

RAHWAY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Rahway, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Rahway School District

Rahway, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

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Rahway Board of Education

Edward L. Yergalonis
Superintendent of Schools
eyergalonis@rahway.net



"Expecting Excellence"

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Business Administrator/Board Secretary
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December 2, 2011

Honorable President and
Members of the Board of Education
City of Rahway Public Schools
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Rahway School District ("District") for the fiscal year ended June 30, 2011 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 Rahway 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 operation 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, the District's organizational chart, a roster of principal officials, and a list of consultants and advisors. The financial section includes the district wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multiyear basis.

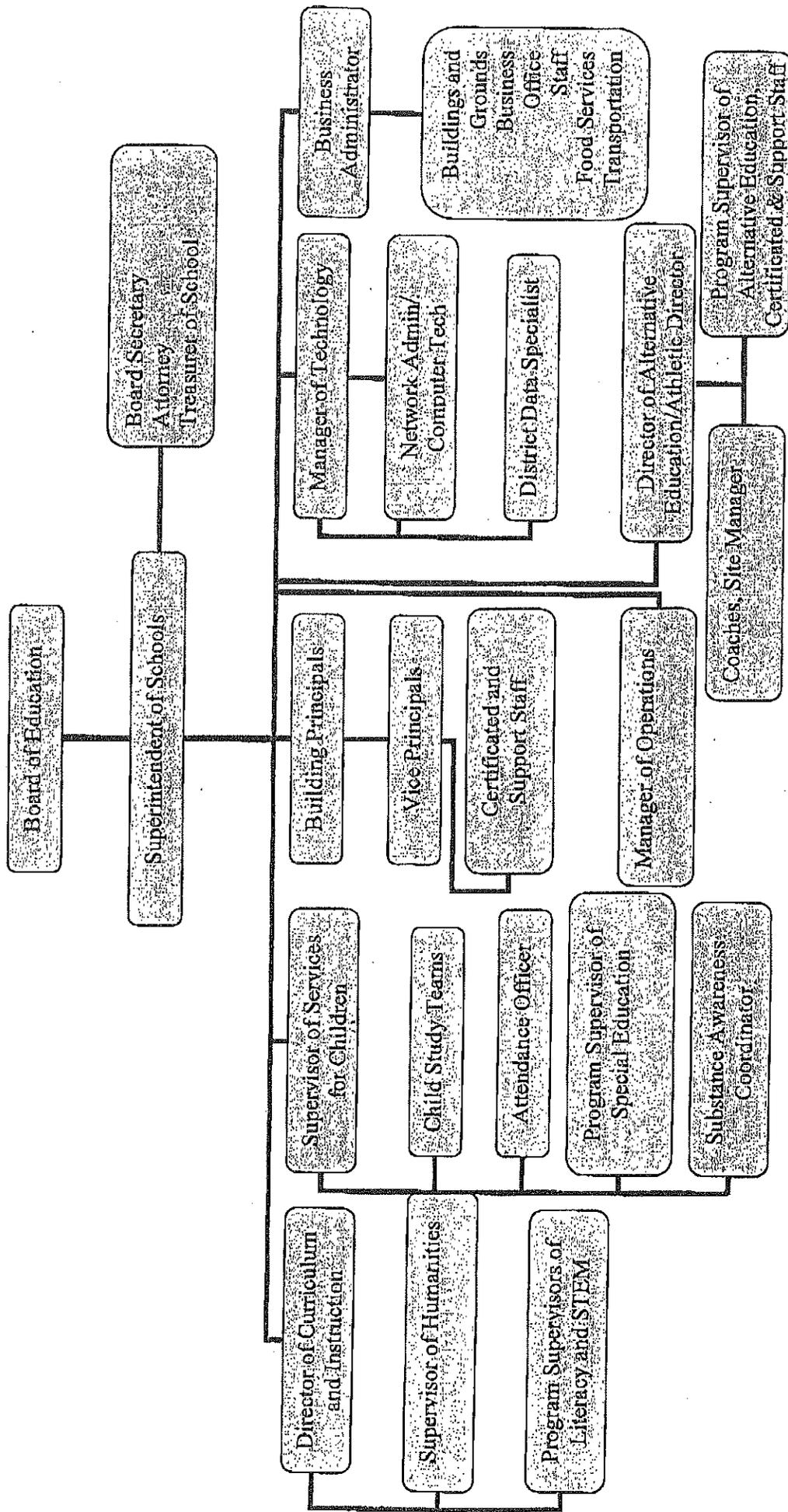
The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") and Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,

Edward L. Yergalonis
Superintendent

Albert Di Giorgio
Business Administrator

RAHWAY PUBLIC SCHOOLS
ORGANIZATIONAL CHART



**RAHWAY BOARD OF EDUCATION
RAHWAY, NEW JERSEY 07065**

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Richard J. Trocciola, President	2013
Justin Tupik, Vice President	2013
Deborah Bridges	2014
Roy A. Eastman, Sr.	2013
Lillie Henderson	2012
Peter Kowal	2012
Ray Lopez	2014
Edward Quinn	2014
Michael P. Staryak	2012

Other Officials

Edward L. Yergalonis, Superintendent of Schools
Albert DiGiorgio, Business Administrator/Board Secretary
William Van Tassel, Treasurer of School Monies
Mark A. Tabakin, Board Attorney (General Counsel)
Matthew J. Giacobbe, Attorney (Labor Relations/Personnel)

FINANCIAL SECTION

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REGISTERED MUNICIPAL ACCOUNTANTS

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PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rahway School District
Rahway, New Jersey

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 Rahway School District as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

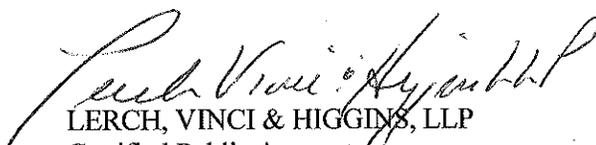
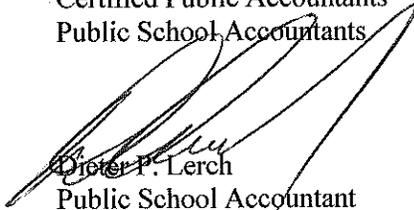
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rahway School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Rahway School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011 on our consideration of the Rahway School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rahway School District's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section 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.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Peter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
December 2, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The Management's Discussion and Analysis of the Rahway School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows

- In total, net assets increased \$6,395,105. Net Assets of Governmental Activities increased \$6,364,848, which represents a 47% increase from the prior year. This increase is primarily due to an increase in the investment in capital assets resulting from capital projects as part of the 2009 referendum. Net Assets of the Business-Type activity, which represents food service, increased \$30,257 or 7% from the prior year.
- General Revenues accounted for \$54,856,502 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,677,868 or 21% of total revenues of \$69,534,370.
- The School District had \$61,528,071 in expenses for governmental activities: only \$13,036,417 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$54,856,502 were adequate to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Rahway School District as a financial whole, or as an entire reporting entity.

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

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions-and ask the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

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

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

- **Governmental Activities-** All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- **Business-Type Activity -** This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Each of these funds is more fully described in the Notes to the Basic Financial Statements.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Enterprise Fund

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

The School District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. Table A-1 provides a summary of the District's net assets as of June 30, 2011 and 2010. Table A-2 provides an analysis of the change in net assets from 2010 to 2011.

**Table A-1
Statement of Net Assets
as of June 30, 2011 and 2010**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and Other Assets	\$ 30,159,852	\$ 33,926,692	\$ 263,981	\$ 233,982	\$ 30,423,833	\$ 34,160,674
Capital Assets, Net	<u>31,596,089</u>	<u>24,339,067</u>	<u>265,472</u>	<u>265,576</u>	<u>31,861,561</u>	<u>24,604,643</u>
Total Net Assets	<u>61,755,941</u>	<u>58,265,759</u>	<u>529,453</u>	<u>499,558</u>	<u>62,285,394</u>	<u>58,765,317</u>
Liabilities:						
Long-Term Liabilities	30,833,543	32,480,718			30,833,543	32,480,718
Other Liabilities	<u>10,937,856</u>	<u>12,165,347</u>	<u>79,385</u>	<u>79,747</u>	<u>11,017,241</u>	<u>12,245,094</u>
Total Liabilities	<u>41,771,399</u>	<u>44,646,065</u>	<u>79,385</u>	<u>79,747</u>	<u>41,850,784</u>	<u>44,725,812</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	18,787,587	15,584,645	265,472	265,576	19,053,059	15,850,221
Restricted for:						
Debt Service	7,287	7,287			7,287	7,287
Capital Projects	62,484	62,384			62,484	62,384
Unrestricted	<u>1,127,184</u>	<u>(2,034,622)</u>	<u>184,596</u>	<u>154,235</u>	<u>1,311,780</u>	<u>(1,880,387)</u>
Total Net Assets	<u>\$ 19,984,542</u>	<u>\$ 13,619,694</u>	<u>\$ 450,068</u>	<u>\$ 419,811</u>	<u>\$ 20,434,610</u>	<u>\$ 14,039,505</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Table A-2
Change in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services		\$ 31,577	\$ 638,708	\$ 680,700	\$ 638,708	\$ 712,277
Operating Grants and Contributions	\$ 10,301,085	14,345,346	1,002,743	989,548	11,303,828	15,334,894
Capital Grants and Contributions	2,735,332	795,923			2,735,332	795,923
General Revenues						
Property Taxes	37,834,808	34,477,284			37,834,808	34,477,284
Grants and Entitlements	16,017,784	12,898,546			16,017,784	12,898,546
Other	1,003,910	194,537	-	-	1,003,910	194,537
Total Revenues	<u>67,892,919</u>	<u>62,743,213</u>	<u>1,641,451</u>	<u>1,670,248</u>	<u>69,534,370</u>	<u>64,413,461</u>
Program Expenses						
Instruction						
Regular	23,568,789	22,220,613			23,568,789	22,220,613
Special Education	11,451,321	11,222,777			11,451,321	11,222,777
Other Instruction	4,061,426	5,441,177			4,061,426	5,441,177
School Sponsored Activities	1,049,424	1,098,023			1,049,424	1,098,023
Support Services						
Student and Instruction Related Services	7,473,003	8,122,908			7,473,003	8,122,908
School Administrative Services	2,537,009	2,906,966			2,537,009	2,906,966
General & Central Administrative Services	2,117,293	2,584,292			2,117,293	2,584,292
Plant Operations and Maintenance	4,573,440	5,440,585			4,573,440	5,440,585
Pupil Transportation	2,640,741	2,752,725			2,640,741	2,752,725
Interest on Long-Term Debt	1,205,961	718,404			1,205,961	718,404
Unallocated Depreciation	849,664	851,731			849,664	851,731
Food Service	-	-	1,611,194	1,691,139	1,611,194	1,691,139
Total Expenses	<u>61,528,071</u>	<u>63,360,201</u>	<u>1,611,194</u>	<u>1,691,139</u>	<u>63,139,265</u>	<u>65,051,340</u>
Change in Net Assets	6,364,848	(616,988)	30,257	(20,891)	6,395,105	(637,879)
Beginning of Year, Net Assets	<u>13,619,694</u>	<u>14,236,682</u>	<u>419,811</u>	<u>440,702</u>	<u>14,039,505</u>	<u>14,677,384</u>
End of Year, Net Assets	<u>\$ 19,984,542</u>	<u>\$ 13,619,694</u>	<u>\$ 450,068</u>	<u>\$ 419,811</u>	<u>\$ 20,434,610</u>	<u>\$ 14,039,505</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Governmental Activities

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

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Program Expenses				
Instruction				
Regular	\$ 23,568,789	\$ 22,220,613	\$ 20,081,270	\$ 16,154,793
Special Education	11,451,321	11,222,777	6,739,446	6,647,636
Other Instruction	4,061,426	5,441,177	3,556,945	4,214,752
School Sponsored Activities	1,049,424	1,098,023	974,535	1,020,351
Support Services				
Student and Instruction Related Services	7,473,003	8,122,908	6,437,572	7,285,693
School Administrative Services	2,537,009	2,906,966	2,357,886	2,720,204
General and Central Administrative Services	2,117,293	2,584,292	2,065,911	2,509,188
Plant Operations and Maintenance	4,573,440	5,440,585	1,751,807	3,900,580
Pupil Transportation	2,640,741	2,752,725	2,550,572	2,241,223
Interest on Long-Term Debt	1,205,961	718,404	1,126,046	641,204
Unallocated Depreciation	849,664	851,731	849,664	851,731
Total Governmental Activities	<u>\$ 61,528,071</u>	<u>\$ 63,360,201</u>	<u>\$ 48,491,654</u>	<u>\$ 48,187,355</u>

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

Pupil Support expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum, staff development and guidance.

General and central administration and school administration include expenses associated with administrative and financial supervision of the District.

Plant operations and maintenance involve keeping the school grounds, buildings, and equipment in good working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to servicing the debt of the School District.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Governmental Activities (Continued)

Unallocated depreciation relates to capital assets which are shared by many departments of the District and therefore cannot easily be allocated to various functional areas.

The funding of public schools primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. The District's total revenues for governmental activities were \$67,892,919 for the year ended June 30, 2011. Property taxes made up 56% of revenues for governmental activities for the Rahway School District for fiscal year 2011. Federal, State, and local grants accounted for another 43% of revenue.

Business - Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food Service revenues exceeded expenditures by \$30,257.
- Charges for services represent \$638,708 or 39% of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursements for meals, including payments for free and reduced lunches, and donated commodities amounted to \$1,002,743 or 61% of revenue.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$67,892,919 and expenditures of \$70,955,843.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2011 and 2010:

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

School District's Funds (Continued)

**Table A-4
Summary of Governmental Fund Revenues
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Year Ended June 30,</u>		Amount of	Percent of
	<u>2011</u>	<u>2010</u>	Increase (Decrease)	Increase (Decrease)
Revenues				
Local Sources				
Tax Levy	\$ 37,834,808	\$ 34,477,284	\$ 3,357,524	9.7%
Other	1,126,967	513,118	613,849	119.6%
State Sources	26,172,540	21,829,815	4,342,725	19.9%
Federal Sources	<u>2,758,604</u>	<u>5,922,996</u>	<u>(3,164,392)</u>	-53.4%
Total Revenues	<u>\$ 67,892,919</u>	<u>\$ 62,743,213</u>	<u>\$ 5,149,706</u>	8.2%

Total Governmental Fund revenues increased by \$5,149,706 or 8% over the prior year.

There was a significant increase in other revenues which is attributed to the solar panel rebate of \$730,154 the District has been allotted from the Board of Public Utilities.

Revenues from State sources increased by 20% due to the grant revenues associated with the funding from the School Development Authority for the 2009 Referendum projects, as well as an increase in certain categorical State aids.

The reduction in revenue from Federal sources is due to the one time ARRA Equalization Aid funds received in the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2011 and 2010:

**Table A-5
Summary of Governmental Fund Expenditures
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Year Ended June 30,</u>		Amount of	Percent of
	<u>2011</u>	<u>2010</u>	Increase (Decrease)	Increase (Decrease)
Expenditures				
Instruction	\$ 40,284,127	\$ 40,068,935	\$ 215,192	0.5%
Support Services	19,783,075	21,547,910	(1,764,835)	-8.2%
Capital Outlay	8,142,237	2,298,160	5,844,077	254.3%
Debt Service	<u>2,746,404</u>	<u>1,173,011</u>	<u>1,573,393</u>	134.1%
Total Expenditures	<u>\$ 70,955,843</u>	<u>\$ 65,088,016</u>	<u>\$ 5,867,827</u>	9.0%

The Governmental Fund expenditures increased by 9% from the previous year largely due to the expenditures related to the 2009 Referendum projects.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

General Fund Budgeting Highlights

The School 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. Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to appropriate additional grants and to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal year 2011, the School District had \$31,596,089, net of accumulated depreciation, invested in Land, Buildings and Building Improvements, Land Improvements and Machinery and Equipment for governmental activities as reflected on Table A-6.

**Table A-6
Governmental Activities Capital Assets
At June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Land	\$ 1,546,445	\$ 1,546,445
Construction in Progress	9,878,540	1,764,157
Buildings and Building Improvements	36,812,856	36,812,856
Improvements Other than Buildings	665,051	665,051
Machinery and Equipment	<u>1,302,378</u>	<u>1,274,524</u>
	50,205,270	42,063,033
Less: Accumulated Depreciation	<u>(18,609,181)</u>	<u>(17,723,966)</u>
Capital Assets, Net	<u>\$ 31,596,089</u>	<u>\$ 24,339,067</u>

Overall, capital assets, net of depreciation increased \$7,257,022 from fiscal year 2010 to fiscal year 2011. The increase in Capital Assets is due primarily to construction in progress related to the 2010 bond referendum.

Additional information on the School District's capital assets is included in the Notes to the Basic Financial Statements.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Debt Administration

At June 30, 2011, the School District had \$30,833,543 in long-term liabilities net of unamortized amount on refunding. Table A-7 shows the breakdown of outstanding debt owed.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Serial Bonds Payable	\$ 23,955,000	\$ 24,845,000
Obligations Under Lease Purchase Agreements, net	5,171,127	5,616,859
Capital Leases	350,500	14,077
Compensated Absences	<u>1,356,916</u>	<u>2,004,782</u>
Total	<u>\$ 30,833,543</u>	<u>\$ 32,480,718</u>

At June 30, 2011, the School District's remaining legal debt margin (borrowing capacity) was \$119,449,596.

