856)		
Title III Immigrant - 15/16	84.365	S365A150030	N/A	90,257	7/1/2015	6/30/2016	(20,656)		20,656						
Special Education Grant Cluster:															
IDEA Part B, Basic Regular 16/17	84.027A	H027A160100	N/A	1,883,943	7/1/2016	6/30/2017			1,432,256	(1,860,438)			(428,182)		
IDEA Part B, Basic Regular 15/16	84.027A	H027A150100	N/A	1,937,665	7/1/2015	6/30/2016	(293,437)		293,437						
IDEA Preschool - 16/17	84.173	H173A160114	N/A	64,972	7/1/2016	6/30/2017			30,939	(63,922)			(32,983)		
IDEA Preschool - 15/16	84.173	H173A150114	N/A	62,425	7/1/2015	6/30/2016	(48,638)		48,638						
IDEA Inclusive Schools Climate - 15/16	84.027A	H027A150100	N/A	2,500	7/1/2015	6/30/2016	(1,663)		1,663						
Total of Special Education Grant Cluster							(343,738)		1,806,933	(1,924,360)			(461,165)		
Adult Basic Education	84.002A	N/A	N/A	180,000	7/1/2016	6/30/2017			73,180	(145,379)			(72,199)		
Adult Basic Education	84.002A	N/A	N/A	169,680	7/1/2015	6/30/2016	(90,643)		90,643						
Total Special Revenue Fund and U.S. Department of Education - Passed-Through State Department of Education							(749,257)	-	2,960,441	(3,005,076)	-	-	(793,892)	-	-

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June at June 30, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2017			
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture—Passed-Through State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program	10.555	171NJ304N1099	N/A	\$ 637,326	7/1/2016	6/30/2017			\$ 593,740	\$ (637,326)			\$ (43,586)			
National School Lunch Program	10.555	16161NJ304N1099	N/A	625,248	7/1/2015	6/30/2016	\$ (107,476)		107,476							
National School Breakfast Program	10.553	171NJ304N1099	N/A	76,950	7/1/2016	6/30/2017			68,023	(76,950)			(8,927)			
National School Breakfast Program	10.553	16161NJ304N1099	N/A	42,360	7/1/2015	6/30/2016	(2,775)		2,775							
Food Donation Program (NC)	10.555	171NJ304N1099	N/A	171,607	7/1/2016	6/30/2017			171,607	(170,107)				\$ 1,500		
Food Donation Program (NC)	10.555	16161NJ304N1099	N/A	166,895	7/1/2015	6/30/2016	2,908			(2,908)						
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Agriculture							(107,343)		943,621	(887,291)			(52,513)	1,500		
Total Federal Awards							\$ (894,666)	\$ -	\$ 4,055,982	\$ (4,006,387)	\$ -	\$ -	\$ (846,571)	\$ 1,500	\$ -	

