

RAHWAY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Rahway, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Rahway School District

Rahway, New Jersey

For The Fiscal Year Ended June 30, 2014

Prepared by

Business Office

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	ii
Roster of Officials	iii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-13
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	18
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	20
B-6 Statement of Cash Flows	21
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	22
B-8 Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements	24-48
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	51-57
C-2 Budgetary Comparison Schedule – Special Revenue Fund	58
C-3 Budgetary Comparison Schedule – Required Supplementary Information	59

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	60-61
E-2	Statement of Preschool Education Aid Expenditures – Budgetary Basis	62

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	63
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	64
F-2a –		
F-2r	Schedule of Project Revenues, Expenditures, Project Balance and Project Status	65-82

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position – Not Applicable	83
G-2	Combining Statements of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	83
G-3	Combining Statements of Cash Flows – Not Applicable	83

H. Fiduciary Funds

H-1	Combining Statement of Agency Assets and Liabilities	84
H-2	Statement of Changes in Fiduciary Net Position – Not Applicable	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	87

I. Long-Term Debt

I-1	Schedule of Payable Bonds	88
I-2	Schedule of Obligations Under Lease Purchase Agreements	89
I-2a	Schedule of Obligations Under Capital Leases	90
I-3	Debt Service Fund Budgetary Comparison Schedule	91

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	92
J-2	Changes in Net Position	93-94
J-3	Fund Balances – Governmental Funds	95
J-4	Changes in Fund Balances - Governmental Funds	96
J-5	General Fund Other Local Revenue by Source	97
J-6	Assessed Value and Actual Value of Taxable Property	98
J-7	Property Tax Rates	99
J-8	Principal Property Taxpayers	100
J-9	Property Tax Levies and Collections	101
J-10	Ratios of Outstanding Debt by Type	102
J-11	Ratios of Net General Bonded Debt Outstanding	103
J-12	Computation of Direct and Overlapping Debt	104
J-13	Legal Debt Margin Information	105
J-14	Demographic and Economic Statistics	106
J-15	Principal Employers	107
J-16	Full-Time Equivalent District Employees by Function/Program	108
J-17	Operating Statistics	109
J-18	School Building Information	110
J-19	Schedule of Required Maintenance for School Facilities	111
J-20	Schedule of Insurance	112

K. SINGLE AUDIT SECTION

K-1	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	113-114
K-2	Report on Compliance for each Major Federal and State program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 04-04 – Independent Auditor’s Report	115-117
K-3	Schedule of Expenditures of Federal Awards	118
K-4	Schedule of Expenditures of State Financial Assistance	119-120
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	121-122
K-6	Schedule of Findings and Questioned Costs	123-130
K-7	Summary Schedule of Prior Audit Findings	131

INTRODUCTORY SECTION

Rahway Board of Education

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



Kline Place
P.O. Box 1024
Rahway, NJ 07065
(732) 396-1000

"Expecting Excellence"

Albert Di Giorgio
Business Administrator/Board Secretary
Phone-732-396-1010
Fax-732-827-0517
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December 5, 2014

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

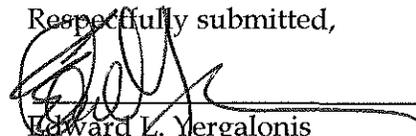
Dear Board Members:

The comprehensive annual financial report of the Rahway School District ("District") for the fiscal year ended June 30, 2014 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.

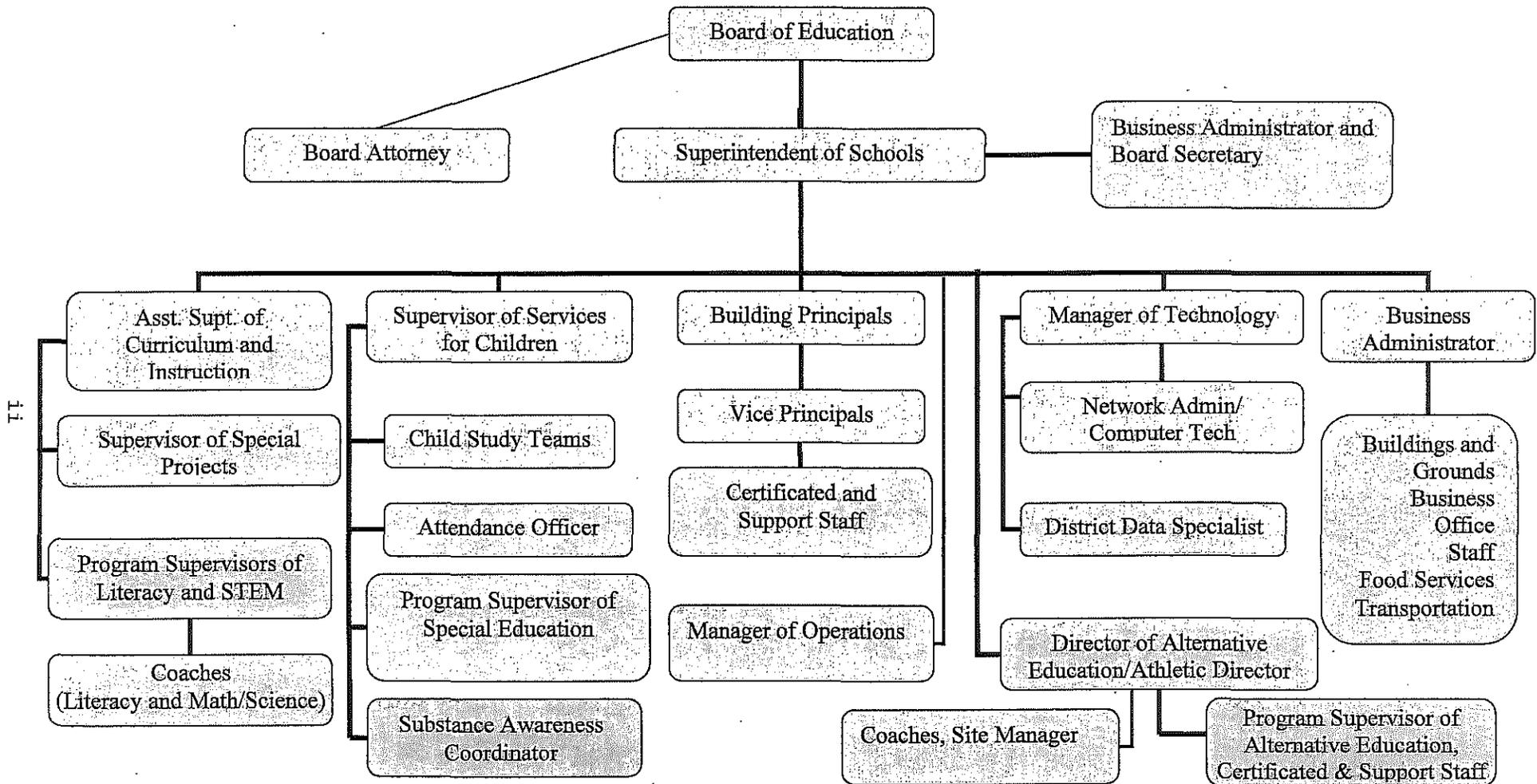
Respectfully submitted,


Edward L. Yergalonis
Superintendent


Albert Di Giorgio
Business Administrator

RAHWAY PUBLIC SCHOOLS
ORGANIZATIONAL CHART

File Code: 2120



Adopted: August 31, 2010
Revised: September 17, 2013

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

ROSTER OF OFFICIALS

JUNE 30, 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Peter Kowal, President	2015
Lori Kennedy, Vice President	2015
Richard J. Trocciola	2016
Timothy Dunn	2016
Deborah Bridges	2017
Ronald Dolce	2015
Carlos Garay	2017
Ray Lopez	2017
Edward Quinn	2016

Other Officials

Edward L. Yergalonis, Superintendent of Schools

Albert DiGiorgio, Business Administrator/Board Secretary

Mark A. Tabakin, Board Attorney (General Counsel)

Matthew J. Giacobbe, Attorney (Labor Relations/Personnel)

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

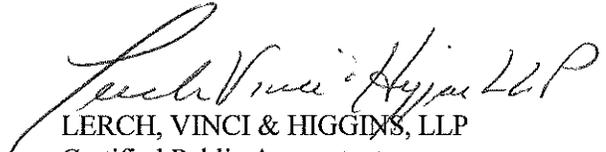
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rahway School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

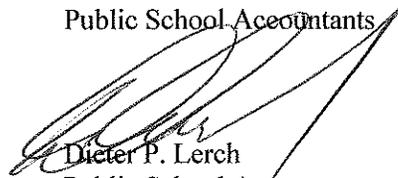
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rahway School District's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
December 4, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014. 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 (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2014 are as follows

- In total, net position increased \$464,992. Net Position of Governmental Activities increased \$463,168, which represents a 2% 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 Position of the Business-Type activity, which represents the food service program, increased \$1,824 or less than 1% from the prior year.
- General Revenues accounted for \$58,198,659 or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,363,338 or 19% of total revenues of \$71,561,997.
- The School District had \$69,299,213 in expenses for governmental activities: only \$11,563,722 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$58,198,659 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 Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The 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, 2014**

Reporting the School District as a Whole

Statement of Net Position 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 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 position and changes in such position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth and limits on reserves, facility condition, required educational programs and other factors.