Additional information on the School District's debt is included in the Notes to the Basic Financial Statements.

For the Future

The Rahway Public Schools' financial future continues to be challenged by the economic uncertainty of the state aid funding formula, a mix of under-funded state and federal mandates such as *No Child Left Behind* and a climate that is very unfavorable to increased property taxes. The rising cost of special education has been somewhat offset by the establishment of in-house educational programs to meet the diverse needs of our students with learning disabilities. The increase in demand for mandated services in both special education and bilingual and English as a second language programs will continue to be an issue in the years to come. Our aging infrastructure and the cost to maintain the physical plant continue to take their toll on available resources. The voters of the District recently approved a capital projects referendum to address some of these issues as well as programmatic concerns in the arts and sciences. Future decision making by the Board must balance the needs we have with the available resources at our disposal and the ability of our community to support our schools financially.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Albert DiGiorgio, Business Administrator, Rahway Board of Education, Rahway Middle School, Kline Place, Rahway, New Jersey 07065.

BASIC FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,890,731	\$ 18,643	\$ 16,909,374
Intergovernmental Receivables	12,444,605	56,604	12,501,209
Receivables, net	739,684	174,911	914,595
Inventory		13,823	13,823
Deferred Bond Issuance Costs	84,832		84,832
Capital Assets Not Being Depreciated	11,424,985		11,424,985
Capital Assets, Being Depreciated, net	<u>20,171,104</u>	<u>265,472</u>	<u>20,436,576</u>
Total Assets	<u>61,755,941</u>	<u>529,453</u>	<u>62,285,394</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,419,689	69,987	2,489,676
Accrued Interest	411,480		411,480
Payable to Other Governments	7,927		7,927
Unearned Revenue	8,098,760	9,398	8,108,158
Noncurrent Liabilities			
Due Within One Year	1,847,972		1,847,972
Due Beyond One Year	<u>28,985,571</u>	<u>-</u>	<u>28,985,571</u>
Total Liabilities	<u>41,771,399</u>	<u>79,385</u>	<u>41,850,784</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	18,787,587	265,472	19,053,059
Restricted for:			
Debt Service	7,287		7,287
Capital Projects	62,484		62,484
Unrestricted	<u>1,127,184</u>	<u>184,596</u>	<u>1,311,780</u>
Total Net Assets	<u>\$ 19,984,542</u>	<u>\$ 450,068</u>	<u>\$ 20,434,610</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

RAHWAY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 23,568,789		\$ 3,487,519		\$ (20,081,270)		\$ (20,081,270)
Special Education	11,451,321		4,711,875		(6,739,446)		(6,739,446)
Other Instruction	4,061,426		504,481		(3,556,945)		(3,556,945)
School Sponsored Activities	1,049,424		74,889		(974,535)		(974,535)
Support Services							
Student and Instruction Related Svcs.	7,473,003		1,035,431		(6,437,572)		(6,437,572)
General Administration	932,586		51,382		(881,204)		(881,204)
School Administration	2,537,009		179,123		(2,357,886)		(2,357,886)
Central Services	1,184,707				(1,184,707)		(1,184,707)
Plant Operations and Maintenance	4,573,440		86,301	\$ 2,735,332	(1,751,807)		(1,751,807)
Pupil Transportation	2,640,741		90,169		(2,550,572)		(2,550,572)
Interest on Long-Term Debt	1,205,961		79,915		(1,126,046)		(1,126,046)
Unallocated Depreciation	849,664		-		(849,664)		(849,664)
Total Governmental Activities	61,528,071	-	10,301,085	2,735,332	(48,491,654)	-	(48,491,654)
Business-Type Activities							
Food Service	1,611,194	\$ 638,708	1,002,743		-	\$ 30,257	30,257
Total business-type activities	1,611,194	638,708	1,002,743		-	30,257	30,257
Total Primary Government	\$ 63,139,265	\$ 638,708	\$ 11,303,828	\$ 2,735,332	(48,491,654)	30,257	(48,461,397)
General Revenues:							
Property Taxes Levied for:							
General Purposes					35,456,665		35,456,665
Debt Service					2,378,143		2,378,143
State Aid - Unrestricted					16,017,784		16,017,784
State Aid Restricted for Debt Service					94,087		94,087
Investment Earnings					34,303		34,303
Miscellaneous Income					875,520		875,520
Total General Revenues					54,856,502		54,856,502
Change in Net Assets					6,364,848	30,257	6,395,105
Net Assets, Beginning of Year					13,619,694	419,811	14,039,505
Net Assets, End of Year					\$ 19,984,542	\$ 450,068	\$ 20,434,610

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS JUNE 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,220,875		\$ 14,669,855	\$ 1	\$ 16,890,731
Due from Other Funds	714,052				714,052
Receivables From Other Governments	44,233	\$ 849,687	11,550,685		12,444,605
Other Receivables	737,017	2,667	-	-	739,684
Total Assets	\$ 3,716,177	\$ 852,354	\$ 26,220,540	\$ 1	\$ 30,789,072
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 445,409	\$ 100,286	\$ 1,873,994		\$ 2,419,689
Due to Other Funds		676,485	37,567		714,052
Payable to State Government		3,231			3,231
Payable to Federal Government		4,696			4,696
Deferred Revenue	-	79,330	8,019,430	-	8,098,760
Total Liabilities	445,409	864,028	9,930,991	-	11,240,428
Fund Balances					
Restricted					
Capital Reserve	20,293				20,293
Debt Service			7,286	\$ 1	7,287
Capital Projects			16,282,263		16,282,263
Excess Surplus	2,455,743				2,455,743
Excess Surplus, Designated for Subsequent Year's Expenditures	590,088				590,088
Assigned					
Year End Encumbrances	59,510				59,510
Designated for Subsequent Year's Expenditures	825,797				825,797
Unassigned					
General Fund	(680,663)				(680,663)
Special Revenue Fund	-	(11,674)	-	-	(11,674)
Total Fund Balances	3,270,768	(11,674)	16,289,549	1	19,548,644
Total Liabilities and Fund Balances	\$ 3,716,177	\$ 852,354	\$ 26,220,540	\$ 1	

Amounts reported for *governmental activities* in the statement of net assets (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 \$50,205,270 and the accumulated depreciation is \$18,609,181.

31,596,089

Accrued interest on long-term liabilities are not reported as liabilities in the fund.

(411,480)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable	\$ (23,955,000)
Less: Deferred Charge - Issuance Costs	84,832
Obligations Under Lease Purchase, net	(5,171,127)
Capital Leases	(350,500)
Compensated Absences	(1,356,916)

(30,748,711)

Net Assets of Governmental Activities

\$ 19,984,542

RAHWAY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 35,456,665			\$ 2,378,143	\$ 37,834,808
Interest Earned on Capital Reserve Fund	100				100
Interest Earned on Investments	15,163		\$ 19,040		34,203
Miscellaneous	875,520	\$ 217,144	-	-	1,092,664
Total - Local Sources	36,347,448	217,144	19,040	2,378,143	38,961,775
State Sources	22,471,397	791,809	2,735,332	174,002	26,172,540
Federal Sources	122,230	2,636,374	-	-	2,758,604
Total Revenues	58,941,075	3,645,327	2,754,372	2,552,145	67,892,919
EXPENDITURES					
Current					
Instruction					
Regular Instruction	22,292,520	1,378,996			23,671,516
Special Education Instruction	10,096,294	1,391,073			11,487,367
Other Instruction	3,872,098	199,883			4,071,981
School Sponsored Co-Curricular Activities	1,053,263				1,053,263
Support Services					
Student and Instruction Related Services	6,865,742	674,817			7,540,559
General Administrative Services	979,602				979,602
School Administrative Services	2,660,848				2,660,848
Business/Central Services	1,186,161				1,186,161
Plant Operations and Maintenance	4,775,164				4,775,164
Pupil Transportation	2,640,741				2,640,741
Debt Service					
Principal	189,789			1,380,000	1,569,789
Interest and Other Charges	4,470			1,172,145	1,176,615
Capital Outlay	27,854	-	8,114,383	-	8,142,237
Total Expenditures	56,644,546	3,644,769	8,114,383	2,552,145	70,955,843
Excess of Revenues Over Expenditures	2,296,529	558	(5,360,011)	-	(3,062,924)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	526,212				526,212
Transfers In	19,040				19,040
Transfers Out	-	-	(19,040)	-	(19,040)
Total Other Financing Sources and Uses	545,252	-	(19,040)	-	526,212
Net Change in Fund Balances	2,841,781	558	(5,379,051)	-	(2,536,712)
Fund Balance (Deficit), Beginning of Year	428,987	(12,232)	21,668,600	1	22,085,356
Fund Balance (Deficit), End of Year	\$ 3,270,768	\$ (11,674)	\$ 16,289,549	\$ 1	\$ 19,548,644

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (2,536,712)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.

Capital Outlays	\$ 8,142,237	
Depreciation Expense	<u>(885,215)</u>	
		7,257,022

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Capital Leases Issued		(526,212)
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Principal Repayments:

Lease Purchase Principal	490,000	
Capital Lease Principal	189,789	
Bond Principal	<u>890,000</u>	
		1,569,789

Bond issuance costs and deferred amounts on refundings are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the Statement of Activities, the costs are amortized over the life of the bonds. These costs are an addition in the reconciliation in the year issued and a deduction for the amortization in the reconciliation.

Current Year Amortization:

Costs of Issuance	(17,559)	
Deferred Amount on Refunding	<u>(44,268)</u>	
		(61,827)

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by 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.

Net Decrease in Compensated Absences		647,866
--------------------------------------	--	---------

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation.

		<u>14,922</u>
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Change in Net Assets of Governmental Activities		<u>\$ 6,364,848</u>
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The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

**Business-Type
Activities
Enterprise Fund
Food Service**

ASSETS		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	18,643
Intergovernmental Accounts Receivable		56,604
Other Receivables		174,911
Inventory		<u>13,823</u>
Total Current Assets		<u>263,981</u>
Capital Assets		
Furniture, Machinery and Equipment		493,539
Less: Accumulated Depreciation		<u>(228,067)</u>
Total Capital Assets, Net of Accumulated Depreciation		<u>265,472</u>
Total Assets		<u>529,453</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		69,987
Unearned Revenue		<u>9,398</u>
Total Current Liabilities		<u>79,385</u>
Total Liabilities		<u>79,385</u>
NET ASSETS		
Invested in Capital Assets		265,472
Unrestricted		<u>184,596</u>
Total Net Assets	\$	<u><u>450,068</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 614,636
Daily Sales - Non-Reimbursable Programs	<u>24,072</u>
Total Operating Revenues	<u>638,708</u>
OPERATING EXPENSES	
Cost of Sales	699,497
Salaries and Wages	475,252
Employee Benefits	107,608
Management Fee	61,478
Other Expenses	9,537
Supplies and Materials	115,598
Repairs	41,724
Insurance	63,625
Laundry/Uniforms	6,857
Outside Services	10,487
Depreciation	<u>19,531</u>
Total Operating Expenses	<u>1,611,194</u>
Operating Loss	<u>(972,486)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	20,405
Federal Sources	
Fresh Fruit and Vegetable Program	16,752
National School Lunch Program	863,483
National School Breakfast Program	<u>102,103</u>
Total Nonoperating Revenues	<u>1,002,743</u>
Change in Net Assets	30,257
Net Assets, Beginning of Year	<u>419,811</u>
Net Assets, End of Year	<u><u>\$ 450,068</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 635,445
Payments for Employees Salaries and Benefits	(582,860)
Payments to Suppliers	<u>(917,612)</u>
Net Cash Used by Operating Activities	<u>(865,027)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances Paid to General Fund	(23,615)
Receipts from State and Federal Subsidies	<u>926,262</u>
Net Cash Provided By Non-Capital Financing Activities	<u>902,647</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(19,427)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(19,427)</u>
Net Increase in Cash and Cash Equivalents	18,193
Cash and Cash Equivalents—Beginning of Year	<u>450</u>
Cash and Cash Equivalents—End of Year	<u>\$ 18,643</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ <u>(972,486)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	19,531
Food Distribution (USDA Commodities) National School Lunch Program	82,680
Increase in Accounts Receivable, Net	(3,263)
Decrease in Inventory	8,873
Decrease in Unearned Revenue	(8,248)
Increase in Accounts Payable	<u>7,886</u>
Total Adjustments	<u>107,459</u>
Net Cash Used For Operating Activities	<u>\$ (865,027)</u>
Non Cash Financing Activities	
Fair Value of Food Distribution Program	\$ 74,432

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 139,832	\$ 119,551	\$ 1,213,757
Investments	1,000		
Accounts Receivable		13,336	
Due from Other Funds	2,280	-	3
Total Assets	143,112	132,887	\$ 1,213,760
LIABILITIES			
Accounts Payable		23,655	
Payable To Student Groups			\$ 156,622
Due to Other Funds		3	2,280
Payroll Deductions and Withholdings			8,614
Accrued Salaries and Wages	-	-	1,046,244
Total Liabilities	-	23,658	\$ 1,213,760
NET ASSETS			
Held In Trust For Unemployment Claims		109,229	
Reserved for Scholarships	143,112	-	
Total Net Assets	\$ 143,112	\$ 109,229	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions		
Employee		\$ 47,928
District		168,908
Other	\$ 71,910	-
Total Contributions	<u>71,910</u>	<u>216,836</u>
Investment Earnings		
Interest	<u>2,792</u>	<u>277</u>
Net Investment Earnings	<u>2,792</u>	<u>277</u>
Total Additions	<u>74,702</u>	<u>217,113</u>
Deductions:		
Unemployment Claims and Contributions		219,368
Scholarships Awarded	<u>81,513</u>	<u>-</u>
Total Deductions	<u>81,513</u>	<u>219,368</u>
Change in Net Assets	(6,811)	(2,255)
Net Assets, Beginning of Year	<u>149,923</u>	<u>111,484</u>
Net Assets, End of Year	<u>\$ 143,112</u>	<u>\$ 109,229</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rahway School District (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Rahway School District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds and its enterprise fund to be major funds.

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

The district-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 with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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 when susceptible to accrual (i.e. when 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 after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest 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 period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the District's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, 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 property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 food service enterprise fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20-40
Heavy Equipment	10-15
Office Equipment and Furniture	10
Computer Equipment	5

5. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the District's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. *Long-term obligations*

In the district-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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement 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.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund and represents fund deficits that exist at year end in other funds.

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$1,912,916. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Deficit Fund Equity

The District has an unassigned deficit fund balance of \$680,663 in the General Fund and \$11,674 in the Special Revenue Fund as of June 30, 2011 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2010/2011 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unassigned general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$680,663 in the General Fund and \$11,674 in the Special Revenue Fund are less than and equal the delayed state aid payments, respectively.

E. Capital Reserve

A capital reserve account was established by the District on June 26, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

Funds placed in the capital reserve 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 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. 6:23A-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$	20,193
Increases		
Interest earnings		100
Balance, June 30, 2011	\$	20,293

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$3,045,831. Of this amount, \$590,088 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$2,455,743 will be appropriated in the 2012/2013 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the District's deposits was \$16,824,748 and bank balances of the District's cash and deposits amounted to \$18,844,291. The District's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 18,844,291</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk.. As of June 30, 2011 the District's bank balances were not exposed to custodial credit risk.

Investments

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 1,000
Money Market Funds - U.S. Gov't Securities	<u>1,557,766</u>
	<u>\$ 1,558,766</u>
 <u>Reported as:</u>	
Cash Equivalents	\$ 1,557,766
Investments	<u>1,000</u>
	<u>\$ 1,558,766</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are held by an outside party. The District does not have a policy for custodial risk. As of June 30, 2011, \$1,558,766 of the District's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department or agent but not in the Board's name	\$ <u>1,558,766</u>

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with District policy.