NC - non-cash expenditures

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

East Brunswick Public Schools

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Award Amount	Balance June 30, 2016			Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2017			Memo	
					Unearned Revenue	(Accounts Receivable)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education																	
<i>General Fund:</i>																	
Equalization Aid	17-495-034-5120-078	7/1/2016	6/30/2017	\$ 11,737,848				\$ 10,605,539	\$ (11,737,848)						\$ (1,132,309)	\$ (11,737,848)	
Equalization Aid	16-495-034-5120-078	7/1/2015	6/30/2016	11,844,263	\$ (1,131,855)			1,131,855								(5,152,548)	
Special Education Categorical Aid	17-495-034-5120-089	7/1/2016	6/30/2017	5,152,548				4,655,500	(5,152,548)						(497,048)	(5,152,548)	
Special Education Categorical Aid	16-495-034-5120-089	7/1/2015	6/30/2016	5,085,994	(486,025)			486,025								(679,647)	
Transportation Aid	17-495-034-5120-014	7/1/2016	6/30/2017	679,647				614,084	(679,647)						(65,563)	(679,647)	
Transportation Aid	16-495-034-5120-014	7/1/2015	6/30/2016	596,256	(56,979)			56,979							(17,018)	(176,418)	
Security Aid	17-495-034-5120-084	7/1/2016	6/30/2017	176,418				159,400	(176,418)								
Security Aid	16-495-034-5120-084	7/1/2015	6/30/2016	151,656	(14,492)			14,492									
Additional Adjustment	17-495-034-5120-085	7/1/2016	6/30/2017	1				1	(1)							(1)	
PARCC Readiness Aid	17-495-034-5120-098	7/1/2016	6/30/2017	83,350				75,310	(83,350)						(8,040)	(83,350)	
PARCC Readiness Aid	16-495-034-5120-098	7/1/2015	6/30/2016	83,350	(7,965)			7,965									
Per Pupil Growth Aid	17-495-034-5120-097	7/1/2016	6/30/2017	83,350				7,965	(83,350)						(8,040)	(83,350)	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/2015	6/30/2016	83,350	(7,965)			7,965									
Professional Learning Community Aid	17-495-034-5120-101	7/1/2016	6/30/2017	82,110				74,188	(82,110)						(7,922)	(82,110)	
Nonpublic School Transportation Aid	17-495-034-5120-014	7/1/2016	6/30/2017	35,167								\$ (35,167)				(35,167)	
Nonpublic School Transportation Aid	16-495-034-5120-014	7/1/2015	6/30/2016	31,110	(31,110)			31,110									
Extraordinary Aid	17-100-034-5120-473	7/1/2016	6/30/2017	1,097,560					(1,097,560)						(1,097,560)	(1,097,560)	
Extraordinary Aid	16-100-034-5120-473	7/1/2015	6/30/2016	793,478	(793,478)			793,478									
On-Behalf TPAF - Pension Contribution	17-495-034-5094-002	7/1/2016	6/30/2017	6,799,226				6,799,226	(6,799,226)							(6,799,226)	
On-Behalf TPAF - Post-Retirement Medical	17-495-034-5094-001	7/1/2016	6/30/2017	5,665,302				5,665,302	(5,665,302)							(5,665,302)	
On-Behalf TPAF - Long-Term Disability Insurance	17-495-034-5094-004	7/1/2016	6/30/2017	17,810				17,810	(17,810)							(17,810)	
TPAF Social Security Reimbursements	17-495-034-5094-003	7/1/2016	6/30/2017	4,515,251				4,293,894	(4,515,251)						(221,357)	(4,515,251)	
TPAF Social Security Reimbursements	16-495-034-5094-003	7/1/2015	6/30/2016	4,452,110	(219,107)			219,107									
Total General Fund					(2,748,976)			35,784,540	(36,125,588)				(1,334,084)		(1,733,940)	(36,125,588)	
<i>Special Revenue Fund:</i>																	
N.J. Nonpublic Aid:																	
Auxiliary Services:																	
English as a Second Language	17-100-034-5120-067	7/1/2016	6/30/2017	10,049				10,049	(10,049)								(10,049)
Compensatory Education	17-100-034-5120-067	7/1/2016	6/30/2017	76,501				76,501	(76,501)								(76,501)
Home Instruction	17-100-034-5120-067	7/1/2016	6/30/2017	1,798									(1,798)			(1,798)	
Transportation	17-100-034-5120-068	7/1/2016	6/30/2017	10,618				10,618	(10,618)								(10,618)
Handicapped Services																	
Supplemental Instruction	17-100-034-5120-066	7/1/2016	6/30/2017	20,010				20,010	(20,010)								(20,010)
Examination and Classification	17-100-034-5120-066	7/1/2016	6/30/2017	25,757				25,757	(23,237)				\$ 2,520				(23,237)
Connective Speech	17-100-034-5120-066	7/1/2016	6/30/2017	26,505				26,505	(26,505)								(26,505)
Textbook Aid	17-100-034-5120-064	7/1/2016	6/30/2017	25,131				25,131	(25,098)						33		(25,098)
Textbook Aid	16-100-034-5120-064	7/1/2015	6/30/2016	23,696		\$ 472				\$ (472)							
Nursing Services	17-100-034-5120-070	7/1/2016	6/30/2017	39,600				39,600	(39,033)						567		(39,033)
Nursing Services	16-100-034-5120-070	7/1/2015	6/30/2016	37,350			1,828			(1,828)							
Technology Services	17-100-034-5120-373	7/1/2016	6/30/2017	11,336				11,336	(10,387)						949		(10,387)
Technology Services	16-100-034-5120-373	7/1/2015	6/30/2016	10,790			161			(161)							
Security	17-100-034-5120-509	7/1/2016	6/30/2017	21,900				21,900	(19,975)						1,925		(19,975)
Security	16-100-034-5120-509	7/1/2015	6/30/2016	10,375			228			(228)							
NJ Achievement Coaches Content Development	16E00126	3/1/2016	11/30/2016	66,700		(28,317)		60,051	(31,734)								(31,734)
Total Special Revenue Fund					(28,317)	2,689		327,458	(294,945)	(2,689)			(1,798)	5,994		(294,945)	