In the Statement of Net Position 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 Activities -** 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-type 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 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 position 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, 2014**

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 Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position as of June 30, 2014 and 2013. The table on the following page provides an analysis of the changes in net position from 2013 to 2014.

**Statement of Net Position
as of June 30, 2014 and 2013**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and Other Assets	\$ 6,115,635	\$ 6,833,374	\$ 424,205	\$ 338,644	\$ 6,539,840	\$ 7,172,018
Capital Assets, Net	<u>53,334,381</u>	<u>53,613,474</u>	<u>233,410</u>	<u>264,677</u>	<u>53,567,791</u>	<u>53,878,151</u>
Total Assets	<u>59,450,016</u>	<u>60,446,848</u>	<u>657,615</u>	<u>603,321</u>	<u>60,107,631</u>	<u>61,050,169</u>
Deferred Outflows of Resources	<u>103,825</u>	<u>136,564</u>	<u>-</u>	<u>-</u>	<u>103,825</u>	<u>136,564</u>
Liabilities:						
Long-Term Liabilities	28,024,499	29,187,578			28,024,499	29,187,578
Other Liabilities	<u>2,713,576</u>	<u>3,043,036</u>	<u>190,143</u>	<u>131,278</u>	<u>2,903,719</u>	<u>3,174,314</u>
Total Liabilities	<u>30,738,075</u>	<u>32,230,614</u>	<u>190,143</u>	<u>131,278</u>	<u>30,928,218</u>	<u>32,361,892</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>5,527</u>	<u>11,922</u>	<u>5,527</u>	<u>11,922</u>
Net Position:						
Net Investment in Capital Assets	28,376,683	27,654,109	233,410	264,677	28,610,093	27,918,786
Restricted for:						
Debt Service	26,993	7,288			26,993	7,288
Maintenance	496,100	300,000			496,100	300,000
Capital Projects	420,593	362,684			420,593	362,684
Unrestricted	<u>(504,403)</u>	<u>28,717</u>	<u>228,535</u>	<u>195,444</u>	<u>(275,868)</u>	<u>224,161</u>
Total Net Position	<u>\$ 28,815,966</u>	<u>\$ 28,352,798</u>	<u>\$ 461,945</u>	<u>\$ 460,121</u>	<u>\$ 29,277,911</u>	<u>\$ 28,812,919</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues						
Charges for Services	\$ 134,282		\$ 619,787	\$ 600,301	\$ 754,069	\$ 600,301
Operating Grants and Contributions	11,361,400	\$ 11,965,006	1,179,829	1,161,959	12,541,229	13,126,965
Capital Grants and Contributions	68,040	1,695,651			68,040	1,695,651
General Revenues						
Property Taxes	40,272,086	38,458,228			40,272,086	38,458,228
Grants and Entitlements	17,729,372	17,641,225			17,729,372	17,641,225
Other	197,201	244,460	-	-	197,201	244,460
Total Revenues	<u>69,762,381</u>	<u>70,004,570</u>	<u>1,799,616</u>	<u>1,762,260</u>	<u>71,561,997</u>	<u>71,766,830</u>
Program Expenses						
Instruction						
Regular	25,260,411	25,821,649			25,260,411	25,821,649
Special Education	12,586,875	12,535,921			12,586,875	12,535,921
Other Instruction	4,860,384	4,692,567			4,860,384	4,692,567
School Sponsored Activities	1,249,951	1,177,594			1,249,951	1,177,594
Support Services						
Student and Instruction Related Services	8,897,984	8,833,846			8,897,984	8,833,846
School Administration Services	3,186,233	3,166,528			3,186,233	3,166,528
General & Central Administration Services	2,322,957	2,244,216			2,322,957	2,244,216
Plant Operations and Maintenance	6,218,664	5,464,098			6,218,664	5,464,098
Pupil Transportation	2,850,016	2,840,044			2,850,016	2,840,044
Interest on Long-Term Debt	1,011,585	1,115,673			1,011,585	1,115,673
Unallocated Depreciation	854,153	841,318			854,153	841,318
Food Service	-	-	1,797,792	1,789,373	1,797,792	1,789,373
Total Expenses	<u>69,299,213</u>	<u>68,733,454</u>	<u>1,797,792</u>	<u>1,789,373</u>	<u>71,097,005</u>	<u>70,522,827</u>
Change in Net Position	<u>\$ 463,168</u>	<u>\$ 1,271,116</u>	<u>\$ 1,824</u>	<u>\$ (27,113)</u>	<u>\$ 464,992</u>	<u>\$ 1,244,003</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below 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.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2014 and 2013**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program Expenses				
Instruction				
Regular	\$ 25,260,411	\$ 25,821,649	\$ 21,280,660	\$ 21,561,051
Special Education	12,586,875	12,535,921	7,885,115	7,832,631
Other Instruction	4,860,384	4,692,567	4,288,679	4,097,365
School Sponsored Activities	1,249,951	1,177,594	1,149,036	1,067,791
Support Services				
Student and Instruction Related Services	8,897,984	8,833,846	7,858,330	7,604,366
School Administrative Services	3,186,233	3,166,528	2,930,689	2,882,133
General and Central Administrative Services	2,322,957	2,244,216	2,200,188	2,100,969
Plant Operations and Maintenance	6,218,664	5,464,098	5,712,440	3,395,149
Pupil Transportation	2,850,016	2,840,044	2,649,533	2,664,559
Interest on Long-Term Debt	1,011,585	1,115,673	926,668	1,025,465
Unallocated Depreciation	854,153	841,318	854,153	841,318
Total Governmental Activities	<u>\$ 69,299,213</u>	<u>\$ 68,733,454</u>	<u>\$ 57,735,491</u>	<u>\$ 55,072,797</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, central 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, 2014**

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 District's total revenues for governmental activities were \$69,762,381 for the year ended June 30, 2014. Property taxes made up 58% of revenues for governmental activities for the Rahway School District for fiscal year 2014. Federal, State, and local grants accounted for another 42% 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 \$1,824.
- Charges for services represent \$619,787 or 34% 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 \$1,179,829 or 66% 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 \$69,756,195, net other financing sources of \$440,000 and expenditures of \$70,603,908.

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, 2014 and 2013:

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

School District's Funds (Continued)

**Summary of Governmental Fund Revenues
For the Fiscal Years Ended June 30, 2014 and 2013**

	Fiscal Year Ended June 30,		Amount of	Percent
	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>	<u>Change</u>
Revenues				
Local Sources				
Tax Levy	\$ 40,272,086	\$ 38,458,228	\$ 1,813,858	4.7%
Other	368,511	307,029	61,482	20.0%
State Sources	27,194,310	29,116,805	(1,922,495)	-6.6%
Federal Sources	<u>1,921,288</u>	<u>2,122,508</u>	<u>(201,220)</u>	-9.5%
Total Revenues	<u>\$ 69,756,195</u>	<u>\$ 70,004,570</u>	<u>\$ (248,375)</u>	-0.4%

Total Governmental Fund revenues decreased by \$248,375 or less than 1% from the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2014 and 2013:

**Summary of Governmental Fund Expenditures
For the Fiscal Years Ended June 30, 2014 and 2013**

	Fiscal Year Ended June 30,		Amount of	Percent
	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>	<u>Change</u>
Expenditures				
Instruction	\$ 43,817,331	\$ 44,208,953	\$ (391,622)	-0.9%
Support Services	23,321,481	22,688,290	633,191	2.8%
Capital Outlay	609,538	5,131,879	(4,522,341)	-88.1%
Debt Service	<u>2,855,558</u>	<u>2,752,236</u>	<u>103,322</u>	3.8%
Total Expenditures	<u>\$ 70,603,908</u>	<u>\$ 74,781,358</u>	<u>\$ (4,177,450)</u>	-5.6%

The Governmental Fund expenditures decreased by 5.6% 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, 2014**

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 2014, the School District had \$53,334,381, net of accumulated depreciation, invested in Land, Construction in Progress, Buildings and Building Improvements, Land Improvements and Machinery and Equipment for Governmental Activities.