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 737,017	\$ 2,667		\$ 174,911	\$ 13,336	\$ 927,931
Intergovernmental	<u>44,233</u>	<u>849,687</u>	<u>\$11,550,685</u>	<u>56,604</u>	<u>-</u>	<u>12,501,209</u>
Gross Receivables	781,250	852,354	11,550,685	231,515	13,336	13,429,140
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 781,250</u>	<u>\$ 852,354</u>	<u>\$11,550,685</u>	<u>\$ 231,515</u>	<u>\$ 13,336</u>	<u>\$13,429,140</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 79,330
Capital Projects Fund	
Unrealized School Facility Grants	<u>8,019,430</u>
Total Deferred Revenue for Governmental Funds	<u>\$8,098,760</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	<u>1,764,157</u>	\$ 8,114,383	-	<u>9,878,540</u>
Total Capital Assets, Not Being Depreciated	<u>3,310,602</u>	<u>8,114,383</u>	-	<u>11,424,985</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	36,812,856			36,812,856
Improvements other than Buildings	665,051			665,051
Machinery and Equipment	<u>1,274,524</u>	<u>27,854</u>	-	<u>1,302,378</u>
Total Capital Assets Being Depreciated	<u>38,752,431</u>	<u>27,854</u>	-	<u>38,780,285</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(16,521,642)	(799,176)		(17,320,818)
Improvements other than Buildings	(319,957)	(33,253)		(353,210)
Machinery and Equipment	<u>(882,367)</u>	<u>(52,786)</u>	-	<u>(935,153)</u>
Total Accumulated Depreciation	<u>(17,723,966)</u>	<u>(885,215)</u>	-	<u>(18,609,181)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,028,465</u>	<u>(857,361)</u>	-	<u>20,171,104</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,339,067</u>	<u>\$ 7,257,022</u>	<u>\$ -</u>	<u>\$ 31,596,089</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 474,112	\$ 19,427	-	\$ 493,539
Total Capital Assets Being Depreciated	<u>474,112</u>	<u>19,427</u>	<u>-</u>	<u>493,539</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(208,536)</u>	<u>(19,531)</u>	<u>-</u>	<u>(228,067)</u>
Total Accumulated Depreciation	<u>(208,536)</u>	<u>(19,531)</u>	<u>-</u>	<u>(228,067)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 265,576</u>	<u>\$ (104)</u>	<u>\$ -</u>	<u>\$ 265,472</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Instruction		
Regular		\$ 7,997
Other		8,638
Total Instruction		<u>16,635</u>
Support Services		
Support Services - Students		1,206
General Administration		5,508
School Administration		2,947
Operations and Maintenance of Plant		9,255
Student Transportation		-
Total Support Services		<u>18,916</u>
Unallocated		<u>849,664</u>
Total depreciation expense - governmental activities		<u>\$ 885,215</u>

Business-type activities:

Food Service Fund		\$ 19,531
Total depreciation expense-business-type activities		<u>\$ 19,531</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
HVAC - Middle School	\$ 2,400,115
General Construction - Middle School	1,202,570
Plumbing - Middle School	340,349
Electrical - Middle School	560,369
General Construction - Grover Cleveland	3,277,613
Structural - Grover Cleveland	496,152
Plumbing - Grover Cleveland	322,990
HVAC - Grover Cleveland	935,975
Electrical- Grover Cleveland	589,268
General Construction - High School	5,438,726
Structural - High School	211,872
Plumbing - High School	572,632
HVAC - High School	1,725,460
Electrical - High School	2,049,247
 Total	 <u>\$ 20,123,338</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 676,485
General Fund	Capital Projects Fund	37,567
Scholarship Trust Fund	Student Activity Agency Fund	2,280
Payroll Agency Fund	Unemployment Compensation Trust Fund	<u>3</u>
 Total		 <u>\$ 716,335</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>	
	<u>General</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects	\$ 19,040	\$ 19,040
	<u>\$ 19,040</u>	<u>\$ 19,040</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Capital Leases

The District is leasing vehicles totaling \$31,752 and computers totaling \$526,212 under capital leases. The leases are for terms of 5 and 3 years, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 191,325
2013	<u>185,240</u>
Total minimum lease payments	376,565
Less: amount representing interest	<u>(26,065)</u>
Present value of minimum lease payments	<u>\$ 350,500</u>

Lease Purchase Agreements

The District has entered into lease purchase agreements and issued certificates of participation ("COPS") for additions and renovations to school facilities.

In January, 2007, the District issued \$6,050,000 in School District Private Placement Refunding Certificates of Participation having an interest rate of 3.97%. These certificates were issued in order to advance refund \$5,485,000 of its \$9,130,000 original issue lease.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

Lease Purchase Agreements

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 510,000	\$ 213,785	\$ 723,785
2013	530,000	193,538	723,538
2014	550,000	172,497	722,497
2015	570,000	150,662	720,662
2016	595,000	128,033	723,033
2017-2010	<u>2,630,000</u>	<u>265,990</u>	<u>2,895,990</u>
	<u>\$ 5,385,000</u>	<u>\$ 1,124,505</u>	<u>\$ 6,509,505</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$3,025,000, 2003 Taxable Refunding Bonds, due in annual installments of \$170,000 to \$255,000 through April 1, 2020, interest at 3.66% to 5.93%	\$ 1,880,000
\$22,800,000, 2010 School Bonds, due in annual installments of \$750,000 to \$1,450,000 through February 15, 2030, interest at 2.25% to 4.00%	<u>22,075,000</u>
	<u>\$23,955,000</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2012	\$ 920,000	\$ 916,556	\$ 1,836,556
2013	950,000	893,459	1,843,459
2014	985,000	865,527	1,850,527
2015	1,020,000	831,740	1,851,740
2016	1,055,000	796,675	1,851,675
2017-2021	6,000,000	3,348,794	9,348,794
2022-2026	7,225,000	2,029,000	9,254,000
2027-2030	5,800,000	580,000	6,380,000
	<u>\$ 23,955,000</u>	<u>\$ 10,261,751</u>	<u>\$ 34,216,751</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 143,404,596
Less: Net Debt Issued	<u>23,955,000</u>
Remaining Borrowing Power	<u>\$ 119,449,596</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Increased	Retired	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Capital leases	\$ 14,077	\$ 526,212	\$ (189,789)	\$ 350,500	\$ 174,500
Obligations Under Lease Purchase	5,875,000		(490,000)	5,385,000	510,000
Less:					
Unamortized Amount on Refunding	(258,141)	-	44,268	(213,873)	-
Subtotal-Lease Purchase	5,616,859	-	(445,732)	5,171,127	510,000
Bonds payable	24,845,000		(890,000)	23,955,000	920,000
Compensated absences payable	2,004,782	88,963	(736,829)	1,356,916	243,472
Long-term liabilities	<u>\$ 32,480,718</u>	<u>\$ 615,175</u>	<u>\$ (2,262,350)</u>	<u>\$ 30,833,543</u>	<u>\$ 1,847,972</u>

For the governmental activities, compensated absences and capital leases are generally liquidated by the general fund.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School Boards Association Insurance Group. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

The New Jersey School Boards Association Insurance Group provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 fiduciary trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 168,908	\$ 47,928	\$ 219,368	\$ 109,229
2010	206,846	49,425	202,784	111,484
2009		47,897	116,133	57,803

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – 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 district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – 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 certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2011	\$ 537,242	\$ 78,225	\$ 4,348
2010	396,750	83,955	NONE
2009	329,417	81,486	NONE

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$78,225, \$83,955 and \$81,486 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,926,579 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a 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 State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$1,661,498, \$1,576,791 and \$1,554,539, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 35,456,665		\$ 35,456,665	\$ 35,456,665	
Tuition					
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned on Investments	59,000		59,000	15,163	\$ (43,837)
Board of Public Utilities - Solar Panel Rebate	730,154		730,154	730,154	
Unrestricted Miscellaneous Revenues	196,743	-	196,743	145,366	(51,377)
Total Local Sources	36,442,662	-	36,442,662	36,347,448	(95,214)
State Sources					
Special Education Aid	1,204,591	\$ 902,308	2,106,899	2,106,899	
Equalization Aid	16,876,708	(902,308)	15,974,400	15,974,400	
Extraordinary Aid				362,510	362,510
Nonpublic Transportation Aid				31,440	31,440
On Behalf TPAF Contributions (Non-Budgeted)					
NCGI Premium				78,225	78,225
Post-Retirement Medical				1,661,498	1,661,498
Reimbursed Social Security	-	-	-	1,926,579	1,926,579
Total State Sources	18,081,299	-	18,081,299	22,141,551	4,060,252
Federal Sources					
Medicaid Reimbursements	122,685	-	122,685	122,230	(455)
Total Federal Sources	122,685	-	122,685	122,230	(455)
Total Revenues	54,646,646	-	54,646,646	58,611,229	3,964,583
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	896,585		896,585	886,585	10,000
Grades 1-5	5,019,684	(5,000)	5,014,684	4,970,206	44,478
Grades 6-8	3,222,800	19,482	3,242,282	3,238,258	4,024
Grades 9-12	5,054,796	126,684	5,181,480	5,133,017	48,463
Regular Programs - Home Instruction					
Salaries of Teachers	47,085	30,000	77,085	74,704	2,381
Purchased Professional-Educational Services	4,028	19,000	23,028	19,517	3,511
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	363,148		363,148	353,713	9,435
Purchased Professional-Educational Services	16,000	8,000	24,000	22,500	1,500
Other Purchased Services	355,039	(5,000)	350,039	237,710	112,329
General Supplies	489,400	190	489,590	433,877	55,713
Computers Acquired under Capital Lease				526,212	(526,212)
Textbooks	86,006	(2,200)	83,806	73,559	10,247
Other Objects	68,343	(740)	67,603	37,233	30,370
Total Regular Programs	15,622,914	190,416	15,813,330	16,007,091	(193,761)

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instruction - Special Education					
Learning /Language Disabilities					
Salaries of Teachers	\$ 270,210		\$ 270,210	\$ 235,504	\$ 34,706
Other Salaries for Instruction	94,976	\$ 4,700	99,676	99,631	45
General Supplies	6,460	-	6,460	2,847	3,613
Total Learning /Language Disabilities	371,646	4,700	376,346	337,982	38,364
Behavioral Disabilities					
Salaries of Teachers	426,591	800	427,391	427,339	52
Other Salaries for Instruction	89,363		89,363	84,830	4,533
Other Objects	108		108		108
General Supplies	6,859	-	6,859	1,866	4,993
Total Behavioral Disabilities	522,921	800	523,721	514,035	9,686
Multiple Disabilities					
Salaries of Teachers	141,912		141,912	135,967	5,945
Other Salaries for Instruction	112,365		112,365	85,120	27,245
Other Objects	313		313	313	
General Supplies	3,174	-	3,174	1,329	1,845
Total Multiple Disabilities	257,764	-	257,764	222,729	35,035
Resource Room/Resource Center					
Salaries of Teachers	2,815,229	8,246	2,823,475	2,822,557	918
Other Salaries for Instruction	418,699		418,699	346,123	72,576
General Supplies	24,225		24,225	11,236	12,989
Other Objects	285		285		285
Textbooks	8,550	-	8,550	2,428	6,122
Total Resource Room/Resource Center	3,266,988	8,246	3,275,234	3,182,344	92,890
Autism					
Salaries of Teachers	63,504		63,504	63,299	205
Other Salaries for Instruction	43,072	13,600	56,672	56,466	206
General Supplies	1,000	-	1,000	900	100
Total Autism	107,576	13,600	121,176	120,665	511
Preschool Disabilities - Part - Time					
Salaries of Teachers	170,171		170,171	165,866	4,305
Other Salaries for Instruction	74,995		74,995	70,093	4,902
General Supplies	2,815	-	2,815	2,177	638
Total Preschool Disabilities - Part - Time	247,981	-	247,981	238,136	9,845
Preschool Disabilities - Full - Time					
Salaries of Teachers	55,424	6,150	61,574	61,574	
Other Salaries for Instruction	39,701	2,000	41,701	41,253	448
Total Preschool Disabilities - Full - Time	95,125	8,150	103,275	102,827	448

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 67,987	\$ 10,000	\$ 77,987	\$ 75,714	\$ 2,273
Purchased Professional-Educational Services	15,000	5,000	20,000	12,973	7,027
Total Home Instruction	82,987	15,000	97,987	88,687	9,300
Total Special Education	4,952,988	50,496	5,003,484	4,807,405	196,079
Basic Skills/Remedial					
Salaries of Teachers	1,723,996	(352,986)	1,371,010	1,132,804	238,206
General Supplies	3,800		3,800		3,800
Textbooks	2,000	-	2,000	1,997	3
Total Basic Skills/Remedial	1,729,796	(352,986)	1,376,810	1,134,801	242,009
Bilingual Education					
Salaries of Teachers	466,601		466,601	437,967	28,634
Other Salaries for Instruction	80,721	590	81,311	81,305	6
General Supplies	7,750		7,750	1,188	6,562
Textbooks	4,000	-	4,000	-	4,000
Total Bilingual Education	559,072	590	559,662	520,460	39,202
School Sponsored Co-Curricular Activities					
Salaries	183,594	(307)	183,287	183,000	287
Purchased Services	56,298	5,235	61,533	51,081	10,452
Supplies and Materials	35,625		35,625	31,949	3,676
Other Objects	11,875		11,875	3,729	8,146
Transfers to Cover Deficit (Agency Funds)	27,000	-	27,000	23,971	3,029
Total School Sponsored Co-Curricular Activities	314,392	4,928	319,320	293,730	25,590
School Sponsored Athletics - Instruction					
Salaries	292,784	32,346	325,130	325,129	1
Purchased Services	94,674	(19,000)	75,674	68,098	7,576
Supplies and Materials	119,500	14,160	133,660	133,287	373
Other Objects	25,000	7,000	32,000	31,457	543
Total School Sponsored Athletics - Instruction	531,958	34,506	566,464	557,971	8,493
Before/After School Programs - Instruction					
Salaries of Teachers	8,700		8,700		8,700
Salaries of Teacher Tutors	51,335	6,745	58,080	52,511	5,569
Total Before/After School Programs - Instruction	60,035	6,745	66,780	52,511	14,269
Before/After School Programs - Support Services					
Salaries	-	8,000	8,000	8,000	-
Total Before/After School Programs - Support Services	-	8,000	8,000	8,000	-
Total Before/After School Programs	60,035	14,745	74,780	60,511	14,269

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Alternative Education Program - Instruction					
Salaries of Teachers	\$ 416,821	\$ 54,779	\$ 471,600	\$ 471,600	
Other Purchased Services		1,202	1,202	1,202	
General Supplies	2,500	3,330	5,830	5,394	\$ 436
Textbooks	5,000	(2,500)	2,500	-	2,500
Total Alternative Education Program - Instruction	424,321	56,811	481,132	478,196	2,936
Alternative Education Program - Support Svcs.					
Salaries	299,438	31,855	331,293	325,139	6,154
Total Alternative Education Program - Support Svcs.	299,438	31,855	331,293	325,139	6,154
Total Alternative Education Programs	723,759	88,666	812,425	803,335	9,090
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	-	21,402	21,402	16,359	5,043
Total Other Suppl/At-Risk Programs - Instruction	-	21,402	21,402	16,359	5,043
Other Supplemental/At-Risk Programs - Support Svcs.					
Salaries	-	22,301	22,301	14,880	7,421
Total Alternative Education Program - Support Svcs.	-	22,301	22,301	14,880	7,421
Total Alternative Education Program	-	43,703	43,703	31,239	12,464
Total - Instruction	24,494,914	75,064	24,569,978	24,216,543	353,435
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular		14,657	14,657	13,554	1,103
Tuition to Other LEAs Within State-Special	1,364,538	(96,408)	1,268,130	1,077,862	190,268
Tuition to County Voc. School- Regular	596,000	(6,220)	589,780	569,500	20,280
Tuition to County Voc. School- Special	133,940	7,260	141,200	141,200	
Tuition to CSSD & Regional Day Schools	167,507	45,153	212,660	207,843	4,817
Tuition to Private School for Handicapped W/I	2,213,916	(228,445)	1,985,471	1,683,248	302,223
Tuition to Priv. Sch. Disabled & Other LEA's- O/S State	128,080	6,451	134,531	127,859	6,672
Tuition - State Facilities	127,473		127,473	127,473	
Tuition - Other	273,024	23,723	296,747	296,747	-
Total Undistributed Expenditures - Instruction	5,004,478	(233,829)	4,770,649	4,245,286	525,363
Attendance and Social Work					
Salaries	218,400	(4,000)	214,400	214,292	108
Other Purchased Services	500		500	299	201
Supplies and Materials	2,000	-	2,000	1,352	648
Total Attendance and Social Work	220,900	(4,000)	216,900	215,943	957