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Award Amount	Balance June 30, 2016			Carryover/ Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2017			Memo	
				Unearned Revenue	(Accounts Receivable)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education																
<i>Capital Projects Fund:</i>																
Memorial School Replacement	SP-1170-120-09-QQAZ	12/30/2009	Completion	\$ 4,238,520	\$ (211,926)								\$ (211,926)		\$ (4,238,520)	
Bowme Munro Security Vestibule	1170-060-14-G1VB	6/10/2014	Completion	96,779	(28,209)			\$ (55,087)					(83,296)		(83,296)	
Central Security Vestibule	1170-070-14-G1VC	6/10/2014	Completion	54,113	(51,947)		\$ 27,327						(26,786)		(54,113)	
Chittick Security Vestibule	1170-125-14-G1VG	6/10/2014	Completion	57,916	(51,729)		29,260		(6,187)				(28,656)		(57,916)	
C.RHS Security Vestibule	1170-055-014-G1UZ	6/10/2014	Completion	50,424	(50,424)		25,464						(24,960)		(50,424)	
EBHS Security Vestibule	1170-050-14-G1UY	6/10/2014	Completion	47,958	(47,958)		24,219						(23,739)		(47,958)	
Frost Security Vestibule	1170-130-14-G1VI	6/10/2014	Completion	46,245	(40,716)		23,371		(5,529)				(22,874)		(46,245)	
Hammarskjold Security Vestibule	1170-056-14-G1VA	6/10/2014	Completion	65,617	(65,617)		33,137						(32,480)		(65,617)	
Lawrence Brook Security Vestibule	1170-100-14-G1VJ	6/10/2014	Completion	57,044	(57,044)		28,807						(28,237)		(57,044)	
Warnsdorfer Security Vestibule	1170-138-14-G1VJ	6/10/2014	Completion	56,632	(56,632)		28,600						(28,032)		(56,632)	
Chittick HVAC and Electrical Upgrades	1170-125-14-G1VF	10/23/2014	Completion	795,614	(716,053)								(716,053)		(795,614)	
EBHS Gymnasium HVAC Upgrades	1170-050-14-G3HW	10/23/2014	Completion	304,609	(302,090)								(302,090)		(302,090)	
EBHS Gym Bleacher Replacement	1170-050-14-G3LE	10/23/2014	Completion	50,640	(50,640)								(50,640)		(50,640)	
Irwin HVAC and Electrical Upgrades	1170-090-14-G1VD	10/23/2014	Completion	847,461	(605,631)				(157,084)				(762,715)		(847,461)	
Total Capital Projects Fund					(2,336,616)		220,185		(226,053)				(2,342,484)		(6,753,570)	
<i>Debt Service Fund:</i>																
Debt Service Aid	17-495-034-5120-075	7/1/2016	6/30/2017	419,959				419,959	(419,959)						(419,959)	
Total Debt Service Fund								419,959	(419,959)						(419,959)	
<i>Enterprise Fund:</i>																
National School Lunch Program	17-100-010-3350-023	7/1/2016	6/30/2017	24,215				22,536	(24,215)				(1,679)		(24,215)	
National School Lunch Program	16-100-010-3350-023	7/1/2015	6/30/2016	23,813	(3,915)			3,915					(1,679)		(24,215)	
Total Enterprise Fund					(3,915)			26,451	(24,215)				(1,679)		(24,215)	
Total State Awards				\$ -	\$ (5,117,824)	\$ 2,689	\$ -	\$ 36,778,593	\$ (37,090,760)	\$ (2,689)	\$ -	\$ -	\$ (3,700,045)	\$ 5,994	\$ (1,735,940)	\$ (43,618,277)
State Financial Assistance Not Subject to Single Audit Determination:																
On-Behalf TPAF - Pension Contribution	495-034-5094-002	7/1/2016	6/30/2017	6,799,226				\$ 6,799,226	(6,799,226)							\$ (6,799,226)
On-Behalf TPAF - Post-Retirement Medical	495-034-5094-001	7/1/2016	6/30/2017	5,665,302				5,665,302	(5,665,302)							(5,665,302)
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/2016	6/30/2017	17,810				17,810	(17,810)							(17,810)
Total State Financial Assistance Subject to Single Audit Determination				\$ -	\$ (5,117,824)	\$ 2,689	\$ -	\$ 24,296,255	\$ (24,608,422)	\$ (2,689)	\$ -	\$ -	\$ (3,700,045)	\$ 5,994	\$ (1,735,940)	\$ (31,135,939)