**Governmental Activities Capital Assets
At June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Land	\$ 1,546,445	\$ 1,546,445
Construction in Progress	33,707,277	33,547,059
Buildings and Building Improvements	36,975,559	36,812,856
Improvements Other than Buildings	665,051	665,051
Machinery and Equipment	<u>1,716,886</u>	<u>1,424,083</u>
	74,611,218	73,995,494
Less: Accumulated Depreciation	<u>(21,276,837)</u>	<u>(20,382,020)</u>
Capital Assets, Net	<u>\$ 53,334,381</u>	<u>\$ 53,613,474</u>

Overall, capital assets, net of depreciation decreased \$279,093 from fiscal year 2013 to fiscal year 2014.

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

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Debt Administration

At June 30, 2014, the School District had \$28,024,499 in long-term liabilities. Below is the breakdown of outstanding long-term liabilities.

**Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Serial Bonds Payable	\$ 21,100,000	\$ 22,085,000
Obligations Under Lease Purchase Agreements	3,795,000	4,345,000
Capital Leases	829,477	678,816
Compensated Absences	<u>2,300,022</u>	<u>2,078,762</u>
Total	<u>\$ 28,024,499</u>	<u>\$ 29,187,578</u>

At June 30, 2014, the School District's remaining legal debt margin (borrowing capacity) was \$95,188,356.

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

For the Future

Like most public schools in the State of New Jersey, the Rahway Public Schools' financial future is plagued with uncertainty due in part to the State Aid Funding Formula, which leaves Rahway underfunded.

Although the District has been able to exist within the State's 2% cap mandate, national inflation and cost of living increases do not allow purchasing power comparable to the prior year.

The District continues to have a large special education population, which places a significant financial burden as the District attempts to educate our children in the least restrictive environment. Additionally, the District ELL population continues to grow at a fast pace and this too places more of a significant burden on the budget. Rahway has also become a district which features a high level of student mobility and transiency. These students are needier.

Although the District has completed a recent building referendum, the age of our infrastructure still requires constant attention. Understanding that, the residents of Rahway continue to bear a significant financial burden. Future decisions are made balancing need and available resources. Every effort is made to provide the students of Rahway a solid, positive educational experience within the framework of a bearable burden to the citizens.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 POSITION
AS OF JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,746,975	\$ 108,106	\$ 1,855,081
Intergovernmental Receivables	4,596,337	73,548	4,669,885
Receivables, net	1,059		1,059
Internal Balances	(228,536)	228,536	
Inventory		14,015	14,015
Capital Assets Not Being Depreciated	35,253,722		35,253,722
Capital Assets, Being Depreciated, net	<u>18,080,659</u>	<u>233,410</u>	<u>18,314,069</u>
Total Assets	<u>59,450,216</u>	<u>657,615</u>	<u>60,107,831</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	<u>103,825</u>	<u>-</u>	<u>103,825</u>
Total Deferred Outflows of Resources	<u>103,825</u>	<u>-</u>	<u>103,825</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,059,739	183,986	2,243,725
Accrued Interest	359,074		359,074
Payable to Other Governments	6,160		6,160
Unearned Revenue	288,603	6,157	294,760
Noncurrent Liabilities			
Due Within One Year	2,391,451		2,391,451
Due Beyond One Year	<u>25,633,048</u>	<u>-</u>	<u>25,633,048</u>
Total Liabilities	<u>30,738,075</u>	<u>190,143</u>	<u>30,928,218</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>5,527</u>	<u>5,527</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>5,527</u>	<u>5,527</u>
NET POSITION			
Net Investment in Capital Assets	28,376,683	233,410	28,610,093
Restricted for:			
Debt Service	26,993		26,993
Maintenance	496,100		496,100
Capital Projects	420,593		420,593
Unrestricted	<u>(504,403)</u>	<u>228,535</u>	<u>(275,868)</u>
Total Net Position	<u>\$ 28,815,966</u>	<u>\$ 461,945</u>	<u>\$ 29,277,911</u>

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

**RAHWAY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 25,260,411	\$ 12,982	\$ 3,966,769		\$ (21,280,660)		\$ (21,280,660)
Special Education	12,586,875	121,300	4,580,460		(7,885,115)		(7,885,115)
Other Instruction	4,860,384		571,705		(4,288,679)		(4,288,679)
School Sponsored Activities	1,249,951		100,915		(1,149,036)		(1,149,036)
Support Services							
Student and Instruction Related Svcs.	8,897,984		1,039,654		(7,858,330)		(7,858,330)
General Administration	1,138,988		63,458		(1,075,530)		(1,075,530)
School Administration	3,186,233		255,544		(2,930,689)		(2,930,689)
Central Services	1,183,969		59,311		(1,124,658)		(1,124,658)
Plant Operations and Maintenance	6,218,664		438,184	\$ 68,040	(5,712,440)		(5,712,440)
Pupil Transportation	2,850,016		200,483		(2,649,533)		(2,649,533)
Interest on Long-Term Debt	1,011,585		84,917		(926,668)		(926,668)
Unallocated Depreciation	854,153	-	-	-	(854,153)	-	(854,153)
Total Governmental Activities	<u>69,299,213</u>	<u>134,282</u>	<u>11,361,400</u>	<u>68,040</u>	<u>(57,735,491)</u>	<u>-</u>	<u>(57,735,491)</u>
Business-Type Activities							
Food Service	<u>1,797,792</u>	<u>\$ 619,787</u>	<u>1,179,829</u>	<u>-</u>	<u>-</u>	<u>\$ 1,824</u>	<u>1,824</u>
Total business-type activities	<u>1,797,792</u>	<u>619,787</u>	<u>1,179,829</u>	<u>-</u>	<u>-</u>	<u>1,824</u>	<u>1,824</u>
Total Primary Government	<u>\$ 71,097,005</u>	<u>\$ 754,069</u>	<u>\$ 12,541,229</u>	<u>\$ 68,040</u>	<u>(57,735,491)</u>	<u>1,824</u>	<u>(57,733,667)</u>
General Revenues:							
Property Taxes Levied for:							
General Purposes					37,911,982		37,911,982
Debt Service					2,360,104		2,360,104
State Aid - Unrestricted					17,601,370		17,601,370
State Aid Restricted for Debt Service					128,002		128,002
Investment Earnings					5,203		5,203
Miscellaneous Income					191,998		191,998
Total General Revenues					<u>58,198,659</u>	<u>-</u>	<u>58,198,659</u>
Change in Net Position					463,168	1,824	464,992
Net Position, Beginning of Year					<u>28,352,798</u>	<u>460,121</u>	<u>28,812,919</u>
Net Position, End of Year					<u>\$ 28,815,966</u>	<u>\$ 461,945</u>	<u>\$ 29,277,911</u>

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

FUND FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 685,629		\$ 1,041,639	\$ 19,707	\$ 1,746,975
Due from Other Funds	4,720,575	\$ 2,265			4,722,840
Receivables From Other Governments	78,851	427,872	4,089,614		4,596,337
Other Receivables	-	1,059	-	-	1,059
Total Assets	<u>\$ 5,485,055</u>	<u>\$ 431,196</u>	<u>\$ 5,131,253</u>	<u>\$ 19,707</u>	<u>\$ 11,067,211</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 589,904	\$ 102,955			\$ 692,859
Due to Other Funds	1,369,145	228,536	\$ 4,720,575		6,318,256
Payable to State Government		1,464			1,464
Payable to Federal Government		4,696			4,696
Unearned Revenue	-	93,545	195,058	-	288,603
Total Liabilities	<u>1,959,049</u>	<u>431,196</u>	<u>4,915,633</u>	<u>-</u>	<u>7,305,878</u>
Fund Balances					
Restricted					
Capital Reserve	420,593				420,593
Maintenance Reserve	496,100				496,100
Debt Service			7,286	\$ 19,707	26,993
Capital Projects			208,334		208,334
Excess Surplus	1,000,214				1,000,214
Excess Surplus, Designated for Subsequent Year's Expenditures	1,206,758				1,206,758
Assigned					
Year End Encumbrances	10,314				10,314
Designated for Subsequent Year's Expenditures	1,172,044				1,172,044
Unassigned	<u>(780,017)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(780,017)</u>
Total Fund Balances	<u>3,526,006</u>	<u>-</u>	<u>215,620</u>	<u>19,707</u>	<u>3,761,333</u>
Total Liabilities and Fund Balances	<u>\$ 5,485,055</u>	<u>\$ 431,196</u>	<u>\$ 5,131,253</u>	<u>\$ 19,707</u>	

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 \$74,611,218 and the accumulated depreciation is \$21,276,837.