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 459,317	\$ (9,302)	\$ 450,015	\$ 441,683	\$ 8,332
Purchased Professional and Technical Services	39,535	8,302	47,837	45,544	2,293
Other Purchased Services	250	3,300	3,550	3,268	282
Supplies and Materials	11,300	(300)	11,000	10,329	671
Other Objects	792	-	792	441	351
Total Health Services	<u>511,194</u>	<u>2,000</u>	<u>513,194</u>	<u>501,265</u>	<u>11,929</u>
Speech, OT, PT & Related Services					
Salaries	406,969	3,785	410,754	410,754	
Purchased Professional - Educational Services	241,598	100,000	341,598	299,847	41,751
Supplies and Materials	1,900	-	1,900	1,606	294
Total Speech, OT, PT & Related Services	<u>650,467</u>	<u>103,785</u>	<u>754,252</u>	<u>712,207</u>	<u>42,045</u>
Other Support Services - Students - Extra Svc					
Salaries	230,040		230,040	221,847	8,193
Purchased Professional - Educational Services	286,972	50,000	336,972	319,398	17,574
Other Objects	1,537	-	1,537	135	1,402
Total Other Support Services - Students - Extra Svc.	<u>518,549</u>	<u>50,000</u>	<u>568,549</u>	<u>541,380</u>	<u>27,169</u>
Guidance					
Salaries of Other Professional Staff	745,688	(128,273)	617,415	563,182	54,233
Salaries of Secretarial and Clerical Assistants	145,802		145,802	118,242	27,560
Other Salaries	53,665	(2,498)	51,167	17,984	33,183
Purchased Professional - Educational Services		39,284	39,284	16,437	22,847
Other Purchased Professional and Technical Services	15,000		15,000	12,194	2,806
Supplies and Materials	38,075	20,320	58,395	37,474	20,921
Total Undistributed Expenditures - Guidance	<u>998,230</u>	<u>(71,167)</u>	<u>927,063</u>	<u>765,513</u>	<u>161,550</u>
Child Study Teams					
Salaries of Other Professional Staff	988,000	56,353	1,044,353	1,034,790	9,563
Salaries of Secretarial and Clerical Assistants	133,511		133,511	133,507	4
Purchased Professional - Educational Services	49,152	60,000	109,152	92,073	17,079
Miscellaneous Purchased Services	8,944		8,944	8,185	759
Supplies and Materials	8,900	1,000	9,900	9,545	355
Total Undistributed Expenditures - Child Study Teams	<u>1,188,507</u>	<u>117,353</u>	<u>1,305,860</u>	<u>1,278,100</u>	<u>27,760</u>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	386,401	171,958	558,359	523,512	34,847
Salaries of Other Professional Staff	50,084		50,084	37,304	12,780
Salaries of Secretarial and Clerical Assistants	180,649	(460)	180,189	171,884	8,305
Salaries of Facilitators, Math & Literacy Coaches	172,373	(151,312)	21,061	21,059	2
Other Purchased Professional and Technical Services		2,500	2,500	2,500	
Other Purchased Services	9,082		9,082	7,060	2,022
Supplies and Materials	10,534	2,736	13,270	11,778	1,492
Other Objects	7,475	-	7,475	2,798	4,677
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>816,598</u>	<u>25,422</u>	<u>842,020</u>	<u>777,895</u>	<u>64,125</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 281,683	\$ 22,582	\$ 304,265	\$ 304,265	
Supplies and Materials	64,159	-	64,159	54,982	\$ 9,177
Total Educational Media Services/School Library	345,842	22,582	368,424	359,247	9,177
Instructional Staff Training Serv.					
Salaries of Other Professional Staff		2,000	2,000	451	1,549
Purchased Professional-Educational Services	22,040	(2,000)	20,040	4,800	15,240
Other Purchased Services	27,400		27,400	2,335	25,065
Other Objects	7,000	-	7,000	912	6,088
Total Instructional Staff Training Serv.	56,440	-	56,440	8,498	47,942
Support Services General Administration					
Salaries	539,105	(115,486)	423,619	348,629	74,990
Legal Services	81,000		81,000	53,729	27,271
Audit Fees	31,797	703	32,500	32,500	
Other Purchased Professional Services	11,450	3,337	14,787	14,536	251
Purchased Technical Services	15,570		15,570	12,179	3,391
Communications/Telephone	126,500		126,500	95,569	30,931
BOE Other Purchased Services	7,040		7,040	372	6,668
Miscellaneous Purchased Services	254,770		254,770	238,638	16,132
General Supplies	8,200		8,200	6,541	1,659
BOE In-House Training/Meeting Supplies	1,100		1,100	216	884
Miscellaneous Expenditures	13,200		13,200	10,560	2,640
BOE Member Dues & Fees	24,731	-	24,731	23,109	1,622
Total Support Services General Administration	1,114,463	(111,446)	1,003,017	836,578	166,439
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,276,846	109,873	1,386,719	1,215,366	171,353
Salaries of Secretarial and Clerical Assistants	536,168	(11,333)	524,835	497,306	27,529
Purchased Professional and Technical Services		12,500	12,500	12,447	53
Other Purchased Services	176,827		176,827	168,603	8,224
Supplies and Materials	53,041	(500)	52,541	37,993	14,548
Other Objects	40,264	13,095	53,359	40,249	13,110
Total Support Services School Administration	2,083,146	123,635	2,206,781	1,971,964	234,817
Central Services					
Salaries	408,061		408,061	379,273	28,788
Purchased Technical Services	62,000	1,200	63,200	63,105	95
Miscellaneous Purchased Services	68,214	(600)	67,614	60,159	7,455
Supplies and Materials	17,240		17,240	13,378	3,862
Miscellaneous Expenditures	16,500	-	16,500	7,063	9,437
Total Central Services	572,015	600	572,615	522,978	49,637
Admin. Info. Technology					
Salaries	286,520	73,886	360,406	356,879	3,527
Supplies and Materials	2,500	-	2,500	215	2,285
Total Admin. Info. Technology	289,020	73,886	362,906	357,094	5,812

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 158,630		\$ 158,630	\$ 151,584	\$ 7,046
Cleaning, Repair and Maintenance Services	308,000	\$ 65,775	373,775	353,426	20,349
General Supplies	111,300		111,300	75,655	35,645
Other Objects	2,000	-	2,000	1,417	583
Total Required Maint. for School Facilities	579,930	65,775	645,705	582,082	63,623
Custodial Services					
Salaries	1,661,899	81,500	1,743,399	1,640,469	102,930
Purchased Professional and Technical Services	16,000	14,898	30,898	22,498	8,400
Cleaning, Repair and Maintenance Services	190,973	6,000	196,973	165,961	31,012
Rental of Land & Bldg. Other Than Lease Purchase Agreement	106,840		106,840	95,750	11,090
Other Purchased Property Services	64,463		64,463	54,647	9,816
Insurance	90,524		90,524	90,524	
General Supplies	136,000	22,000	158,000	153,516	4,484
Energy (Electricity)	375,380	66,200	441,580	441,501	79
Energy (Natural Gas)	712,000	(169,098)	542,902	285,872	257,030
Energy (Oil)	8,480	-	8,480	553	7,927
Other Operation and Maint. Of Plant	3,362,559	21,500	3,384,059	2,951,291	432,768
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	40,000		40,000	15,424	24,576
General Supplies	20,000	15,000	35,000	29,395	5,605
Total Care & Upkeep of Grounds	60,000	15,000	75,000	44,819	30,181
Security					
Salaries	308,618	19,400	328,018	320,511	7,507
Purchased Professional and Technical Services	30,000	(5,000)	25,000	5,616	19,384
Total Security	338,618	14,400	353,018	326,127	26,891
Total Undist. Expend.-Oper & Main of Plant Serv.	4,341,107	116,675	4,457,782	3,904,319	553,463
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	24,146	8,000	32,146	27,497	4,649
Salaries for Pupil Transportation (Other Than Between Home and School)	6,000	5,000	11,000	8,962	2,038
Cleaning, Repair and Maintenance Services	10,000		10,000	7,740	2,260
Rental Payments - School Buses	2,000		2,000	1,545	455
Contracted Services - Aid in Lieu of Payments	162,692	(35,275)	127,417	97,704	29,713
Contracted Services (Between Home and School) - Vendors	196,190	252,000	448,190	445,378	2,812
Contracted Services (Other than Between Home and School) - Vendors	126,060	740	126,800	87,341	39,459
Contracted Services - (Spec. Ed. Students) - Vendors	561,379	(122,000)	439,379	439,167	212
Contracted Services - (Spec. Ed. Students) - Joint Agreements		16,693	16,693	16,692	1
Contracted Services (Regular Students) - ECSs & CTSAAs	213,170	(83,418)	129,752	113,905	15,847
Contracted Services (Spd. Ed. Students) - ECSs & CTSAAs	1,464,890	(39,000)	1,425,890	1,371,273	54,617
Misc. Purchased Services- Transportation	8,000		8,000	4,000	4,000
General Supplies	12,000		12,000	3,210	8,790
Other Objects	12,375	-	12,375	1,167	11,208
Total Student Transportation Services	2,798,902	2,740	2,801,642	2,625,581	176,061

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contribution	\$ 633,210	\$ 4,825	\$ 638,035	\$ 584,214	\$ 53,821
Other Retirement Contributions - Regular	475,860	66,882	542,742	541,590	1,152
Unemployment Compensation	100,000	70,122	170,122	170,122	
Workmen's Compensation	273,733	(2,800)	270,933	261,685	9,248
Health Benefits	7,780,745	(805,161)	6,975,584	6,718,470	257,114
Tuition Reimbursement	125,000	(37,000)	88,000	80,405	7,595
Other Employee Benefits	380,380	375,057	755,437	736,829	18,608
Total Unallocated Benefits - Employee Benefits	9,768,928	(328,075)	9,440,853	9,093,315	347,538
On Behalf TPAF Contributions (Non-Budgeted)					
NCGI Premium				78,225	(78,225)
Post-Retirement Medical				1,661,498	(1,661,498)
Reimbursed Social Security	-	-	-	1,926,579	(1,926,579)
Total On-Behalf TPAF Contributions	-	-	-	3,666,302	(3,666,302)
Total Undistributed Expenditures	31,278,786	(109,839)	31,168,947	32,383,465	(1,214,518)
Total Current Expenditures	55,773,700	(34,775)	55,738,925	56,600,008	(861,083)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		3,149	3,149	3,149	
Guidance and Attendance		4,405	4,405	4,405	
Improvement of Instructional Services		4,800	4,800	4,800	
Central Services	-	15,500	15,500	15,500	-
Total Equipment	-	27,854	27,854	27,854	-
Debt Service Assessment	4,731	-	4,731	4,731	-
Interest Deposit to Capital Reserve	100	-	100	-	100
Total Capital Outlay	4,831	27,854	32,685	32,585	100
Transfer Funds to Charter School	-	20,998	20,998	11,953	9,045
Total Expenditures	55,778,531	14,077	55,792,608	56,644,546	(851,938)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,131,885)	(14,077)	(1,145,962)	1,966,683	3,112,645
Other Financing Sources (Uses)					
Operating Transfers In				19,040	19,040
Capital Lease Proceeds	-	-	-	526,212	526,212
Total Other Financing Sources (Uses)	-	-	-	545,252	545,252
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	(1,131,885)	(14,077)	(1,145,962)	2,511,935	3,657,897
Fund Balances, Beginning of Year	2,882,487	-	2,882,487	2,882,487	-
Fund Balances, End of Year	\$ 1,750,602	\$ (14,077)	\$ 1,736,525	\$ 5,394,422	\$ 3,657,897

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	<u>Actual</u>
Recapitulation of Fund Balance	
Restricted	
Capital Reserve	\$ 20,293
Excess Surplus, Designated for Subsequent Year's Expenditures	590,088
Excess Surplus	2,455,743
Assigned	
Year End Encumbrances	59,510
Designated for Subsequent Year's Expenditures	825,797
Unassigned	<u>1,442,991</u>
	5,394,422
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Not Recognized on GAAP Basis (June 30, 2011)	<u>(2,123,654)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 3,270,768</u>

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 273,051	\$ 273,051	\$ 217,144	\$ (55,907)
State Sources	\$ 17,852	796,451	814,303	791,251	(23,052)
Federal Sources	2,187,757	829,337	3,017,094	2,636,374	(380,720)
Total Revenues	<u>2,205,609</u>	<u>1,898,839</u>	<u>4,104,448</u>	<u>3,644,769</u>	<u>(459,679)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	772,070	275,748	1,047,818	1,024,714	23,104
Other Salaries for Instruction	180,133	8,439	188,572	172,714	15,858
Purchased Professional-Educational Services		366,957	366,957	253,482	113,475
Other Purchased Services		5,780	5,780	5,730	50
Tuition	900,000	315,187	1,215,187	1,215,187	
General Supplies		159,046	159,046	103,116	55,930
Textbooks	6,930	1,588	8,518	7,954	564
Total Instruction	<u>1,859,133</u>	<u>1,132,745</u>	<u>2,991,878</u>	<u>2,782,897</u>	<u>208,981</u>
Support Services					
Salaries of Supervisors of Instruction	20,013		20,013	20,013	
Salaries of Program Directors	49,500		49,500	49,500	
Salaries of Other Professional Staff	31,000	134,122	165,122	128,063	37,059
Salaries of Secretarial and Clerical Asst.	36,318		36,318	36,318	
Other Salaries	6,194	168,710	174,904	173,957	947
Personal Services - Employee Benefits	192,529	60,219	252,748	249,320	3,428
Purchased Prof./Educ. Svcs.	6,753	275,174	281,927	134,378	147,549
Other Purchased Professional Services	4,169	6,520	10,689	10,381	308
Travel		2,829	2,829		2,829
Contracted Services - Transportation		5,608	5,608	3,288	2,320
Other Purchased Services		46,924	46,924	24,734	22,190
Supplies and Materials		53,006	53,006	21,801	31,205
Other Objects		12,982	12,982	10,119	2,863
Total Support Services	<u>346,476</u>	<u>766,094</u>	<u>1,112,570</u>	<u>861,872</u>	<u>250,698</u>
Total Expenditures	<u>2,205,609</u>	<u>1,898,839</u>	<u>4,104,448</u>	<u>3,644,769</u>	<u>459,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation:					
Fund Balance - Budgetary Basis				-	
Less: State Aid Revenue Not Recognized on GAAP Basis				\$ (11,674)	
Fund Balance (Deficit) Per Governmental Fund Statements (GAAP)				<u>\$ (11,674)</u>	

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$ 58,611,229	(C-2) \$ 3,644,769
Difference - Budget to GAAP	2,453,500	12,232
State Aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	<u>(2,123,654)</u>	<u>(11,674)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>58,941,075</u>	(B-2) \$ <u>3,645,327</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1) \$ <u>56,644,546</u>	(C-2) \$ <u>3,644,769</u>
Differences - Budget to GAAP	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>56,644,546</u>	(B-2) \$ <u>3,644,769</u>

SPECIAL REVENUE FUND

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit E-1a Totals	I.D.E.A. Part B			ARRA			Title I			Grand Total
	Basic 2010-11	Preschool 2010-11	IDEA Basic	IDEA Preschool	JAG	Title I	Title I-SIA	2010-11	2009-10	
\$ 791,251	\$ 943,860	\$ 19,158	\$ 515,748	\$ 29,719	\$ 100,000	\$ 214,186	\$ 8,240	\$ 455,114	\$ 94,331	\$ 791,251
256,018										2,636,374
217,144										217,144
\$ 1,264,413	\$ 943,860	\$ 19,158	\$ 515,748	\$ 29,719	\$ 100,000	\$ 214,186	\$ 8,240	\$ 455,114	\$ 94,331	\$ 3,644,769
\$ 574,945			\$ 108,586		\$ 12,740	\$ 25,030	\$ 6,027	\$ 292,936	\$ 4,450	\$ 1,024,714
168,714								4,000		172,714
13,509	\$ 33,693			\$ 10,807	85,460			44,278	65,735	253,482
5,730										5,730
	901,526	\$ 18,908	276,753	18,000						1,215,187
16,338	97		1,301		1,800	49,229	1,752	30,613	1,986	103,116
7,954										7,954
787,190	935,316	18,908	386,640	28,807	100,000	74,259	7,779	371,827	72,171	2,782,897
20,013										20,013
49,500			43,689					2,297	7,047	49,500
75,030										128,063
36,318			42,924			94,839				36,318
36,194			38,474			25,431				173,957
110,836			2,735	696		13,962	461	73,239	879	249,320
104,004	2,396	250				4,050		1,062	9,273	134,378
6,331										10,381
2,440	848									3,288
15,585	4,543		1,286	216				3,583	1,023	24,734
16,259	757							3,063	220	21,801
4,713						1,645		45	3,718	10,119
477,223	8,544	250	129,108	912		139,927	461	83,287	22,160	861,872
\$ 1,264,413	\$ 943,860	\$ 19,158	\$ 515,748	\$ 29,719	\$ 100,000	\$ 214,186	\$ 8,240	\$ 455,114	\$ 94,331	\$ 3,644,769

REVENUES

Intergovernmental
State
Federal
Local

Total Revenues

EXPENDITURES

Instruction
Salaries of Teachers
Other Salaries for Instruction
Purchased Prof. and
Educational Services
Other Purchased Services
Tuition
General Supplies
Textbooks
Total Instruction

Support Services
Salaries of Supervisors of Instruction
Salaries of Program Directors
Salaries of Other Prof. Staff
Salaries of Sec. & Clerical Asst.
Other Salaries
Personal Svcs-Employee Benefits
Purchased Prof. Educ. Services
Other Purchased Prof. Services
Contracted Services- Transp.
Other Purchased Services
Supplies and Materials
Other Objects

Total Support Services
Facilities Acquisition and Construction
Noninstructional Equipment

Total Facilities Acq. & Construction
Total Expenditures

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Totals Exhibit E-1b	Title I - SIA		Title IIIA		Title III		Title IV 2009-10	Preschool Education Aid	Totals Carried Forward
		2010-11	2009-10	2010-11	2009-10	2009-10	2009-10			
REVENUES										
Intergovernmental										
State	14,707	15,102	8,823	289	1,212	10,199	5,932	1,603	776,544	791,251
Federal	31,916									256,018
Local Sources	217,144									217,144
Total Revenues	263,767	15,102	8,823	289	1,212	10,199	5,932	1,603	776,544	1,264,413
EXPENDITURES										
Instruction										
Salaries of Teachers	78,750	3,414	4,126		367	30,286	4,072		397,623	574,945
Other Salaries for Instruction						13,194	592		149,990	168,714
Purchased Prof. and Educational Services	3,151	8,878								13,509
Other Purchased Services	5,730							1,500		5,730
Tuition			43		19	4,883		28		16,338
General Supplies	9,097	2,268								7,954
Textbooks	7,954									
Total Instruction	104,662	14,560	4,169	386	386	43,480	4,664	1,528	547,613	787,190
Support Services										
Salaries of Supervisors of Instruction									20,013	20,013
Salaries of Program Directors									49,500	49,500
Salaries of Other Prof. Staff	31,416		1,560						31,000	75,030
Salaries of Sec. & Clerical Asst.									36,318	36,318
Other Salaries									6,194	36,194
Personal Svcs-Employee Benefits		261			28	8,581	357			110,836
Purchased Prof. Educ. Services	98,598	281				400				104,004
Other Purchased Prof. Services	6,331									6,331
Contracted Services-Transp.	1,713									2,440
Other Purchased Services	2,400		236		798	181		75		15,585
Supplies and Materials	15,875									16,259
Other Objects	2,772		1,941							4,713
Total Support Services	159,105	542	4,654	289	826	378	1,268	75	228,931	477,223
Facilities Acquisition and Construction										
Noninstructional Equipment										
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-	-	-
Total Expenditures	263,767	15,102	8,823	289	1,212	10,199	5,932	1,603	776,544	1,264,413