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

East Brunswick Public Schools

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2017

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the East Brunswick Public Schools (District). The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying scheduled on the grant accounting budgetary basis, which recognizes encumbrances

East Brunswick Public Schools

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2017

3. Relationship to Basic Financial Statements (continued)

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:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$30,659 for the general fund and \$18,576 for the special revenue fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund and special revenue fund.

Additionally, as discussed further in footnote 5, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical, pension contributions and long-term disability insurance. The total amount of these contributions during the 2017 fiscal year was \$12,482,338.

Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 99,259	\$36,094,929	\$36,194,188
Special Revenue Fund	3,016,299	302,001	3,318,300
Capital Projects Fund		226,053	226,053
Debt Service Fund		419,959	419,959
Enterprise Fund – Food Service Fund	887,291	24,215	911,506
Total financial award revenues	<u>\$ 4,002,849</u>	<u>\$37,067,157</u>	<u>\$41,070,006</u>

Federal awards on the Schedule of Expenditures of Federal Awards include \$14,761 for the Non-Federal Cost Share Reimbursement Program, funded by the Community Development Block Grant, which has been recorded as an Other Financing Source on the Schedules C-1 and B-2.

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.

East Brunswick Public Schools

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2017

5. Other

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

TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security for TPAF members for the year ended June 30, 2017.

The State of New Jersey also makes TPAF post-retirement medical, disability and pension contribution expenditures on behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements.

6. Indirect Costs

The District charged indirect costs of \$27,759 to the Food Service Enterprise Fund. The District did not use the 10% de minimis indirect cost rate for any other grants.

East Brunswick Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

Part I - Summary of Auditors' Results (continued)

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027,84.173	H027A160100/H173A160114	IDEA Part B, Basic and Preschool (Special Education Cluster)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

East Brunswick Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

Part I - Summary of Auditors' Results (continued)

State Awards

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditors' report on compliance for major state programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? _____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF – Social Security
495-034-5120-075	Debt Service Aid

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

East Brunswick Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

East Brunswick Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

**Part III - Schedule of Federal Award and State Financial Assistance
Findings and Questioned Costs**

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) and New Jersey State OMB Circular 15-08.

East Brunswick Public Schools
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2017

None.