53,334,381

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

(359,074)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

103,825

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	\$ (21,100,000)
Obligations Under Lease Purchase	(3,795,000)
Capital Leases	(829,477)
Compensated Absences Payable	<u>(2,300,022)</u>

(28,024,499)

Net Position of Governmental Activities

\$ 28,815,966

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

RAHWAY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 37,911,982			\$ 2,360,104	\$ 40,272,086
Interest Earned on Capital Reserve Fund	100				100
Interest Earned on Maintenance Reserve Fund	100				100
Interest Earned on Investments	3,454		\$ 1,549		5,003
Miscellaneous	<u>326,280</u>	<u>\$ 37,028</u>	<u>-</u>	<u>-</u>	<u>363,308</u>
Total - Local Sources	38,241,916	37,028	1,549	2,360,104	40,640,597
State Sources	26,131,618	787,919	61,854	212,919	27,194,310
Federal Sources	<u>138,806</u>	<u>1,782,482</u>	<u>-</u>	<u>-</u>	<u>1,921,288</u>
Total Revenues	<u>64,512,340</u>	<u>2,607,429</u>	<u>63,403</u>	<u>2,573,023</u>	<u>69,756,195</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	23,790,899	1,362,821			25,153,720
Special Education Instruction	11,589,568	963,708			12,553,276
Other Instruction	4,828,494	31,890			4,860,384
School Sponsored Co-Curricular Activities	1,249,951				1,249,951
Support Services					
Student and Instruction Related Services	8,638,431	249,010			8,887,441
General Administration Services	1,078,082				1,078,082
School Administration Services	3,177,700				3,177,700
Business/Central Services	1,187,603				1,187,603
Plant Operations and Maintenance	6,144,933				6,144,933
Pupil Transportation	2,845,722				2,845,722
Debt Service					
Principal	289,339			1,535,000	1,824,339
Interest and Other Charges	12,901			1,018,318	1,031,219
Capital Outlay	<u>449,320</u>	<u>-</u>	<u>160,218</u>	<u>-</u>	<u>609,538</u>
Total Expenditures	<u>65,282,943</u>	<u>2,607,429</u>	<u>160,218</u>	<u>2,553,318</u>	<u>70,603,908</u>
Excess of Revenues Over Expenditures	<u>(770,603)</u>	<u>-</u>	<u>(96,815)</u>	<u>19,705</u>	<u>(847,713)</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	440,000				440,000
Transfers In	1,549				1,549
Transfers Out	<u>-</u>	<u>-</u>	<u>(1,549)</u>	<u>-</u>	<u>(1,549)</u>
Total Other Financing Sources and Uses	<u>441,549</u>	<u>-</u>	<u>(1,549)</u>	<u>-</u>	<u>440,000</u>
Net Change in Fund Balances	(329,054)	-	(98,364)	19,705	(407,713)
Fund Balance, Beginning of Year	<u>3,855,060</u>	<u>-</u>	<u>313,984</u>	<u>2</u>	<u>4,169,046</u>
Fund Balance, End of Year	<u>\$ 3,526,006</u>	<u>\$ -</u>	<u>\$ 215,620</u>	<u>\$ 19,707</u>	<u>\$ 3,761,333</u>

The accompanying Notes to the 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, 2014**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (407,713)

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.

Donated Capital Asset	\$	6,186	
Capital Outlays		609,538	
Depreciation Expense		<u>(894,817)</u>	
			(279,093)

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 position.

Debt Issued			
Capital Lease Proceeds			(440,000)
Principal Repayments:			
Lease Purchase Principal		550,000	
Capital Lease Principal		289,339	
Bond Principal		<u>985,000</u>	
			1,824,339

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:			
Deferred Amount on Refunding			(32,739)

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 Increase in Compensated Absences			(221,260)
--------------------------------------	--	--	-----------

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>19,634</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 463,168

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

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

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

ASSETS

Current Assets

Cash and Cash Equivalents	\$	108,106
Intergovernmental Accounts Receivable		73,548
Due from Other Funds		228,536
Inventory		<u>14,015</u>

Total Current Assets 424,205

Capital Assets

Furniture, Machinery and Equipment		509,645
Less: Accumulated Depreciation		<u>(276,235)</u>

Total Capital Assets, Net of Accumulated Depreciation 233,410

Total Assets 657,615

LIABILITIES

Current Liabilities

Accounts Payable		183,986
Unearned Revenue		<u>6,157</u>

Total Current Liabilities 190,143

Total Liabilities 190,143

DEFERRED INFLOWS OF RESOURCES

Deferred Commodities Revenue		<u>5,527</u>
------------------------------	--	--------------

Total Deferred Inflows of Resources 5,527

NET POSITION

Investment in Capital Assets		233,410
Unrestricted		<u>228,535</u>

Total Net Position \$ 461,945

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

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 594,843
Daily Sales - Non-Reimbursable Programs	<u>24,944</u>
Total Operating Revenues	<u>619,787</u>
OPERATING EXPENSES	
Cost of Sales	811,573
Salaries and Wages	587,465
Employee Benefits	44,160
Management Fee	64,474
Other Purchased Technical Services	2,086
Other Purchased Services	51,979
Supplies and Materials	85,512
Outside Services	13,782
Insurance	92,647
Laundry/Uniforms	5,413
Other Expenses	7,434
Depreciation	<u>31,267</u>
Total Operating Expenses	<u>1,797,792</u>
Operating Loss	<u>(1,178,005)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	22,520
Federal Sources	
National School Lunch Program	1,033,577
National School Breakfast Program	<u>123,732</u>
Total Nonoperating Revenues	<u>1,179,829</u>
Change in Net Position	1,824
Net Position, Beginning of Year	<u>460,121</u>
Net Position, End of Year	<u><u>\$ 461,945</u></u>

The accompanying Notes to the 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, 2014**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 625,944
Payments for Employees Salaries and Benefits	(575,690)
Payments to Suppliers	<u>(1,028,606)</u>
Net Cash Used by Operating Activities	<u>(978,352)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments to Other Funds	(228,536)
Receipts from State and Federal Subsidies	<u>1,085,394</u>
Net Cash Provided By Non-Capital Financing Activities	<u>856,858</u>
Net Decrease in Cash and Cash Equivalents	(121,494)
Cash and Cash Equivalents—Beginning of Year	<u>229,600</u>
Cash and Cash Equivalents—End of Year	<u>\$ 108,106</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ <u>(1,178,005)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	31,267
Food Distribution (USDA Commodities) National School Lunch Program	110,415
Changes in Assets, Liabilities and Deferred Inflows of Resources	
Decrease in Accounts Receivable, Net	1,797
Decrease in Inventory	3,704
Decrease in Deferred Inflows of Resources	(6,395)
Increase in Unearned Revenue	6,157
Increase in Accounts Payable	<u>52,708</u>
Total Adjustments	<u>199,653</u>
Net Cash Used For Operating Activities	<u>\$ (978,352)</u>
Non Cash Financing Activities	
Fair Value of Food Distribution Program	\$ 104,020

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

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2014**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 152,163	\$ 90,553	\$ 341,147
Accounts Receivable		14,714	
Due from Other Funds	-	168,666	1,199,880
Total Assets	152,163	273,933	\$ 1,541,027
LIABILITIES			
Intergovernmental Accounts Payable		5,886	
Payable To Student Groups			\$ 155,093
Due to Other Funds			1,666
Payroll Deductions and Withholdings			14,959
Reserve for Flex Spending Account			15,791
Summer Savings			1,348,350
Accrued Salaries and Wages	-	-	5,168
Total Liabilities	-	5,886	\$ 1,541,027
NET POSITION			
Held In Trust For Unemployment Claims		268,047	
Reserved for Scholarships	152,163	-	
Total Net Position	\$ 152,163	\$ 268,047	

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

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Scholarship Trust Funds	Unemployment Compensation Trust
Additions:		
Contributions		
Employee		\$ 52,876
District		167,000
Other	\$ 49,016	-
 Total Contributions	49,016	219,876
 Investment Earnings		
Interest	205	161
 Net Investment Earnings	205	161
 Total Additions	49,221	220,037
Deductions:		
Unemployment Claims and Contributions		42,001
Scholarships Awarded	49,504	-
 Total Deductions	49,504	42,001
 Change in Net Position	(283)	178,036
 Net Position, Beginning of Year	152,446	90,011
 Net Position, End of Year	\$ 152,163	\$ 268,047

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

NOTES TO THE FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 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. New Accounting Standards

During fiscal year 2014, the District adopted the following GASB statement:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. 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 position, 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, state aid restricted for debt service principal and other items not properly included among program revenues are reported instead as general revenues.