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Chapter 192		Chapter 193		CHIRPA		Amstad		APIP		Other Local/		Totals	
	NJ Non-Public Aid	Transporation	Compensatory Education	Corrective Speech	Exam & Class	Supplemental Instruction	Grant	Training			Private	Grants	Carried Forward	
REVENUES														
Intergovernmental														
State	4,779	6,331	586	782	1,116	695	31,916						14,707	
Federal													31,916	
Local Sources													217,144	
Total Revenues	4,779	6,331	586	782	1,116	695	31,916	16,739	169,354	31,051	159,105	263,767		
EXPENDITURES														
Instruction														
Salaries of Teachers														
Other Salaries for Instruction														
Purchased Prof. and Educational Services			586			695							3,131	
Other Purchased Services									5,730				5,730	
Tuition														
General Supplies	4,779								2,774				6,323	
Textbooks													7,954	
Total Instruction	4,779		586			695			87,004		11,598		104,662	
Support Services														
Salaries of Other Prof. Staff														
Salaries of Sec. & Clerical Asst.														
Other Salaries														
Personal Svcs-Employee Benefits														
Purchased Prof. Educ. Services														
Other Purchased Prof. Services														
Contracted Services-Transp.														
Other Purchased Services														
Supplies and Materials														
Other Objects														
Total Support Services														
Facilities Acquisition and Construction														
Noninstructional Equipment														
Total Facilities Acq. & Construction														
Total Expenditures	4,779	6,331	586	782	1,116	695	31,916	16,739	169,354	31,051	159,105	263,767		

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

District-Wide Totals	Total				Variance Favorable (Unfavorable)
	Original Budget	Transfers	Modified Budget	Actual	
Instruction					
Salaries of Teachers	\$ 397,623		\$ 397,623	\$ 397,623	
Other Salaries for Instruction	164,851	-	164,851	149,990	\$ 14,861
Total Instruction	562,474	-	562,474	547,613	14,861
Support Services					
Salaries of Supervisors of Instruction	20,013		20,013	20,013	
Salaries of Program Directors	49,500		49,500	49,500	
Salaries of Other Professional Staff	31,000		31,000	31,000	
Salaries of Secretarial and Clerical Asst.	36,318		36,318	36,318	
Other Salaries	6,194		6,194	6,194	
Personal Services - Employee Benefits	85,906	-	85,906	85,906	-
Total Support Services	228,931	-	228,931	228,931	-
Total Expenditures	\$ 791,405	\$ -	\$ 791,405	\$ 776,544	\$ 14,861

Calculation of Budget & Carryover

Total Revised 2010-11 Preschool Education Aid Allocation	\$ 791,405
Actual Preschool Education Aid Carryover (June 30, 2010)	52,606
Total Preschool Education Aid Funds Available for 2010-11 Budget	844,011
Less: 2010-11 Budgeted Preschool Education Aid (Including Prior year budgeted carryover)	791,405
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	52,606
Add: June 30, 2011 Unexpended Preschool Education Aid	14,861
2010-11 Carryover- Preschool Education Aid	\$ 67,467
2010-11 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2011-12	\$ -

CAPITAL PROJECTS FUND

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources	
Interest on Investments	\$ 19,040
	<u>19,040</u>
Total Revenues and Other Financing Sources	<u>19,040</u>
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	723,651
Construction Services	7,390,732
Operating Transfers Out	<u>19,040</u>
Total Expenditures and Other Financing Uses	<u>8,133,423</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(8,114,383)
Fund Balance- Beginning of Year	<u>32,423,362</u>
Fund Balance- Ending of Year	<u>\$ 24,308,979</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Fund Balance (Budgetary Basis)	\$ 24,308,979
Less: Unearned Revenue - SDA Grants	<u>(8,019,430)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 16,289,549</u>
Recapitulation:	
Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Year End Encumbrances	21,945,180
Available for Future Capital Project Expenditures	<u>(5,662,917)</u>
	<u>\$ 16,289,549</u>

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 72,928		\$ 72,928	\$ 72,928
Transfers from Capital Reserve/Capital Outlay	131,593	-	131,593	131,593
Total Revenues and Other Financing Sources	<u>204,521</u>	<u>-</u>	<u>204,521</u>	<u>204,521</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,893		1,893	1,893
Construction Services	180,427		180,427	180,527
Transfer to Other Funds	22,101	-	22,101	22,101
Total Expenditures and Other Financing Uses	<u>204,421</u>	<u>-</u>	<u>204,421</u>	<u>204,521</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL GYM PARTITION REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 46,136		\$ 46,136	\$ 46,136
Transfers from Capital Reserve	50,464	-	50,464	50,464
	<u>96,600</u>	<u>-</u>	<u>96,600</u>	<u>96,600</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	8,466		8,466	8,466
Construction Services	83,915	-	83,915	88,134
	<u>92,381</u>	<u>-</u>	<u>92,381</u>	<u>96,600</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,219</u>	<u>\$ -</u>	<u>\$ 4,219</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-060-09-2010			
Grant Date	5/21/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 96,600			
Additional Authorized Cost				
Revised Authorized Cost	\$ 96,600			
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%			
Percentage Completion	95.63%			
Original Target Completion Date	6/2010			
Revised Target Completion Date	6/2010			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MADISON SCHOOL SOUND/CLOCK SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 49,718		\$ 49,718	\$ 49,718
Transfers from Capital Reserve	54,382	-	54,382	54,382
Total Revenues and Other Financing Sources	<u>104,100</u>	<u>-</u>	<u>104,100</u>	<u>104,100</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	8,489		8,489	8,489
Construction Services	59,478	-	59,478	95,611
Total Expenditures and Other Financing Uses	<u>67,967</u>	<u>-</u>	<u>67,967</u>	<u>104,100</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 36,133</u>	<u>\$ -</u>	<u>\$ 36,133</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-110-09-1012			
Grant Date	7/7/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 104,100			
Additional Authorized Cost				
Revised Authorized Cost	\$ 104,100			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.0%			
Percentage Completion	65.29%			
Original Target Completion Date	6/2010			
Revised Target Completion Date	6/2010			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROOSEVELT SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 148,175		\$ 148,175	\$ 148,175
Transfers from Capital Reserve	<u>162,075</u>	<u>-</u>	<u>162,075</u>	<u>162,075</u>
Total Revenues and Other Financing Sources	<u>310,250</u>	<u>-</u>	<u>310,250</u>	<u>310,250</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	27,197		27,197	27,197
Construction Services	<u>242,642</u>	<u>-</u>	<u>242,642</u>	<u>283,053</u>
Total Expenditures and Other Financing Uses	<u>269,839</u>	<u>-</u>	<u>269,839</u>	<u>310,250</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 40,411</u>	<u>\$ -</u>	<u>\$ 40,411</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-120-09-1011			
Grant Date	5/21/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 310,250			
Additional Authorized Cost				
Revised Authorized Cost	\$ 310,250			
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%			
Percentage Completion	86.97%			
Original Target Completion Date	6/2010			
Revised Target Completion Date	6/2010			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 4,304,169		\$ 4,304,169	\$ 4,304,169
Bond Proceeds	<u>7,161,226</u>	<u>\$ 89,240</u>	<u>7,250,466</u>	<u>7,250,466</u>
Total Revenues and Other Financing Sources	<u>11,465,395</u>	<u>89,240</u>	<u>11,554,635</u>	<u>11,554,635</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	592,207	93,560	685,767	685,767
Construction Services	<u>-</u>	<u>1,002,298</u>	<u>1,002,298</u>	<u>10,868,868</u>
Total Expenditures and Other Financing Uses	<u>592,207</u>	<u>1,095,858</u>	<u>1,688,065</u>	<u>11,554,635</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 10,873,188</u>	<u>\$ (1,006,618)</u>	<u>\$ 9,866,570</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-050-09-1013			
Grant Date	7/23/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 7,250,466			
Bonds Issued	\$ 7,250,466			
Original Authorized Cost	\$ 11,465,395			
Additional Authorized Cost	\$ 89,240			
Revised Authorized Cost	\$ 11,554,635			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.8%			
Percentage Completion	14.61%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2012			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ELECTRICAL SERVICE AND DISTRIBUTION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 142,815		\$ 142,815	\$ 142,815
Bond Proceeds	156,211	-	156,211	156,211
	<u>299,026</u>	<u>-</u>	<u>299,026</u>	<u>299,026</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	13,598	\$ 1,925	15,523	15,523
Construction Services	-	-	-	283,503
	<u>13,598</u>	<u>1,925</u>	<u>15,523</u>	<u>299,026</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 285,428</u>	<u>\$ (1,925)</u>	<u>\$ 283,503</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-050-09-2001
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 156,211
Bonds Issued	\$ 156,211
Original Authorized Cost	\$ 299,026
Additional Authorized Cost	
Revised Authorized Cost	\$ 299,026

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	5.19%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 598,758		\$ 598,758	\$ 598,758
Bond Proceeds	654,922	-	654,922	654,922
	<u>1,253,680</u>	<u>-</u>	<u>1,253,680</u>	<u>1,253,680</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	74,163	\$ 190,517	264,680	264,680
Construction Services	-	989,000	989,000	989,000
	<u>74,163</u>	<u>1,179,517</u>	<u>1,253,680</u>	<u>1,253,680</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,179,517</u>	<u>\$ (1,179,517)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-050-09-2002			
Grant Date	5/21/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 654,922			
Bonds Issued	\$ 654,922			
Original Authorized Cost	\$ 1,253,680			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,253,680			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.0%			
Percentage Completion	100.00%			
Original Target Completion Date	6/2011			
Revised Target Completion Date	6/2011			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL WINDOW, HVAC AND ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 618,341		\$ 618,341	\$ 618,341
Bond Proceeds	<u>676,343</u>	<u>-</u>	<u>676,343</u>	<u>676,343</u>
 Total Revenues and Other Financing Sources	 <u>1,294,684</u>	 <u>-</u>	 <u>1,294,684</u>	 <u>1,294,684</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	64,478	\$ 25,348	89,826	89,826
Construction Services	<u>-</u>	<u>534,305</u>	<u>534,305</u>	<u>1,204,858</u>
 Total Expenditures and Other Financing Uses	 <u>64,478</u>	 <u>559,653</u>	 <u>624,131</u>	 <u>1,294,684</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 1,230,206</u>	 <u>\$ (559,653)</u>	 <u>\$ 670,553</u>	 <u>\$ -</u>

Additional project information:

Project Number	4290-050-09-2003
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 676,343
Bonds Issued	\$ 676,343
Original Authorized Cost	\$ 1,294,684
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,294,684
 Percentage Increase(Decrease) Over Original	
Authorized Cost	0.0%
Percentage Completion	48.21%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,251,875		\$ 1,251,875	\$ 1,251,875
Bond Proceeds	1,369,302	-	1,369,302	1,369,302
	<u>2,621,177</u>	<u>-</u>	<u>2,621,177</u>	<u>2,621,177</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	180,393	\$ 113,099	293,492	293,492
Construction Services	-	429,649	429,649	2,327,685
	<u>180,393</u>	<u>542,748</u>	<u>723,141</u>	<u>2,621,177</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 2,440,784</u>	<u>\$ (542,748)</u>	<u>\$ 1,898,036</u>	<u>\$ -</u>

Additional project information:

Project Number	4250-060-09-2015
Grant Date	7/7/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 1,369,302
Bonds Issued	\$ 1,369,302
Original Authorized Cost	\$ 2,621,177
Additional Authorized Cost	
Revised Authorized Cost	\$ 2,621,177

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	27.59%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL BOILERS, FIRE ALARMS AND ELECTRICAL PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 2,295,442	-	\$ 2,295,442	\$ 2,295,442
Bond Proceeds	<u>2,510,757</u>	<u>-</u>	<u>2,510,757</u>	<u>2,510,757</u>
Total Revenues and Other Financing Sources	<u>4,806,199</u>	<u>-</u>	<u>4,806,199</u>	<u>4,806,199</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	220,111	\$ 36,709	256,820	256,820
Construction Services	<u>-</u>	<u>1,405,667</u>	<u>1,405,667</u>	<u>4,549,379</u>
Total Expenditures and Other Financing Uses	<u>220,111</u>	<u>1,442,376</u>	<u>1,662,487</u>	<u>4,806,199</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,586,088</u>	<u>\$ (1,442,376)</u>	<u>\$ 3,143,712</u>	<u>\$ -</u>
Additional project information:				
Project Number	4250-060-09-2004			
Grant Date	5/21/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 2,510,757			
Bonds Issued	\$ 2,510,757			
Original Authorized Cost	\$ 4,806,199			
Additional Authorized Cost				
Revised Authorized Cost	\$ 4,806,199			
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%			
Percentage Completion	34.59%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2012			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
FRANKLIN SCHOOL FIRE ALARM SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 97,107		\$ 97,107	\$ 97,107
Bond Proceeds	<u>106,216</u>	<u>\$ 64,239</u>	<u>170,455</u>	<u>170,455</u>
 Total Revenues and Other Financing Sources	 <u>203,323</u>	 <u>64,239</u>	 <u>267,562</u>	 <u>267,562</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	14,347	1,391	15,738	15,738
Construction Services	<u>-</u>	<u>245,660</u>	<u>245,660</u>	<u>251,824</u>
 Total Expenditures and Other Financing Uses	 <u>14,347</u>	 <u>247,051</u>	 <u>261,398</u>	 <u>267,562</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 188,976</u>	 <u>\$ (182,812)</u>	 <u>\$ 6,164</u>	 <u>\$ -</u>

Additional project information:

Project Number	4290-080-09-1005
Grant Date	5/29/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 170,455
Bonds Issued	\$ 170,455
Original Authorized Cost	\$ 203,323
Additional Authorized Cost	\$ 64,239
Revised Authorized Cost	\$ 267,562

Percentage Increase(Decrease) Over Original Authorized Cost	31.59%
Percentage Completion	97.70%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL ADDITIONS AND RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,620,946		\$ 1,620,946	\$ 1,620,946
Bond Proceeds	<u>7,086,892</u>	<u>-</u>	<u>7,086,892</u>	<u>7,086,892</u>
Total Revenues and Other Financing Sources	<u>8,707,838</u>	<u>-</u>	<u>8,707,838</u>	<u>8,707,838</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	407,659	\$ 177,242	584,901	584,901
Construction Services	<u>-</u>	<u>771,995</u>	<u>771,995</u>	<u>8,122,937</u>
Total Expenditures and Other Financing Uses	<u>407,659</u>	<u>949,237</u>	<u>1,356,896</u>	<u>8,707,838</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 8,300,179</u>	<u>\$ (949,237)</u>	<u>\$ 7,350,942</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-090-09-1014			
Grant Date	7/23/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 7,086,892			
Bonds Issued	\$ 7,086,892			
Original Authorized Cost	\$ 8,707,838			
Additional Authorized Cost				
Revised Authorized Cost	\$ 8,707,838			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.0%			
Percentage Completion	15.58%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2012			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL ELECTRICAL SERVICE UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 98,644		\$ 98,644	\$ 98,644
Bond Proceeds	107,897	-	107,897	107,897
	<u>206,541</u>	<u>-</u>	<u>206,541</u>	<u>206,541</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	9,194	\$ 1,280	10,474	10,474
Construction Services	-	38,000	38,000	196,067
	<u>9,194</u>	<u>39,280</u>	<u>48,474</u>	<u>206,541</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 197,347</u>	<u>\$ (39,280)</u>	<u>\$ 158,067</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-090-09-1006			
Grant Date	5/29/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 107,897			
Bonds Issued	\$ 107,897			
Original Authorized Cost	\$ 206,541			
Additional Authorized Cost				
Revised Authorized Cost	\$ 206,541			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.0%			
Percentage Completion	23.47%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2012			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL FIRE ALARM SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 62,187		\$ 62,187	\$ 62,187
Bond Proceeds	<u>68,021</u>	<u>\$ 62,185</u>	<u>130,206</u>	<u>130,206</u>
Total Revenues and Other Financing Sources	<u>130,208</u>	<u>62,185</u>	<u>192,393</u>	<u>192,393</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	6,958	1,433	8,391	8,391
Construction Services	<u>-</u>	<u>184,000</u>	<u>184,000</u>	<u>184,002</u>
Total Expenditures and Other Financing Uses	<u>6,958</u>	<u>185,433</u>	<u>192,391</u>	<u>192,393</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 123,250</u>	<u>\$ (123,248)</u>	<u>\$ 2</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-090-09-1007
Grant Date	5/29/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 130,206
Bonds Issued	\$ 130,206
Original Authorized Cost	\$ 130,208
Additional Authorized Cost	\$ 62,185
Revised Authorized Cost	\$ 192,393

Percentage Increase(Decrease) Over Original

Authorized Cost	47.8%
Percentage Completion	100.00%
Original Target Completion Date	6/2011
Revised Target Completion Date	6/2011