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 Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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, state and local 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 capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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.

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".

Reclassifications

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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 Board 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents 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

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

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (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 and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. 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 deferred inflows of resources.

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 Board 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.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds are not permitted to 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.

7. 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 position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, 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. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

8. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment In Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.

RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position/Fund Balance (Continued)

District-Wide Statements (Continued)

- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District 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.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

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.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that is required to be appropriated in the 2015/2016 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that was appropriated in the 2014/2015 original budget certified for taxes.

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 2014/2015 District budget certified for taxes.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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, state aid restricted for debt service principal, investment earnings and miscellaneous revenues.

2. Property Taxes

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 inflows of resources. 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.

3. Tuition and Expenditures

Tuition Revenues – Tuition charges were established by the Board of Education 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 2012-2013 and 2013-2014 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.

4. Proprietary Funds, Operating and Non-Operating Revenues and Expenses

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 31, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

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 2013/2014. Also during 2013/2014, the Board increased the original general fund budget by \$77,764 and the original special revenue fund budget by \$348,017. The increases were funded by the reappropriation of prior year general fund encumbrances and additional grant awards.

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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned (deficit) fund balance of \$780,017 in the General Fund as of June 30, 2014 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 2013/2014 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 Fund 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 unreserved, undesignated (i.e., 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 deficit in the GAAP (fund) financial statements of \$780,017 in the General Fund is less than the delayed state aid payments.

C. 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.

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, 2014 is as follows:

Balance, July 1, 2013	\$ 320,493
Increased by:	
Interest earnings	\$ 100
Deposits Approved by Board Resolution	<u>100,000</u>
Total Increases	<u>100,100</u>
Balance, June 30, 2014	<u>\$ 420,593</u>

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects is \$3,832,266.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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, 2014 is \$2,206,972. Of this amount, \$1,206,758 was designated and appropriated in the 2014/2015 original budget certified for taxes and the remaining amount of \$1,000,214 will be appropriated in the 2015/2015 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board'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 Board 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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts 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, 2014, the book value of the Board's deposits (cash and investments) were \$2,438,944 and bank and brokerage firm balances of the Board's deposits amounted to \$3,690,001. The Board's deposits which are displayed on the various statements of net position and fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>3,690,001</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 Board does not have a policy for custodial credit risk. As of June 30, 2014 the Board's bank balances were not exposed to custodial credit risk.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board 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, 2014, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2014 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		\$ 1,059				\$ 1,059
Intergovernmental					\$ 14,714	14,714
Federal		418,117		\$ 72,136		490,253
State	\$ 20,644	9,755	\$ 4,089,614	1,412		4,121,425
Local	58,207	-	-	-	-	58,207
Gross Receivables	78,851	428,931	4,089,614	73,548	14,714	4,685,658
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 78,851</u>	<u>\$ 428,931</u>	<u>\$ 4,089,614</u>	<u>\$ 73,548</u>	<u>\$ 14,714</u>	<u>\$ 4,685,658</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 84,859
Grant Draw Downs Reserved for Encumbrances	8,686
Capital Projects Fund	
Unrealized School Facilities Grants	195,058
Total Unearned Revenue for Governmental Funds	<u>\$ 288,603</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance, <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2014</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	<u>33,547,059</u>	<u>\$ 160,218</u>	<u>-</u>	<u>33,707,277</u>
Total Capital Assets, Not Being Depreciated	<u>35,093,504</u>	<u>160,218</u>	<u>-</u>	<u>35,253,722</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	36,812,856	162,703		36,975,559
Improvements other than Buildings	665,051			665,051
Machinery and Equipment	<u>1,424,083</u>	<u>292,803</u>	<u>-</u>	<u>1,716,886</u>
Total Capital Assets Being Depreciated	<u>38,901,990</u>	<u>455,506</u>	<u>-</u>	<u>39,357,496</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,922,068)	(812,551)		(19,734,619)
Improvements other than Buildings	(408,167)	(21,704)		(429,871)
Machinery and Equipment	<u>(1,051,785)</u>	<u>(60,562)</u>	<u>-</u>	<u>(1,112,347)</u>
Total Accumulated Depreciation	<u>(20,382,020)</u>	<u>(894,817)</u>	<u>-</u>	<u>(21,276,837)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,519,970</u>	<u>(439,311)</u>	<u>-</u>	<u>18,080,659</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,613,474</u>	<u>\$ (279,093)</u>	<u>\$ -</u>	<u>\$ 53,334,381</u>
	Balance, <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2014</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	<u>\$ 529,545</u>	<u>\$ -</u>	<u>(19,900)</u>	<u>\$ 509,645</u>
Total Capital Assets Being Depreciated	<u>529,545</u>	<u>-</u>	<u>(19,900)</u>	<u>509,645</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(264,868)</u>	<u>(31,267)</u>	<u>19,900</u>	<u>(276,235)</u>
Total Accumulated Depreciation	<u>(264,868)</u>	<u>(31,267)</u>	<u>19,900</u>	<u>(276,235)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 264,677</u>	<u>\$ (31,267)</u>	<u>\$ -</u>	<u>\$ 233,410</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 5,407
Total Instruction	<u>5,407</u>
Support Services	
Support Services - Students	4,315
General Administration	11,433
School Administration	961
Transportation	4,294
Operations and Maintenance of Plant	<u>14,254</u>
Total Support Services	<u>35,257</u>
Unallocated	<u>854,153</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 894,817</u>

Business-Type Activities:

Food Service Fund	<u>\$ 31,267</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 31,267</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 4,720,575
Payroll Agency Fund	General Fund	1,199,880
Unemployment Compensation Trust Fund	Payroll Agency Fund	1,666
Food Service Fund	Special Revenue Fund	228,536
Special Revenue Fund	General Fund	2,265
Unemployment Compensation Trust Fund	General Fund	<u>167,000</u>
 Total		 <u>\$ 6,319,922</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.

Interfund Transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 1,549	\$ 1,549
	<u>\$ 1,549</u>	<u>\$ 1,549</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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing computer supplies totaling \$678,816 and various acquisitions and improvements totaling \$440,000 under capital leases. The leases are for terms of 3 and 5 years, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 336,485
2016	336,485
2017	101,245
2018	<u>101,245</u>
Total minimum lease payments	875,460
Less: amount representing interest	<u>(45,983)</u>
Present value of minimum lease payments	<u>\$ 829,477</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 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 570,000	\$ 150,662	\$ 720,662
2016	595,000	128,033	723,033
2017	620,000	104,411	724,411
2018	645,000	79,797	724,797
2019	670,000	54,191	724,191
2020	<u>695,000</u>	<u>27,592</u>	<u>722,592</u>
	<u>\$ 3,795,000</u>	<u>\$ 544,686</u>	<u>\$ 4,339,686</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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, 2014 are comprised of the following issues:

\$3,025,000, 2003 Taxable Refunding Bonds, due in annual installments of \$195,000 to \$255,000 through April 1, 2020, interest at 5.29% to 5.93%	\$ 1,350,000
\$22,800,000, 2010 School Bonds, due in annual installments of \$825,000 to \$1,450,000 through February 15, 2030, interest at 3.00% to 4.00%	<u>19,750,000</u>
	<u>\$21,100,000</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2015	\$ 1,020,000	\$ 831,740	\$ 1,851,740
2016	1,055,000	796,675	1,851,675
2017	1,095,000	758,205	1,853,205
2018	1,130,000	715,942	1,845,942
2019	1,170,000	672,275	1,842,275
2020-2024	6,930,000	2,593,372	9,523,372
2025-2029	7,250,000	1,160,000	8,410,000
2030	1,450,000	58,000	1,508,000
	<u>\$ 21,100,000</u>	<u>\$ 7,586,209</u>	<u>\$ 28,686,209</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 116,288,356
Less: Net Debt Issued	<u>21,100,000</u>
Remaining Borrowing Power	<u>\$ 95,188,356</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increased	Retired	Balance June 30, 2014	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 678,816	\$ 440,000	\$ (289,339)	\$ 829,477	\$ 316,361
Obligations Under Lease Purchase	4,345,000		(550,000)	3,795,000	570,000
Bonds Payable	22,085,000		(985,000)	21,100,000	1,020,000
Compensated Absences Payable	2,078,762	588,398	(367,138)	2,300,022	485,090
Long-Term Liabilities	<u>\$ 29,187,578</u>	<u>\$ 1,028,398</u>	<u>\$ (2,191,477)</u>	<u>\$ 28,024,499</u>	<u>\$ 2,391,451</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other types of coverages.

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.

NJSBAIG 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 insurance fund 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>Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014	\$ 167,000	\$ 52,876	\$ 42,001	\$ 268,047
2013	100,000	51,765	66,660	90,011
2012		48,357	153,013	4,878

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014, 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, 2014, 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 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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. TPAF is a cost sharing plan with special funding situations.

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 but are currently suspended as a result of reform legislation.

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.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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. 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.

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and \$12.8 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.

Actuarial Methods and Assumptions

In the July 1, 2012 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 (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 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 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the 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 fiscal years ended June 30, 2014, 2013 and 2012 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:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2014	\$ 522,017	\$ 1,158,837	\$ 18,491
2013	557,829	1,731,037	22,119
2012	586,287	842,728	7,639

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,158,837 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed \$1,731,037 and \$842,728, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,107,326 during the year ended June 30, 2014 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.

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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 585 state and local participating employers and contributing entities for Fiscal Year 2013.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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 paid 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 paid 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 state 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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

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 July 1, 2012, the most recent actuarial valuation date, the State had a \$515 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the OPEB includes 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 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 or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

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, 2014, 2013 and 2012 were \$1,900,057, \$1,957,366, and \$1,694,102, 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, 2014**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 37,911,982		\$ 37,911,982	\$ 37,911,982	
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned in Maintenance Reserve Fund	100		100	100	
Unrestricted Miscellaneous Revenues	143,800	-	143,800	329,734	\$ 185,934
Total Local Sources	38,055,982	-	38,055,982	38,241,916	185,934
State Sources					
Special Education Aid	2,230,002		2,230,002	2,230,002	
Equalization Aid	17,507,406		17,507,406	17,507,406	
Security Aid	443,128		443,128	443,128	
Transportation Aid	181,590		181,590	181,590	
Under Adequacy Aid	86,609		86,609	86,609	
Extraordinary Aid				542,882	542,882
Nonpublic Transportation Aid				20,644	20,644
Anti-Bullying Aid				2,307	2,307
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				1,064,847	1,064,847
NCGI Premium				93,990	93,990
Post-Retirement Medical				1,900,057	1,900,057
Reimbursed Social Security	-	-	-	2,107,326	2,107,326
Total State Sources	20,448,735	-	20,448,735	26,180,788	5,732,053
Federal Sources					
Medicaid Reimbursements	89,565	-	89,565	138,806	49,241
Total Federal Sources	89,565	-	89,565	138,806	49,241
Total Revenues	58,594,282	-	58,594,282	64,561,510	5,967,228
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	859,438	\$ 55,706	915,144	912,144	3,000
Grades 1-5	5,472,865	(11,706)	5,461,159	5,454,600	6,559
Grades 6-8	3,410,564	(72,052)	3,338,512	3,317,570	20,942
Grades 9-12	5,380,887	(42,800)	5,338,087	5,308,217	29,870
Regular Programs - Home Instruction					
Salaries of Teachers	38,000	(787)	37,213	37,213	
Purchased Professional-Educational Services	55,126	(32,075)	23,051	20,433	2,618
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	353,469	33,407	386,876	386,874	2
Purchased Professional-Educational Services	29,000	(4,517)	24,483		24,483
Other Purchased Services	337,970	6,661	344,631	309,632	34,999
General Supplies	545,300	11,768	557,068	483,765	73,303
Textbooks	166,517	6,793	173,310	160,209	13,101
Other Objects	107,156	(1,019)	106,137	86,629	19,508
Total Regular Programs	16,756,292	(50,621)	16,705,671	16,477,286	228,385