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MADISON SCHOOL FIRE ALARM SYSTEM REPLACEMENT AND INSTALLATION OF SECURE ENTRY VESTIBULE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 122,287		\$ 122,287	\$ 122,287
Bond Proceeds	<u>133,757</u>	<u>-</u>	<u>133,757</u>	<u>133,757</u>
Total Revenues and Other Financing Sources	<u>256,044</u>	<u>-</u>	<u>256,044</u>	<u>256,044</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	16,535	\$ 1,738	18,273	18,273
Construction Services	<u>-</u>	<u>231,607</u>	<u>231,607</u>	<u>237,771</u>
Total Expenditures and Other Financing Uses	<u>16,535</u>	<u>233,345</u>	<u>249,880</u>	<u>256,044</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 239,509</u>	<u>\$ (233,345)</u>	<u>\$ 6,164</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-110-09-1008			
Grant Date	5/21/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 133,757			
Bonds Issued	\$ 133,757			
Original Authorized Cost	\$ 256,044			
Additional Authorized Cost				
Revised Authorized Cost	\$ 256,044			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.0%			
Percentage Completion	97.59%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2012			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROOSEVELT SCHOOL FIRE ALARM SYSTEM AND SECURITY DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 94,085		\$ 94,085	\$ 94,085
Bond Proceeds	<u>102,910</u>	<u>\$ 88,035</u>	<u>190,945</u>	<u>190,945</u>
 Total Revenues and Other Financing Sources	 <u>196,995</u>	 <u>88,035</u>	 <u>285,030</u>	 <u>285,030</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	12,166	1,364	13,530	13,530
Construction Services	<u>-</u>	<u>265,488</u>	<u>265,488</u>	<u>271,500</u>
 Total Expenditures and Other Financing Uses	 <u>12,166</u>	 <u>266,852</u>	 <u>279,018</u>	 <u>285,030</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 184,829</u>	 <u>\$ (178,817)</u>	 <u>\$ 6,012</u>	 <u>\$ -</u>

Additional project information:

Project Number	4290-120-09-1009
Grant Date	5/29/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 190,945
Bonds Issued	\$ 190,945
Original Authorized Cost	\$ 196,995
Additional Authorized Cost	\$ 88,035
Revised Authorized Cost	\$ 285,030

Percentage Increase(Decrease) Over Original

Authorized Cost	44.7%
Percentage Completion	97.89%
Original Target Completion Date	6/2011
Revised Target Completion Date	6/2011

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL PHOTOVOLTAIC PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,385,387	\$ (151,425)	\$ 1,233,962	\$ 1,233,962
Total Revenues and Other Financing Sources	<u>1,385,387</u>	<u>(151,425)</u>	<u>1,233,962</u>	<u>1,233,962</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	74,924	41,002	115,926	115,926
Construction Services	-	658,959	658,959	1,118,036
Total Expenditures and Other Financing Uses	<u>74,924</u>	<u>699,961</u>	<u>774,885</u>	<u>1,233,962</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,310,463</u>	<u>\$ (851,386)</u>	<u>\$ 459,077</u>	<u>\$ -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 1,233,962
Bonds Issued	\$ 1,233,962
Original Authorized Cost	\$ 1,385,387
Additional Authorized Cost	\$ (151,425)
Revised Authorized Cost	\$ 1,233,962

Percentage Increase(Decrease) Over Original Authorized Cost	-10.9%
Percentage Completion	62.80%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL PHOTOVOLTAIC PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,272,873	\$ (152,274)	\$ 1,120,599	\$ 1,120,599
 Total Revenues and Other Financing Sources	 <u>1,272,873</u>	 <u>(152,274)</u>	 <u>1,120,599</u>	 <u>1,120,599</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	77,424	37,043	114,467	114,467
Construction Services	-	634,104	634,104	1,006,132
 Total Expenditures and Other Financing Uses	 <u>77,424</u>	 <u>671,147</u>	 <u>748,571</u>	 <u>1,120,599</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 1,195,449</u>	 <u>\$ (823,421)</u>	 <u>\$ 372,028</u>	 <u>\$ -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 1,120,599
Bonds Issued	\$ 1,120,599
Original Authorized Cost	\$ 1,272,873
Additional Authorized Cost	\$ (152,274)
Revised Authorized Cost	\$ 1,120,599
 Percentage Increase(Decrease) Over Original Authorized Cost	 -12.0%
Percentage Completion	66.80%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

ENTERPRISE FUND

EXHIBIT G-1

**RAHWAY SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 158,902	\$ 1,054,855	\$ 1,213,757
Due from Other Funds	<u>-</u>	<u>3</u>	<u>3</u>
Total Assets	<u>\$ 158,902</u>	<u>\$ 1,054,858</u>	<u>\$ 1,213,760</u>
LIABILITIES			
Due to Student Groups	\$ 156,622		\$ 156,622
Accrued Salaries & Wages		\$ 1,046,244	1,046,244
Payroll Deductions and Withholdings		8,614	8,614
Due to Other Funds	<u>2,280</u>	<u>-</u>	<u>2,280</u>
Total Liabilities	<u>\$ 158,902</u>	<u>\$ 1,054,858</u>	<u>\$ 1,213,760</u>

**RAHWAY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**RAHWAY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>School</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
ELEMENTARY SCHOOLS				
Madison	\$ 6,030	\$ 7,644	\$ 7,993	\$ 5,681
Grover Cleveland	13,944	23,578	23,012	14,510
Roosevelt School	10,415	61,242	52,995	18,662
Franklin	8,119	26,550	28,297	6,372
Total Elementary Schools	<u>38,508</u>	<u>119,014</u>	<u>112,297</u>	<u>45,225</u>
Rahway Middle School	<u>24,713</u>	<u>98,554</u>	<u>99,499</u>	<u>23,768</u>
Rahway High School	77,019	306,782	298,055	85,746
Athletics	(66)	78,579	74,350	4,163
Total High School	<u>76,953</u>	<u>385,361</u>	<u>372,405</u>	<u>89,909</u>
Total All Schools	<u>\$ 140,174</u>	<u>\$ 602,929</u>	<u>\$ 584,201</u>	<u>\$ 158,902</u>

**RAHWAY SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 989,877	\$ 38,793,052	\$ 38,728,074	\$ 1,054,855
Due from Other Funds	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total Assets	<u>\$ 989,880</u>	<u>\$ 38,793,052</u>	<u>\$ 38,728,074</u>	<u>\$ 1,054,858</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 5,656	\$ 16,645,206	\$ 16,642,248	\$ 8,614
Accrued Salaries and Wages	<u>984,224</u>	<u>20,910,972</u>	<u>20,848,952</u>	<u>1,046,244</u>
Total Liabilities	<u>\$ 989,880</u>	<u>\$ 37,556,178</u>	<u>\$ 37,491,200</u>	<u>\$ 1,054,858</u>

LONG-TERM DEBT

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
Taxable Refunding Bonds	04/01/03	\$ 3,025,000	04/01/12 04/01/13 04/01/14 04/01/15 04/01/16 04/01/17 04/01/18 04/01/19 04/01/20	\$ 170,000 175,000 185,000 195,000 205,000 220,000 230,000 245,000 255,000	3.66% 4.89% 5.29% 5.29% 5.29% 5.29% 5.29% 5.93% 5.93%	\$ 2,045,000		\$ 165,000	\$ 1,880,000
2010 School Bonds	2/15/2010	22,800,000	2/15/2012 2/15/2013 2/15/2014 2/15/2015 2/15/2016 2/15/2017 2/15/2018 2/15/2019 2/15/2020 2/15/2021 2/15/2022 2/15/2023-30	750,000 775,000 800,000 825,000 850,000 875,000 900,000 925,000 950,000 1,400,000 1,425,000 1,450,000	2.25% 2.50% 3.00% 3.00% 3.25% 3.50% 3.50% 3.50% 3.50% 4.00% 4.00% 4.00%	22,800,000		725,000	22,075,000
								\$ 890,000	\$ 23,955,000

RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Description</u>	<u>Amount of</u> <u>Original Issue</u>	<u>Annual Maturities</u> <u>Date</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Balance,</u> <u>July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance,</u> <u>June 30, 2011</u>
Private Placement Refunding of Certificates of Participation	\$ 6,050,000	02/15/12	\$ 510,000	3.97%				
		02/15/13	530,000	3.97%				
		02/15/14	550,000	3.97%				
		02/15/15	570,000	3.97%				
		02/15/16	595,000	3.97%				
		02/15/17	620,000	3.97%				
		02/15/18	645,000	3.97%				
		02/15/19	670,000	3.97%				
		02/15/20	695,000	3.97%				
					\$ 5,875,000	-	\$ 490,000	\$ 5,385,000
					\$ 5,875,000	-	\$ 490,000	\$ 5,385,000

RAHWAY SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
2007 Truck	\$ 31,752	Various	6.80%	\$ 14,077		\$ 6,798	\$ 7,279
2010 Computers	526,212	Various	5.13%	-	\$ 526,212	182,991	343,221
				\$ 14,077	\$ 526,212	\$ 189,789	\$ 350,500

**RAHWAY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Final Budget -
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,378,143	\$ -	\$ 2,378,143	\$ 2,378,143	
State Sources:					
Debt Service Aid	174,002	-	174,002	174,002	
Total Revenues	<u>2,552,145</u>	<u>-</u>	<u>2,552,145</u>	<u>2,552,145</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Lease Purchases	490,000		490,000	490,000	
Interest - Lease Purchases	233,238		233,238	233,238	
Interest - Early Retirement Bonds	833,688		833,688	833,687	\$ 1
Interest - Early Retirement Bonds	105,220		105,220	105,220	
Redemption of Principal - Early Retirement Bonds	890,000		890,000	890,000	
Total Regular Debt Service	<u>2,552,146</u>	<u>-</u>	<u>2,552,146</u>	<u>2,552,145</u>	<u>1</u>
Total Expenditures	<u>2,552,146</u>	<u>-</u>	<u>2,552,146</u>	<u>2,552,145</u>	<u>1</u>
Excess of Revenues Over Expenditures	(1)	-	(1)	-	1
Fund Balance, Beginning of Year	1	-	1	1	-
Fund Balance, End of Year	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>1</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service					
Available for Future Debt Service Obligations				\$ 1	1

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

**RAHWAY SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 21,331,323	\$ 20,713,642	\$ 24,007,786	\$ 23,813,147	\$ 22,173,733	\$ 22,220,613	\$ 23,568,789
Special Education	7,538,866	8,560,465	9,697,349	10,170,914	10,359,294	11,222,777	11,451,321
Other Instruction	2,535,101	1,643,878	1,657,568	1,756,645	2,962,843	5,441,177	4,061,426
School Sponsored Activities And Athletics	842,428	843,176	934,575	1,018,971	1,085,334	1,098,023	1,049,424
Support Services:							
Student & Instruction Related Services	5,997,678	5,843,363	6,527,734	7,146,995	7,288,681	8,122,908	7,473,003
School Administrative Services	3,062,058	2,665,943	3,181,026	3,234,838	3,033,637	2,906,966	2,537,009
General and Business Administration	2,348,765	2,080,545	2,223,804	2,506,359	2,271,089	2,584,292	2,117,293
Plant Operations And Maintenance	3,804,803	3,689,057	3,832,666	4,418,458	5,054,411	5,440,585	4,573,440
Pupil Transportation	2,245,573	2,379,591	2,890,536	2,680,514	2,696,878	2,752,725	2,640,741
Interest On Long-Term Debt	646,469	614,355	431,557	672,559	462,604	718,404	1,205,961
Unallocated Depreciation	755,663	774,426	826,269	775,298	823,193	851,731	849,664
Total Governmental Activities Expenses	51,108,727	49,808,441	56,210,870	58,194,698	58,211,697	63,360,201	61,528,071
Business-Type Activities:							
Food Service	1,378,743	1,418,907	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194
Total Business-Type Activities Expense	1,378,743	1,418,907	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194
Total District Expenses	\$ 52,487,470	\$ 51,227,348	\$ 57,646,063	\$ 59,675,248	\$ 59,817,256	\$ 65,051,340	\$ 63,139,265
Program Revenues							
Governmental Activities:							
Charges For Services:							
Instruction (Tuition)	\$ 49,450	\$ 41,829	\$ 37,654	\$ 27,300	\$ 11,902	\$ 31,577	\$ -
Operating Grants And Contributions	12,338,802	13,093,621	14,540,431	15,058,395	10,359,049	14,345,346	\$ 10,301,085
Capital Grants And Contributions	268,186	94,952	41,169	-	-	795,923	2,735,332
Total Governmental Activities Program Revenues	12,656,438	13,230,402	14,619,254	15,085,695	10,370,951	15,172,846	13,036,417
Business-Type Activities:							
Charges For Services							
Food Service	\$ 662,452	\$ 671,585	708,390	\$ 674,515	\$ 671,312	\$ 680,700	\$ 638,708
Operating Grants And Contributions	716,873	725,672	769,710	830,060	872,866	989,548	1,002,743
Total Business Type Activities Program Revenues	1,379,325	1,397,257	1,478,100	1,504,575	1,544,178	1,670,248	1,641,451
Total District Program Revenues	\$ 14,035,763	\$ 14,627,659	\$ 16,097,354	\$ 16,590,270	\$ 11,915,129	\$ 16,843,094	\$ 14,677,868
Net (Expense)/Revenue							
Governmental Activities	\$ (38,452,289)	\$ (36,578,039)	\$ (41,591,616)	\$ (43,109,003)	\$ (47,840,746)	\$ (48,187,355)	\$ (48,491,654)
Business-Type Activities	582	(21,650)	42,907	24,025	(61,381)	(20,891)	30,257
Total District-Wide Net Expense	\$ (38,451,707)	\$ (36,599,689)	\$ (41,548,709)	\$ (43,084,978)	\$ (47,902,127)	\$ (48,208,246)	\$ (48,461,397)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property Taxes Levied For General Purposes, Net	\$ 28,179,855	\$ 27,649,193	\$ 31,181,917	\$ 32,455,760	\$ 32,606,723	\$ 33,729,835	\$ 35,456,665
Taxes Levied For Debt Service	1,418,740	1,333,599	1,424,930	344,141	1,078,853	747,449	2,378,143
Federal and State Aid - Unrestricted	8,664,357	8,958,474	9,096,605	10,428,288	15,063,039	12,898,546	16,111,871
Investment Earnings	111,778	185,568	209,885	96,349	27,758	33,797	34,303
Miscellaneous Income	118,410	152,797	60,291	97,850	114,968	160,740	875,520
Total Governmental Activities	38,493,140	38,279,631	41,973,628	43,422,388	48,891,341	47,570,367	54,856,502
Business-Type Activities:							
Investment Earnings	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-
Total District-Wide	\$ 38,493,140	\$ 38,279,631	\$ 41,973,628	\$ 43,422,388	\$ 48,891,341	\$ 47,570,367	\$ 54,856,502

**RAHWAY SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Change in Net Assets							
Governmental Activities	\$ 40,851	\$ 1,701,592	\$ 382,012	\$ 313,385	\$ 1,050,595	\$ (616,988)	\$ 6,364,848
Business-Type Activities	582	(21,650)	42,907	24,025	(61,381)	(20,891)	30,257
Total District	\$ 41,433	\$ 1,679,942	\$ 424,919	\$ 337,410	\$ 989,214	\$ (637,879)	\$ 6,395,105

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 44 in fiscal year 2006 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

RAHWAY BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved	\$ 1,888,171	\$ 979,119	\$ 220,594	\$ 895,754	\$ 2,624,468	\$ 1,756,243	
Unreserved	66,512	(137,929)	161,264	166,685	(1,015,267)	(1,327,256)	
Restricted							\$ 3,066,124
Assigned							885,307
Unassigned							(680,663)
Total General Fund	\$ 1,954,683	\$ 841,190	\$ 381,858	\$ 1,062,439	\$ 1,609,201	\$ 428,987	\$ 3,270,768
All Other Governmental Funds							
Reserved	\$ 733,818	\$ 855,637				\$ 4,385,266	
Unreserved	720,528	(10,151)	\$ 1,024,345	\$ 37,379	\$ 20,958	17,271,103	
Restricted							\$ 16,289,550
Unassigned							(11,674)
Total All Other Governmental Funds	\$ 1,454,346	\$ 845,486	\$ 1,024,345	\$ 37,379	\$ 20,958	\$ 21,656,369	\$ 16,277,876

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 44 in fiscal year 2006 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement 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. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