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instruction - Special Education Learning /Language Disabilities					
Salaries of Teachers	\$ 288,694	\$ 54,530	\$ 343,224	\$ 343,224	
Other Salaries for Instruction	82,091	(35,530)	46,561	44,874	\$ 1,687
General Supplies	6,460	26	6,486	6,486	-
Total Learning /Language Disabilities	<u>377,245</u>	<u>19,026</u>	<u>396,271</u>	<u>394,584</u>	<u>1,687</u>
Behavioral Disabilities					
Salaries of Teachers	380,067	2,429	382,496	382,395	101
Other Salaries for Instruction	93,006	15,094	108,100	107,638	462
General Supplies	6,859	4,198	11,057	9,431	1,626
Other Objects	108	17	125	125	-
Total Behavioral Disabilities	<u>480,040</u>	<u>21,738</u>	<u>501,778</u>	<u>499,589</u>	<u>2,189</u>
Multiple Disabilities					
Salaries of Teachers	285,020	(17,523)	267,497	258,096	9,401
Other Salaries for Instruction	169,859		169,859	148,197	21,662
General Supplies	3,174	100	3,274	3,270	4
Other Objects	313	-	313	125	188
Total Multiple Disabilities	<u>458,366</u>	<u>(17,423)</u>	<u>440,943</u>	<u>409,688</u>	<u>31,255</u>
Resource Room/Resource Center					
Salaries of Teachers	3,165,733	(144,525)	3,021,208	2,894,524	126,684
Other Salaries for Instruction	324,369	8,487	332,856	331,855	1,001
General Supplies	24,035	(1,000)	23,035	22,697	338
Total Resource Room/Resource Center	<u>3,514,137</u>	<u>(137,038)</u>	<u>3,377,099</u>	<u>3,249,076</u>	<u>128,023</u>
Autism					
Salaries of Teachers	68,248	(3,000)	65,248	62,266	2,982
Other Salaries for Instruction	29,338	8,209	37,547	36,545	1,002
General Supplies	1,000	100	1,100	1,086	14
Other Objects	-	125	125	125	-
Total Autism	<u>98,586</u>	<u>5,434</u>	<u>104,020</u>	<u>100,022</u>	<u>3,998</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	180,509		180,509	180,272	237
Other Salaries for Instruction	59,159		59,159	56,979	2,180
Purchased Professional/Educational Services		500	500	475	25
General Supplies	2,815	2,050	4,865	4,350	515
Other Objects	-	125	125	125	-
Total Preschool Disabilities - Part - Time	<u>242,483</u>	<u>2,675</u>	<u>245,158</u>	<u>242,201</u>	<u>2,957</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	126,742	9,596	136,338	136,338	
Other Salaries for Instruction	49,953	(9,596)	40,357	30,877	9,480
Total Preschool Disabilities - Full - Time	<u>176,695</u>	<u>-</u>	<u>176,695</u>	<u>167,215</u>	<u>9,480</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 80,000	\$ 21,000	\$ 101,000	\$ 100,049	\$ 951
Purchased Professional-Educational Services	20,000	16,729	36,729	36,728	1
Total Home Instruction	<u>100,000</u>	<u>37,729</u>	<u>137,729</u>	<u>136,777</u>	<u>952</u>
Total Special Education	<u>5,447,552</u>	<u>(67,859)</u>	<u>5,379,693</u>	<u>5,199,152</u>	<u>180,541</u>
Basic Skills/Remedial					
Salaries of Teachers	1,270,214	36,284	1,306,498	1,297,600	8,898
General Supplies	2,500	-	2,500	2,226	274
Total Basic Skills/Remedial	<u>1,272,714</u>	<u>36,284</u>	<u>1,308,998</u>	<u>1,299,826</u>	<u>9,172</u>
Bilingual Education					
Salaries of Teachers	618,412		618,412	609,737	8,675
Other Salaries for Instruction	101,391		101,391	88,329	13,062
General Supplies	12,000	4,449	16,449	13,098	3,351
Total Bilingual Education	<u>731,803</u>	<u>4,449</u>	<u>736,252</u>	<u>711,164</u>	<u>25,088</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	228,117	(20,345)	207,772	200,436	7,336
Purchased Services	83,421	(9,125)	74,296	59,667	14,629
Supplies and Materials	36,350	24,486	60,836	46,684	14,152
Other Objects	12,000	1,170	13,170	8,706	4,464
Transfers to Cover Deficit (Agency Funds)	28,000	-	28,000	26,445	1,555
Total School Sponsored Co/Extra Curricular Activities	<u>387,888</u>	<u>(3,814)</u>	<u>384,074</u>	<u>341,938</u>	<u>42,136</u>
School Sponsored Athletics - Instruction					
Salaries	362,158	19,938	382,096	382,036	60
Purchased Services	115,213	(32,497)	82,716	57,200	25,516
Supplies and Materials	121,500	53,155	174,655	172,412	2,243
Other Objects	26,000	12,444	38,444	38,444	-
Total School Sponsored Athletics - Instruction	<u>624,871</u>	<u>53,040</u>	<u>677,911</u>	<u>650,092</u>	<u>27,819</u>
Before/After School Programs - Support Services					
Salaries of Teachers	68,621	7,640	76,261	75,277	984
Total Before/After School Programs - Support Services	<u>68,621</u>	<u>7,640</u>	<u>76,261</u>	<u>75,277</u>	<u>984</u>
Summer School - Support Services					
Salaries	20,080		20,080	18,816	1,264
Supplies and Materials	2,000	-	2,000	2,000	-
Total Summer School - Support Services	<u>22,080</u>	<u>-</u>	<u>22,080</u>	<u>20,816</u>	<u>1,264</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Alternative Ed Program - Instruction					
Salaries of Teachers	\$ 589,136	\$ (8,209)	\$ 580,927	\$ 577,396	\$ 3,531
General Supplies	5,000	1,345	6,345	6,299	46
Textbooks	7,000	(1,900)	5,100	3,801	1,299
Total Instructional Alternative Ed Program - Instruction	601,136	(8,764)	592,372	587,496	4,876
Instructional Alternative Ed Program - Support Svcs.					
Salaries	344,874	8,209	353,083	352,608	475
Other Purchased Services		2,196	2,196	2,196	
General Supplies	2,500	1,196	3,696	3,689	7
Other Objects	1,000	-	1,000	-	1,000
Total Instructional Alternative Ed Program-Support Svcs.	348,374	11,601	359,975	358,493	1,482
Total Alternative Education Programs					
	949,510	2,837	952,347	945,989	6,358
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	185,651	-	185,651	184,330	1,321
Total Other Suppl./At-Risk Programs - Instruction	185,651	-	185,651	184,330	1,321
Total Other Suppl./At-Risk Programs					
	185,651	-	185,651	184,330	1,321
Total - Instruction	26,446,982	(18,044)	26,428,938	25,905,870	523,068
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular		50,788	50,788	50,787	1
Tuition to Other LEAs Within State-Special	1,393,079	291,451	1,684,530	1,680,004	4,526
Tuition to County Voc. School- Regular	603,500	12,000	615,500	594,650	20,850
Tuition to County Voc. School- Special	130,000	13,600	143,600	132,167	11,433
Tuition to CSSD & Regional Day Schools	136,284	(116,171)	20,113	20,097	16
Tuition to Private School for Disabled W/I	2,306,044	(177,500)	2,128,544	2,079,453	49,091
Tuition - State Facilities	150,887		150,887	150,887	
Tuition - Other	120,960	46,610	167,570	167,570	-
Total Undistributed Expenditures - Instruction	4,840,754	120,778	4,961,532	4,875,615	85,917
Attendance and Social Work					
Salaries	311,293		311,293	307,975	3,318
Other Purchased Services	500		500	127	373
Supplies and Materials	2,480	-	2,480	1,430	1,050
Total Attendance and Social Work	314,273	-	314,273	309,532	4,741

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 465,191	\$ 260	\$ 465,451	\$ 453,443	\$ 12,008
Purchased Professional and Technical Services	51,883	10,210	62,093	57,930	4,163
Other Purchased Services	2,603	359	2,962	2,419	543
Supplies and Materials	11,525	2,962	14,487	6,951	7,536
Other Objects	792	(32)	760	616	144
Total Health Services	531,994	13,759	545,753	521,359	24,394
Speech, OT, PT & Related Services					
Salaries	432,960	(12,468)	420,492	419,769	723
Purchased Professional - Educational Services	384,766	69,468	454,234	454,233	1
Supplies and Materials	1,900	-	1,900	1,664	236
Total Speech, OT, PT & Related Services	819,626	57,000	876,626	875,666	960
Other Support Services - Students - Extra Svc					
Salaries	375,406	(58,158)	317,248	286,771	30,477
Purchased Professional - Educational Services	502,456	95,000	597,456	529,774	67,682
Other Objects	1,537	-	1,537	534	1,003
Total Other Support Services - Students - Extra Svc.	879,399	36,842	916,241	817,079	99,162
Guidance					
Salaries of Other Professional Staff	606,314	(77,293)	529,021	511,221	17,800
Salaries of Secretarial and Clerical Assistants	128,930	(6,615)	122,315	108,018	14,297
Other Salaries	57,510		57,510	51,395	6,115
Purchased Professional - Educational Services	30,856		30,856	27,012	3,844
Other Purchased Professional and Technical Services	8,000	6,615	14,615	14,241	374
Supplies and Materials	40,825	7,335	48,160	37,674	10,486
Other Objects	-	240	240	240	-
Total Undistributed Expenditures - Guidance	872,435	(69,718)	802,717	749,801	52,916
Child Study Teams					
Salaries of Other Professional Staff	1,262,162	54,511	1,316,673	1,316,673	
Salaries of Secretarial and Clerical Assistants	91,303	408	91,711	91,710	1
Purchased Professional - Educational Services	107,553	19,815	127,368	123,248	4,120
Other Purchased Services	19,116		19,116	11,646	7,470
Supplies and Materials	8,900	10,461	19,361	19,317	44
Total Undistributed Expenditures - Child Study Teams	1,489,034	85,195	1,574,229	1,562,594	11,635
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	594,078	17,476	611,554	611,554	
Salaries of Other Professional Staff	60,000	(2,500)	57,500	38,961	18,539
Salaries of Secretarial and Clerical Assistants	184,679	4,898	189,577	188,278	1,299
Salaries of Facilitators, Math & Literacy Coaches	144,519	72,052	216,571	216,570	1
Other Purchased Services	16,704		16,704	8,438	8,266
Supplies and Materials	29,500		29,500	28,753	747
Other Objects	7,350	-	7,350	4,775	2,575
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	1,036,830	91,926	1,128,756	1,097,329	31,427