RAHWAY BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues							
Tax Levy	\$ 29,598,595	\$ 28,982,792	\$ 32,606,847	\$ 32,799,901	\$ 33,685,576	\$ 34,477,284	\$ 37,834,808
Tuition Charges	49,450	41,829	37,654	27,300	11,902	31,577	
Interest Earnings	111,778	185,568	209,885	96,349	27,758	33,797	34,303
Miscellaneous	237,397	307,752	184,352	297,223	361,508	447,744	1,092,664
State Sources	19,277,195	19,932,626	21,585,713	23,172,535	23,181,601	21,829,815	26,172,540
Federal Sources	1,875,163	2,059,466	1,967,805	2,115,150	1,993,947	5,922,996	2,758,604
Total Revenue	51,149,578	51,510,033	56,592,256	58,508,458	59,262,292	62,743,213	67,892,919
Expenditures							
Instruction							
Regular Instruction	20,471,941	21,837,123	23,908,798	23,831,741	22,221,922	22,276,160	23,671,516
Special Education Instruction	7,538,866	8,560,465	9,697,349	10,170,914	10,378,893	11,244,734	11,487,367
Other Instruction	3,377,529	2,487,054	2,592,141	2,775,616	4,053,077	6,548,041	5,125,244
Support Services:							
Student and Inst. Related Services	5,756,910	6,058,108	6,488,276	7,157,681	7,340,328	8,126,287	7,540,559
General Administration	1,230,908	1,158,074	1,239,832	1,370,625	1,358,133	1,365,768	979,602
School Administrative Services	2,820,351	2,886,940	3,215,295	3,235,136	3,051,170	2,846,306	2,660,848
Central Services	905,752	994,976	952,579	1,037,010	934,707	1,184,678	1,186,161
Plant Operations And Maintenance	3,702,263	3,751,475	3,811,657	4,399,827	5,041,200	5,274,866	4,775,164
Pupil Transportation	2,228,608	2,378,367	2,898,811	2,679,536	2,694,158	2,750,005	2,640,741
Capital Outlay	1,145,585	1,168,367	555,775	69,543			8,142,237
Debt Service:							
Principal	1,126,419	1,320,481	1,413,047	1,442,644	1,135,223	793,853	1,569,789
Refunding Escrow	35,259		396,025	-	427,692	379,158	-
Interest and Other Charges	665,091	630,956	621,385	644,195	95,448	2,298,160	1,176,615
Total Expenditures	51,005,482	53,232,386	57,790,970	58,814,468	58,731,951	65,088,016	70,955,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	144,096	(1,722,353)	(1,198,714)	(306,010)	530,341	(2,344,803)	(3,062,924)
Other Financing Sources (Uses)							
Capital Leases (Non-Budgeted)	324,623		353,241				526,212
Cancellation of State Grant Receivable				(375)			
Proceeds from Bond Sale						22,800,000	
Proceeds From Refunding Lease	1,280,259		6,050,000				
Payment to Refunding Escrow Agent	(1,245,000)		(5,485,000)				
Transfers In	581,478	404,606	931,126	165,970	118,714	118,714	19,040
Transfers Out	(581,478)	(404,606)	(931,126)	(165,970)	(118,714)	(118,714)	(19,040)
Total Other Financing Sources (Uses)	359,882	-	918,241	(375)	-	22,800,000	526,212
Net Change in Fund Balances	\$ 503,978	\$ (1,722,353)	\$ (280,473)	\$ (306,385)	\$ 530,341	\$ 20,455,197	\$ (2,536,712)
Debt Service as a Percentage of Noncapital Expenditures	3.66%	3.75%	4.25%	3.55%	2.82%	5.33%	4.37%

* Noncapital expenditures are total expenditures less capital outlay.

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 44 in fiscal year 2006 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RAHWAY BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Refunds	Athletic Admissions	BPU Solar Rebates	Miscellaneous	Total
2002	\$ 92,453	\$ 38,710	\$ 20,768	4,871		\$ 105,784	\$ 262,586
2003	43,688	44,787	10,202	10,345		26,583	135,605
2004	17,942	50,910	2,495	12,139		177,500	260,986
2005	77,081	49,450				118,410	244,941
2006	137,187	41,829	4,538	14,178		134,081	331,813
2007	185,724	37,654				59,665	283,043
2008	91,724	27,300	43,575	11,091		43,559	217,249
2009	27,757	11,902	36,571			78,397	154,627
2010	15,271	31,577				160,740	207,588
2011	15,263		12,273	10,373	\$ 730,154	122,720	890,783

RAHWAY BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 11,833,400	\$ 929,957,100			\$ 137,134,700	\$ 335,754,900	\$ 36,835,000	\$ 1,451,515,100	\$ 7,211,148	\$ 1,458,726,248	\$1,613,991,201	\$ 1.740
2003	11,919,500	932,072,800			135,294,900	350,887,800	36,764,500	1,466,939,500	7,694,926	1,474,634,426	1,822,633,535	1.790
2004	13,454,900	933,106,400			127,957,900	376,213,600	38,024,600	1,488,757,400	6,794,717	1,495,552,117	2,041,434,195	1.850
2005	13,847,100	935,684,200			126,427,300	375,830,700	38,024,900	1,489,814,200	5,700,900	1,495,515,100	2,502,790,743	1.960
2006	12,661,700	940,192,000			126,494,400	377,953,700	45,563,500	1,502,865,300	4,680,594	1,507,545,894	2,949,389,857	2.043
2007	11,736,500	949,849,700			129,920,800	377,740,700	44,432,000	1,513,679,700	3,912,396	1,517,592,096	3,452,719,572	2.155
2008	12,511,400	958,307,700			129,044,100	373,443,800	44,390,100	1,517,697,100	3,695,255	1,521,392,355	3,721,605,565	2.190
2009	11,789,600	987,647,900			130,122,400	372,609,900	44,586,400	1,546,756,200	3,606,215	1,550,362,415	3,828,138,891	2.200
2010	11,200,000	987,262,900			129,440,800	373,484,500	44,586,400	1,545,974,600	3,577,916	1,549,552,516	3,673,356,914	2.334
2011	10,625,300	987,397,100			128,833,700	309,425,900	50,009,000	1,486,291,000	3,576,279	1,489,867,279	3,322,684,380	2.525

Source: County Abstract of Ratables

^a Tax rates are per \$100

**RAHWAY SCHOOL DISTRICT
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2011	\$ 5.77	\$ 2.53	\$ 2.29	\$ 0.95
2010	5.13	2.33	1.89	0.91
2009	4.90	2.20	1.84	0.86
2008	4.76	2.19	1.76	0.81
2007	4.59	2.16	1.69	0.74
2006	4.35	2.04	1.62	0.69
2005	4.14	1.96	1.54	0.64
2004	3.87	1.85	1.45	0.57
2003	3.74	1.79	1.42	0.53
2002	3.46	1.74	1.24	0.48

Source: Tax Duplicate, City of Rahway

**RAHWAY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 249,669,700	16.76%		
Carriage City Properties, LLC	27,128,400	1.82%		
Park Terrace at Rahway, LLC	6,684,500	0.45%		Not Available
Giacobbe Investment Corp.	5,762,400	0.39%		
Alard Realty Enterprises	5,477,900	0.37%		
Renaissance at Rahway, LLC	5,362,800	0.36%		
Woodbridge Plaza, LLC	4,329,500	0.29%		
Rahway Industrial Site	4,296,900	0.29%		
Ninette Group LP	3,659,600	0.25%		
	\$ 312,371,700	20.97%		0.00%

Source: Municipal Tax Assessor

**RAHWAY BOARD OF EDUCATION
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	
2002	\$ 23,439,535	\$ 23,439,535	100.00%	N/A
2003	27,175,125	27,175,125	100.00%	N/A
2004	25,641,727	25,641,727	100.00%	N/A
2005	29,598,595	29,598,595	100.00%	N/A
2006	28,982,792	28,982,792	100.00%	N/A
2007	32,606,847	32,606,847	100.00%	N/A
2008	32,799,901	32,799,901	100.00%	N/A
2009	33,685,576	33,685,576	100.00%	N/A
2010	34,477,284	34,477,284	100.00%	N/A
2011	37,834,808	37,834,808	100.00%	N/A

N/A - Not Applicable

Source: District records.

**RAHWAY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases				
2005	\$ 4,278,000	\$8,318,840	\$ 524,244		\$ 13,121,084	27,066	\$ 485	
2006	3,763,000	7,692,043	345,560		11,800,603	27,265	433	
2007	3,243,000	7,526,250	536,547		11,305,797	27,894	405	
2008	2,718,000	6,441,967	355,153		9,515,120	28,501	334	
2009	2,200,000	6,340,000	187,930		8,727,930	28,998	301	
2010	24,845,000	5,875,000	14,077		30,734,077	28,998 *	1,060	
2011	23,955,000	5,385,000	350,500		29,690,500	28,998 *	1,024	

Source: District records

* - Estimated Based on Prior Year, Current Year Information Not Available

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

RAHWAY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 4,278,000		\$ 4,278,000	0.17%	\$ 158
2006	3,763,000		3,763,000	0.13%	138
2007	3,243,000		3,243,000	0.09%	116
2008	2,718,000		2,718,000	0.18%	95
2009	2,200,000		2,200,000	0.14%	76
2010	24,845,000		24,845,000	1.60%	857
2011	23,955,000		23,955,000	1.61%	826

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RAHWAY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED JUNE 30, 2011
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Rahway School District	\$ 23,955,000	\$ 23,955,000	
City of Rahway	<u>81,802,326</u>	<u>20,862,844</u>	<u>\$ 60,939,482</u>
Total Direct Debt	<u>105,757,326</u>	<u>44,817,844</u>	<u>60,939,482</u>
Overlapping Debt Apportioned to the Municipality:			
Union County (2)			21,407,994
Rahway Valley Sewerage Authority (3)			<u>22,937,634</u>
Total Overlapping Debt			<u>44,345,628</u>
Total Direct and Overlapping Debt			<u>\$ 105,285,110</u>

(1) Rahway's Chief Financial Officer and Annual Debt Statement - June 30, 2011.

(2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2010 equalized value by the total 2010 equalized value for Union County.

(3) Overlapping Debt Based upon the City of Rahway's share of flow to the authority.

* The source for this computation was the 2010 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**RAHWAY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Per Capita Income (A)</u>	<u>Unemployment Rate</u>	<u>School District Population (B)</u>
2011	not available	not available	28,998
2010	not available	10.1%	28,998
2009	\$ 49,040	10.0%	28,998
2008	51,539	6.3%	28,501
2007	51,054	4.8%	27,894
2006	49,062	5.2%	27,265
2005	44,586	5.0%	27,066
2004	43,045	4.4%	27,141
2003	41,661	5.5%	26,556
2002	40,848	5.6%	26,672

Source: United States Bureau of Census
School District Records

(A)- Represents County of Union

(B)- Estimated, Bureau of Census

N/A - Not Available as of date of audit

**RAHWAY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Information for this schedule was not available

RAHWAY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction						
Regular	244	253	252	246	244	240
Special Education	110	113	112	106	106	103
Other Special Education	33	38	36	38	38	35
Support Services:						
Student and Instruction Related Services	29	27	13	10	7	7
General Administration	4	6	6	6	6	6
School Administrative Services	28	29	29	29	29	28
Central Services	5	5	5	5	6	6
Administrative Information Technology	4	4	4	4	4	4
Plant Operations And Maintenance	34	37	37	37	37	38
Pupil Transportation	1	1	1	1	1	1
Other Support Services	54	67	67	52	51	58
Total	<u>546</u>	<u>580</u>	<u>562</u>	<u>534</u>	<u>529</u>	<u>526</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

RAHWAY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Pupil/Teacher Ratio										Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)				
2002	3,870	\$ 40,651,278	\$ 10,504	-4.43%	N/A	N/A	N/A	N/A	3,870	3,520	3.48%	90.96%	
2003	3,969	45,140,075	11,373	8.27%	N/A	N/A	N/A	N/A	3,969	3,611	2.56%	90.98%	
2004	3,923	44,559,171	11,358	-0.13%	N/A	N/A	N/A	N/A	3,923	3,680	-1.16%	93.81%	
2005	4,023	48,033,128	11,940	5.12%	361	1:20	1:21	1:15	4,023	3,740	2.55%	92.97%	
2006	3,974	50,112,582	12,610	5.62%	266	1:20	1:13	1:12	3,928	3,680	-2.36%	93.69%	
2007	3,911	54,804,758	14,013	11.12%	280	1:19	1:12	1:11	3,886	3,637	-1.07%	93.59%	
2008	3,816	56,658,086	14,848	5.96%	325	1:13	1:11	1:11	3,855	3,610	-0.80%	93.64%	
2009	3,794	57,073,588	15,043	1.31%	323	1:13	1:11	1:11	3,854	3,612	-0.03%	93.70%	
2010	3,796	61,616,845	16,232	7.90%	324	1:13	1:11	1:11	3,837	3,595	-0.44%	93.69%	
2011	3,758	60,067,202	15,984	-1.53%	325	1:14	1:12	1:12	3,830	3,574	-0.18%	93.32%	

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**RAHWAY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS
(Unaudited)**

	2011	2010	2009	2008	2007	2006
<u>District Building</u>						
<u>Elementary</u>						
Franklin School						
Square Feet	81,760	81,760	81,760	81,760	81,760	81,760
Capacity (students)	661	661	661	661	661	661
Enrollment	542	542	542	542	542	542
Cleveland School						
Square Feet	46,375	46,375	46,375	46,375	46,375	46,375
Capacity (students)	340	340	340	340	340	340
Enrollment	336	336	336	336	336	336
Madison School						
Square Feet	54,015	54,015	54,015	54,015	54,015	54,015
Capacity (students)	322	322	322	322	322	322
Enrollment	299	299	299	299	299	299
Roosevelt School						
Square Feet	78,810	78,810	78,810	78,810	78,810	78,810
Capacity (students)	754	754	754	754	754	754
Enrollment	666	666	666	666	666	666
<u>Middle School</u>						
Square Feet	144,611	144,611	144,611	144,611	144,611	144,611
Capacity (students)	913	913	913	913	913	913
Enrollment	949	949	949	949	949	949
<u>High School</u>						
Square Feet	165,833	165,833	165,833	165,833	165,833	165,833
Capacity (students)	1,084	1,084	1,084	1,084	1,084	1,084
Enrollment	1,087	1,087	1,087	1,087	1,087	1,087
<u>Other</u>						
Square Feet-Ace Building-St Mary's	6,893	6,893	6,893	6,893	6,893	6,893
Square Feet-Press Box-Vets Field	200	200	200	200	200	200
Square Feet-Hoagland Field House	2,100	2,100	2,100	2,100	2,100	2,100
Square Feet-Concession Stand-Vets					600	600
Square Feet-Athletic Office/Locker Room	2,930	2,930	2,930	2,930	2,930	2,930

Number of Schools at June 30, 2011

Elementary = 4

Middle School = 1

Senior High School = 1

Other = 5

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

RAHWAY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES										
School Facilities										
Madison	\$ 48,028	\$ 49,699	\$ 85,013	\$ 75,758	\$ 47,836	\$ 55,805	\$ 39,272	\$ 53,584	\$ 33,394	\$ 44,916
Grover Cleveland	57,798	105,171	52,108	74,342	42,414	48,703	45,021	33,028	34,054	42,784
Roosevelt	129,306	108,396	162,649	98,999	99,933	107,937	62,751	48,593	51,594	76,811
Franklin	46,689	108,899	89,112	60,771	67,695	111,556	75,939	91,644	52,837	76,113
Middle School	92,894	220,514	222,881	136,592	163,868	127,453	156,254	94,732	139,779	159,740
High School	183,120	184,318	334,533	201,802	169,311	181,496	217,627	113,092	128,035	132,822
Total School Facilities	557,835	776,997	946,296	648,264	591,057	632,950	596,864	434,673	439,693	533,186
Other Facilities	24,247	148,738	42,524	37,719	5,380	11,130	9,966	20,305	5,911	4,760
Grand Total	\$ 582,082	\$ 925,735	\$ 988,820	\$ 685,983	\$ 596,437	\$ 644,080	\$ 606,830	\$ 454,978	\$ 445,604	\$ 537,946

Source: School District's Financial Statements

**RAHWAY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Zurich Insurance Company		
Property - Blanket Building & Contents	\$ 92,783,531	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Auto Liability	1,000,000	
Comprehensive Crime Coverage	250,000	5,000
Flood/Earthquake:		
Aggregate Subject to FEMA deductible in Flood	5,000,000	per occurrence
Zone "A"; all others at \$50,000 deductible	5,000,000	aggregate
Zurich Insurance Company		
Boiler and Machinery	100,000	1,000
American Alternative		
Umbrella Policy	10,000,000	10,000
AIG		
Umbrella Policy	10,000,000	
Firemen's Fund		
Excess Liability	50,000,000	
N.J. School Boards Insurance Group:		
Worker's Compensation- Professional and Clerical	30,871,317	
Worker's Compensation- Non-professional and Driver	1,998,316	
Athletic Accident- People's Benefit Life Insurance Company:		
All participants- Including Football	25,000	
Student Accident- AIG Life Insurance:		
Voluntary Participation	500,000	
Interscholastic Athletes	5,000,000	
American Safety Insurance		
Environmental Liability Each Loss	1,000,000	
Environmental Liability Aggregate	3,000,000	
NJ School Boards		
School Board Legal	1,000,000	5,000

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
Rahway School District
Rahway, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2011, which collectively comprise the Rahway School District's basic financial statements and have issued our report thereon dated December 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Rahway School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Rahway School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rahway School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rahway School District's internal control over financial reporting.

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 Rahway School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

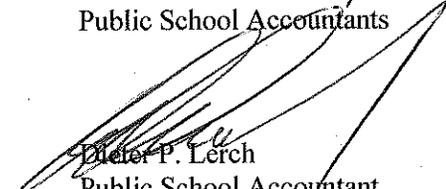
As part of obtaining reasonable assurance about whether the Rahway School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

We also noted certain matters that we have reported to management of the Rahway School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 2, 2011.

Rahway School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Rahway School District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS000756

Fair Lawn, New Jersey
 December 2, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
Rahway School District
Rahway, New Jersey

Compliance

We have audited the Rahway School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Rahway School District's major federal and state programs for the fiscal year ended June 30, 2011. Rahway School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Rahway School District's management. Our responsibility is to express an opinion on Rahway School District's compliance based on our audit.

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; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Rahway School 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. Our audit does not provide a legal determination on Rahway School District's compliance with those requirements.

In our opinion, Rahway School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

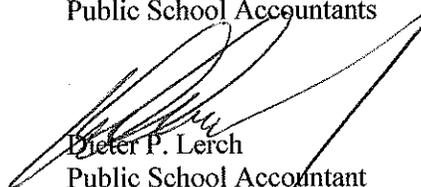
Management of Rahway School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Rahway School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS000756

Fair Lawn, New Jersey
 December 2, 2011

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Federal/Grantor/Pass-Through Grant Program Title	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2011 (Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2011	MEMO GAAP Receivable
U.S. Department of Education													
Passed-through State Department of Education													
10.550	Food Distribution Program - Non-Cash Assistance	7/1/10-6/30/11	\$ 82,680			\$ 74,432	\$ 65,034			\$	\$ 9,398		
10.550	Non-Cash Assistance	7/1/09-6/30/10	59,749	17,646			17,646						
10.582	Fresh Fruits and Vegetables Program	7/1/10-6/30/11	16,752	(3,037)		16,328	16,752			(424)			424
10.582	Fresh Fruits and Vegetables Program	7/1/09-6/30/10	31,277			3,037							
10.553	National School Breakfast Program	7/1/10-6/30/11	102,103	(7,943)		93,577	102,103			(8,526)			8,526
10.553	National School Breakfast Program	7/1/09-6/30/10	93,004			7,943							
10.555	National School Lunch Program	7/1/10-6/30/11	780,803	(49,072)		734,447	780,803			(46,356)			46,356
10.555	National School Lunch Program	7/1/09-6/30/10	747,355			49,072							
	Total U.S. Department of Agriculture - Enterprise Fund			(42,406)		978,836	982,338			(55,306)	9,398		55,306
U.S. Department of Health and Human Services													
Passed-through State Department of Education:													
93.767	Special Revenue Fund	7/1/09-6/30/10	76,000	28,000		24,000	31,916			(24,000)	44,084		
93.778	Children's Health Insurance	7/1/10-6/30/11	122,230			109,437	122,230			(12,793)			12,793
93.778	Medicaid Assistance	7/1/09-6/30/10	127,295	(33,696)		33,696							
	Total U.S. Department of Health and Human Services			(5,696)		167,133	154,146			(96,793)	44,084		12,793
U.S. Department of Education													
Passed-through State Department of Education													
84.010	Special Revenue Fund	09/01/10-08/31/11	605,583		\$	28,989	455,114			(420,923)	179,458		241,465
84.010	Title I	09/01/09-08/31/10	587,176	(266,443)	(28,989)	272,903	94,331	(6,460)		(123,320)			123,320
84.010	Title I	09/01/08-08/31/09	617,851	(116,842)		110,382		6,460				\$ 483	
84.010	Title I	09/01/07-08/31/08	525,946	483									
84.010A	Title I - SIA	09/01/09-08/31/10	15,102	(2,776)		9,172	15,102	(448)		(6,378)			6,378
84.010A	Title I - SIA	09/01/08-08/31/09	24,253			2,328		448					
84.367	Title II	09/01/10-08/31/11	170,581	(94,464)	2,549	42,406	128,300	(1,375)		(128,175)	44,830		83,345
84.367	Title II	09/01/09-08/31/10	168,417	(7,561)	(2,549)	95,458	8,823	1,375		(11,753)			11,753
84.367	Title II	09/01/08-08/31/09	169,868	381		6,186							
84.318	Title III	09/01/10-08/31/11	1,406		12	289				(1,117)	1,129		
84.318	Title III	09/01/09-08/31/10	5,891	(2,943)	(12)	2,757	1,212	(1,087)		(2,497)			2,497
84.318	Title III	09/01/08-08/31/09	5,132	(1,403)		316		1,087					
84.318	Title III	09/01/07-08/31/08	3,580	37									

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	(Account Receivable) June 30, 2011	Deferred Revenue	Due to Grantor at June 30, 2011	MEMO GAAP Receivable
U.S. Department of Education													
Passed-through State Department of Education (Cont.)													
Title III	84.365	09/01/10-08/31/11	\$ 55,968	\$ (34,099)	\$ 203	\$ 36,847	\$ 52,642			\$ (19,121)	\$ 3,529	\$	\$ 15,592
Title III	84.365	09/01/09-08/31/10	62,706	(3,883)	(203)	28,945	10,199			(15,556)			15,536
Title III	84.365	09/01/08-08/31/09	42,029	5,933		3,883				(33,001)	21,516		11,483
Title III Immigrant	84.365	09/01/09-08/31/10	21,515	(22,585)		10,089	5,932	(21,575)					
Title III Immigrant	84.365	09/01/08-08/31/09	45,469	(5,722)		1,010		21,575					
Title IV	84.186	09/01/09-08/31/10	12,017	(10,734)		9,254	1,603	(8,811)			3,192		6,884
Title IV	84.186	09/01/08-08/31/09	13,037	(10,734)		1,921		8,811					
Title IV Carryover	84.186	09/01/07-08/31/08	17,170	1,676								\$ 1,676	
Title V - Carryover	84.298	09/01/07-08/31/08	8,311	109								109	
Title V - Carryover	84.298	09/01/06-08/31/07	9,630										
IDEA Part B - Basic	84.027	09/01/10-08/31/11	988,026	(31,516)	9,121	768,660	943,860			(219,366)	53,287		166,079
IDEA Part B - Basic	84.027	09/01/09-08/31/10	980,671	1,386	(9,121)	16,870				(23,667)			23,667
IDEA Part B - Basic	84.027	09/01/07-08/31/08	996,377									1,386	
IDEA Part B - Basic	84.173	09/01/10-08/31/11	29,408		649	15,127	19,158	(649)		(14,930)	10,899		4,031
IDEA Part B - Preschool	84.173	09/01/09-08/31/10	27,921		(649)			649					
IDEA Part B - Preschool	84.173	09/01/08-08/31/09	29,930	624								624	
IDEA Part B - Preschool	84.391	09/01/06-08/31/07	1,025,269	(100,638)		580,399	515,748			(76,347)	40,340		36,007
ARRA - IDEA Basic	84.389	09/01/09-08/31/10	36,883	184		18,300	29,719			(14,145)	2,910		11,235
ARRA - Title I	84.389	09/01/09-08/31/10	383,960	(1,699)		172,390	214,186			(55,935)	12,440		43,495
ARRA - Title I	84.389	09/01/09-08/31/10	20,009	(9,524)		17,764	8,240			(46,898)			
ARRA - JAG Grant	16.71	09/01/10-08/31/11	100,000			53,102	100,000						46,898
IDEAL Grant - Federal	84.027A	09/01/09-08/31/10	60,000	(7,750)		7,750							
Total U.S. Department of Education - Special Revenue Fund				(709,789)		2,469,268	2,604,458			(1,223,205)	373,530	4,696	849,687
Total Federal Awards				(737,891)		3,615,237	3,740,942			(1,315,304)	427,012	4,696	917,786

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Deferred Revenue/ (Acc'ts Rec.)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Transfers/ Adjustment	Refund Prior Years' Balances	(Accounts Receivable)	June 30, 2011 Deferred Revenue	Due to Grantor	MEMO	
														GAAP Receivable	Cumulative Total Expenditures
General Fund:															
State Department of Education:															
Equalization Aid	10-495-034-5120-078	\$ 12,823,955	7/1/09-6/30/10	\$ (1,599,355)		\$ 1,599,355	\$ 14,418,429	\$ 15,974,400			\$ (1,555,971)			\$ 15,974,400	
Security Aid	11-495-034-5120-078	15,974,400	7/1/10-6/30/11			86,301									
Security Aid	11-495-034-5120-084	691,970	7/1/09-6/30/10	(86,301)											
Transportation Aid	10-495-034-5120-014	470,904	7/1/09-6/30/10	(58,729)											
Special Education Aid	10-495-034-5120-089	2,149,423	7/1/09-6/30/10	(268,068)											
Special Education Aid	11-495-034-5120-089	2,106,899	7/1/10-6/30/11	(28,332)											
Nonpublic Transportation	not available	28,332	7/1/09-6/30/10												
Nonpublic Transportation	not available	31,441	7/1/10-6/30/11	(441,047)											
Extraordinary Aid	10-100-034-5120-473	441,047	7/1/09-6/30/10												
Extraordinary Aid	11-100-034-5120-473	362,510	7/1/10-6/30/11												
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	1,926,579	7/1/10-6/30/11				1,926,579	1,926,579						1,926,579	
On Behalf TPAF Non-Contributory Group Insurance Contribution	11-495-034-5095-007	78,225	7/1/10-6/30/11				78,225	78,225						78,225	
On Behalf TPAF Post Retirement Medical Benefits Contribution	11-495-034-5095-001	1,661,498	7/1/10-6/30/11				1,661,498	1,661,498						1,661,498	
Total General Fund				(2,481,832)			22,468,289	22,141,551			(2,155,094)			31,440	22,141,551
Special Revenue Fund:															
State Department of Education:															
N.J. Nonpublic Aid:															
Textbook Aid	11-100-034-5120-064	5,343	7/1/10-6/30/11				5,343	4,779					\$ 564	4,779	
Textbook Aid	10-100-034-5120-064	3,516	7/1/09-6/30/10												
Nursing Services	11-100-034-5120-070	6,331	7/1/10-6/30/11		669		6,331	6,331		669				6,331	
Auxiliary Services															
Compensatory Education	11-000-034-5120-067	586	7/1/10-6/30/11				586	586						586	
Transportation	11-000-034-5120-068	418	7/1/10-6/30/11				418	418						418	
Handicapped Services:															
Supplemental Instruction	11-100-034-5120-066	695	7/1/10-6/30/11				695	695						695	
Examination and Classification	11-100-034-5120-066	1,436	7/1/10-6/30/11				1,436	1,116						1,116	
Corrective Speech	11-100-034-5120-066	3,129	7/1/10-6/30/11				3,129	782						782	
Preschool Education Aid	11-495-034-5120-086	791,405	7/1/10-6/30/11			\$ 52,606	712,264	776,544				\$ 67,467		776,544	
Preschool Education Aid	10-495-034-5120-086	648,380	7/1/09-6/30/10	(12,232)		(52,606)	64,838								
Total Special Revenue Fund				(12,232)	669		795,040	791,251		669		67,467			791,251

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund Prior Years' Balances	(Accounts Receivable)	June 30, 2011 Deferred Revenue	Due to Grantor	MEMO			
													GAAP Receivable	Cumulative Total Expenditures		
Debt Service Fund:																
Debt Service Aid - Type II	11-495-034-5120-075	\$ 174,002	7/1/10-6/30/11	-	-	\$ 174,002	\$ 174,002	-	-	-	-	-	-	\$ 174,002	-	
Total Debt Service Fund						\$ 174,002	\$ 174,002	-	-	-	-	-	-	\$ 174,002	-	
Enterprise Fund:																
School Breakfast Program	10-100-010-3330-021	6,385	7/1/09-6/30/10	\$ (541)	-	541	-	-	-	-	-	-	-	-	-	-
School Lunch Program	10-100-010-3330-023	33,616	7/1/09-6/30/10	(2,210)	-	2,210	-	-	-	-	-	-	-	-	-	-
School Lunch Program	11-100-010-3330-023	20,405	7/1/10-6/30/11	-	-	19,107	20,405	-	-	\$ (1,298)	-	-	-	20,405	-	
Total Enterprise Fund						\$ 21,858	\$ 20,405	-	-	\$ (1,298)	-	-	-	\$ 20,405	-	
Capital Projects Fund:																
State Economic Development Authority																
Financial Act (Schools Development Authority):																
Middle School Gym Partition Replacement	4290-060-09-02CX	46,136		(44,121)	-	-	-	-	-	(46,136)	2,015	-	-	46,136	44,121	
Madison School Sound/Clock System	4290-110-09-02BT	49,718		(32,461)	-	-	-	-	-	(49,718)	17,257	-	-	49,718	32,461	
Roosevelt School Boiler Replacement	4290-120-09-02BR	148,175		(128,875)	-	-	-	-	-	(148,175)	19,300	-	-	148,175	128,875	
2009 Replenish																
High School Room Renovations	4290-050-09-00AY	4,304,169		(222,318)	-	411,390	-	-	-	(4,304,169)	3,670,461	-	-	4,304,169	633,708	
High School Electrical Service and Distribution Upgrades	4290-030-09-02BI	142,315		(6,494)	-	919	-	-	-	(142,315)	135,402	-	-	142,315	7,413	
High School Roof Replacement	4290-050-09-02BJ	598,758		(35,420)	-	563,338	-	-	-	(598,758)	598,758	-	-	598,758	598,758	
High School Window, HVAC and Electrical Upgrades	4290-050-09-02BK	618,341		(30,795)	-	267,290	-	-	-	(618,341)	320,256	-	-	618,341	298,085	
Middle School Room Renovations	4290-060-09-00AZ	1,251,875		(86,156)	-	239,217	-	-	-	(1,251,875)	906,502	-	-	1,251,875	343,573	
Middle School Boilers, Fire Alarms and Electrical Panels	4290-060-09-02BL	2,295,442		(105,123)	-	688,879	-	-	-	(2,295,442)	1,501,438	-	-	2,295,442	794,004	
Franklin School Fire Alarm System Replacements	4290-080-04-00FA	97,107		(6,832)	-	90,255	-	-	-	(97,107)	1,368,362	-	-	97,107	97,107	
Cleveland School Additions and Renovations	4290-090-09-00BA	1,620,946		(75,885)	-	176,699	-	-	-	(1,620,946)	75,493	-	-	1,620,946	252,384	
Cleveland School Electrical Service Upgrades	4290-090-09-02BN	98,644		(4,391)	-	58,864	-	-	-	(98,644)	2,944	-	-	98,644	23,151	
Madison School Fire Alarm System Replacement and	4290-090-09-02BO	62,187		(3,323)	-	-	-	-	-	(62,187)	-	-	-	62,187	62,187	
Installation of Secure Entry Vestibule	4290-110-09-02BP	122,287		(7,897)	-	111,446	-	-	-	(122,287)	2,944	-	-	122,287	119,343	
Roosevelt School Fire Alarm System and Security Doors	4290-120-09-02BO	94,085		(5,810)	-	88,275	-	-	-	(94,085)	-	-	-	94,085	94,085	
Total Capital Projects Fund						\$ 2,755,332	\$ 2,755,332	-	-	\$ (11,550,685)	\$ 8,019,450	-	-	\$ 11,550,685	\$ 3,531,255	
Total State Financial Assistance						\$ 23,459,189	\$ 23,862,541	\$ 669	\$ 669	\$ (13,786,218)	\$ 8,086,897	\$ 3,251		\$ 11,383,423	\$ 26,658,464	

Less:
 State Assistance Not Subject to Single Audit \$ (78,225)
 TPAF NCGI Contribution (1,561,498)
 TPAF Post-Retirement Medical Contribution
 State Assistance Subject to Single Audit \$ 24,122,818

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Rahway School District. The District is defined in Note 1(A) to the basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the District's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments 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 \$329,846 for the General Fund and \$558 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 122,230	\$ 22,471,397	\$ 22,593,627
Special Revenue Fund	2,636,374	791,809	3,428,183
Capital Projects Fund		2,735,332	2,735,332
Debt Service Fund		174,002	174,002
Food Service Fund	<u>982,338</u>	<u>20,405</u>	<u>1,002,743</u>
Total Financial Assistance	<u>\$ 3,740,942</u>	<u>\$ 26,192,945</u>	<u>\$ 29,933,887</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,926,579 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$78,225 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,661,498 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? X yes none reported

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.389</u>	<u>ARRA - Title I</u>
<u>84.391</u>	<u>ARRA - IDEA Basic</u>
<u>84.392</u>	<u>ARRA - IDEA Preschool</u>
<u>84.027</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>National School Breakfast Program</u>

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

Auditee qualified as low-risk auditee? yes X no

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2011-1:

Contracts approved by the Board for capital projects were not encumbered in the District's accounting system upon award.

Criteria or specific requirement:

Generally Accepted Accounting Principles (GAAP) Technical Systems Manual

Condition:

Capital construction contracts were awarded by the Board and were not encumbered on the year-end financial reports of the District.

Context:

Contracts were awarded for various capital construction projects totaling \$20,539,974 which were not encumbered on the June 30, 2011 financial reports.

Effect:

Available project balances were overstated on the District's financial reporting system. Audit adjustments were made to record encumbrances to ensure accurate CAFR reporting.

Cause:

Unknown.

Recommendation:

Capital contracts approved by the Board be encumbered in the financial reporting system upon award.

Management's Response:

Management has reviewed this finding and has indicated it will review and revise current procedures to ensure corrective action is taken.

RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

CURRENT YEAR STATE AWARDS

There are none.

**RAHWAY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1:

Contracts approved by the Board for capital projects were not encumbered upon award.

Current Status

See Finding 2011-1.

Finding 2010-2:

Payments in excess of the bid threshold were made to a certain vendor for services without public advertisement for competitive bids.

Current Status

Corrective action has been taken.

Finding 2010-3:

The salary of a Vice-Principal, as reflected on the Position Control Roster, was charged to the Guidance function rather than the School Administration function.

Current Status

Corrective action has been taken.