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 387,116	\$ 151	\$ 387,267	\$ 387,267	
Supplies and Materials	54,850	2,719	57,569	52,161	\$ 5,408
Total Educational Media Services/School Library	<u>441,966</u>	<u>2,870</u>	<u>444,836</u>	<u>439,428</u>	<u>5,408</u>
Instructional Staff Training Serv.					
Salaries of Other Professional Staff					
Purchased Professional-Educational Services	35,000		35,000	9,589	25,411
Other Purchased Services	28,000	2,043	30,043	15,977	14,066
Supplies and Materials	1,200		1,200	664	536
Other Objects	6,000	2,500	8,500	6,440	2,060
Total Instructional Staff Training Serv.	<u>70,200</u>	<u>4,543</u>	<u>74,743</u>	<u>32,670</u>	<u>42,073</u>
Support Services General Administration					
Salaries	367,826		367,826	366,271	1,555
Legal Services	100,000	(18,762)	81,238	61,305	19,933
Audit Fees	34,414	1,775	36,189	36,189	
Other Purchased Professional Services	15,400		15,400	12,239	3,161
Purchased Technical Services	17,346		17,346	12,818	4,528
Communications/Telephone	162,592	(12,951)	149,641	95,040	54,601
BOE Other Purchased Services	10,100		10,100	2,446	7,654
Miscellaneous Purchased Services	234,448	17,762	252,210	250,845	1,365
General Supplies	8,200		8,200	4,540	3,660
BOE In-House Training/Meeting Supplies	1,100		1,100	294	806
Miscellaneous Expenditures	13,200		13,200	11,592	1,608
BOE Member Dues & Fees	26,000	-	26,000	23,721	2,279
Total Support Services General Administration	<u>990,626</u>	<u>(12,176)</u>	<u>978,450</u>	<u>877,300</u>	<u>101,150</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,463,069	11,907	1,474,976	1,474,976	
Salaries of Secretarial and Clerical Assistants	518,914	13,562	532,476	532,476	
Other Purchased Services	184,898	535	185,433	146,027	39,406
Supplies and Materials	54,775	16,346	71,121	66,802	4,319
Other Objects	51,310	(2,229)	49,081	39,969	9,112
Total Support Services School Administration	<u>2,272,966</u>	<u>40,121</u>	<u>2,313,087</u>	<u>2,260,250</u>	<u>52,837</u>
Central Services					
Salaries	375,542	(25,589)	349,953	342,340	7,613
Purchased Technical Services	68,000	12,300	80,300	76,406	3,894
Miscellaneous Purchased Services	65,228	12,382	77,610	58,214	19,396
Supplies and Materials	22,550		22,550	12,741	9,809
Miscellaneous Expenditures	22,000	-	22,000	5,558	16,442
Total Central Services	<u>553,320</u>	<u>(907)</u>	<u>552,413</u>	<u>495,259</u>	<u>57,154</u>
Admin. Info. Technology					
Salaries	369,570		369,570	360,181	9,389
Supplies and Materials	2,500		2,500	1,393	1,107
Other Objects	2,000	-	2,000	385	1,615
Total Admin. Info. Technology	<u>374,070</u>	<u>-</u>	<u>374,070</u>	<u>361,959</u>	<u>12,111</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 258,078		\$ 258,078	\$ 245,525	\$ 12,553
Cleaning, Repair and Maintenance Services	367,000	\$ 238,595	605,595	596,637	8,958
General Supplies	111,300	12,225	123,525	106,977	16,548
Other Objects	2,000	-	2,000	550	1,450
Total Required Maint. for School Facilities	738,378	250,820	989,198	949,689	39,509
Custodial Services					
Salaries	1,810,909	52,225	1,863,134	1,851,139	11,995
Purchased Professional and Technical Services	19,000	478	19,478	13,040	6,438
Cleaning, Repair and Maintenance Services	208,500	(3,806)	204,694	190,634	14,060
Rental of Land & Bldg. Other Than Lease Purchase Agreement	110,950	10,575	121,525	116,107	5,418
Other Purchased Property Services	64,000		64,000	60,038	3,962
Insurance	114,357	(10,073)	104,284	96,850	7,434
General Supplies	173,000	64,390	237,390	233,085	4,305
Energy (Electricity)	415,867	139,539	555,406	555,405	1
Energy (Natural Gas)	751,645	(263,000)	488,645	375,956	112,689
Other Operation and Maint. Of Plant	3,668,228	(9,672)	3,658,556	3,492,254	166,302
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	48,000		48,000	34,336	13,664
General Supplies	40,000	12,205	52,205	50,212	1,993
Total Care & Upkeep of Grounds	88,000	12,205	100,205	84,548	15,657
Security					
Salaries	375,150	13,818	388,968	385,369	3,599
Purchased Professional and Technical Services	19,700	(11,818)	7,882	1,360	6,522
Total Security	394,850	2,000	396,850	386,729	10,121
Total Undist. Expend.-Oper & Main of Plant Serv.	4,889,456	255,353	5,144,809	4,913,220	231,589
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	28,358	1,255	29,613	29,312	301
Salaries for Pupil Transportation (Other Than Between Home and School)	12,000	3,023	15,023	13,022	2,001
Cleaning, Repair and Maintenance Services	12,000		12,000	(498)	12,498
Rental Payments - School Buses	19,000		19,000	17,710	1,290
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools	137,020	(19,860)	117,160	88,438	28,722
Contracted Services - Aid in Lieu of Payments - Charter Schools		4,420	4,420	4,420	
Contracted Services (Between Home and School) - Vendors	404,009	(30,000)	374,009	369,981	4,028
Contracted Services (Other than Between Home and School) - Vendors	153,560	(17,770)	135,790	86,504	49,286
Contracted Services - (Spec. Ed. Students) - Vendors	456,184	45,232	501,416	501,416	
Contracted Services (Regular Students) - ECSs & CTSA's	223,643	18,240	241,883	241,873	10
Contracted Services (Spd. Ed. Students) - ECSs & CTSA's	1,530,975	(18,240)	1,512,735	1,477,339	35,396
Misc. Purchased Services- Transportation	10,000		10,000	5,218	4,782
General Supplies	12,000	1,496	13,496	6,734	6,762
Other Objects	8,000	-	8,000	238	7,762
Total Student Transportation Services	3,006,749	(12,204)	2,994,545	2,841,707	152,838

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contribution	\$ 644,867		\$ 644,867	\$ 613,851	\$ 31,016
Other Retirement Contributions - PERS	649,042	\$ (61,191)	587,851	540,508	47,343
Unemployment Compensation	100,000	67,000	167,000	167,000	
Workmen's Compensation	360,404	-	360,404	327,982	32,422
Health Benefits	9,111,658	(521,841)	8,589,817	8,529,567	60,250
Tuition Reimbursement	132,000		132,000	91,028	40,972
Other Employee Benefits	416,590	-	416,590	384,838	31,752
Total Unallocated Benefits - Employee Benefits	11,414,561	(516,032)	10,898,529	10,654,774	243,755
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				1,064,847	(1,064,847)
NCGI Premium				93,990	(93,990)
Post-Retirement Medical				1,900,057	(1,900,057)
Reimbursed Social Security	-	-	-	2,107,326	(2,107,326)
Total On-Behalf TPAF Contributions	-	-	-	5,166,220	(5,166,220)
Total Undistributed Expenditures	34,798,259	97,350	34,895,609	38,851,762	(3,956,153)
Total Current Expenditures	61,245,241	79,306	61,324,547	64,757,632	(3,433,085)
CAPITAL OUTLAY					
Equipment:					
Instruction					
School Sponsored Athletics		5,947	5,947	5,947	
Undistributed Expenditures:					
School Administration		2,995	2,995	2,995	
Admin. Info. Tech.	16,000	(7,547)	8,453	-	8,453
Total Equipment	16,000	1,395	17,395	8,942	8,453
Facilities Acquisition and Construction Serv.					
Other Objects - Debt Service Assessment	38,595	-	38,595	38,595	-
Total Facilities Acquisition and Constr. Services	38,595	-	38,595	38,595	-
Assets Acquired Under Capital Lease (Non-Budget)	-	-	-	440,000	(440,000)
Total Capital Outlay	54,595	1,395	55,990	487,537	(431,547)
Transfer Funds to Charter School	54,056	(2,937)	51,119	37,774	13,345
Total Expenditures	61,353,892	77,764	61,431,656	65,282,943	(3,851,287)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,759,610)	(77,764)	(2,837,374)	(721,433)	2,115,941
Other Financing Sources (Uses)					
Operating Transfers In				1,549	1,549
Capital Lease Proceeds	-	-	-	440,000	440,000
Total Other Financing Sources (Uses)	-	-	-	441,549	441,549

RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$ (2,759,610)	\$ (77,764)	\$ (2,837,374)	\$ (279,884)	\$ 2,557,490
Fund Balances, Beginning of Year	<u>6,342,967</u>	<u>-</u>	<u>6,342,967</u>	<u>6,342,967</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,583,357</u>	<u>\$ (77,764)</u>	<u>\$ 3,505,593</u>	<u>\$ 6,063,083</u>	<u>\$ 2,557,490</u>

Recapitulation of Fund Balance:

Restricted					
Capital Reserve				\$ 420,593	
Maintenance Reserve				496,100	
Excess Surplus, Designated for Subsequent Year's Expenditures				1,206,758	
Excess Surplus				1,000,214	
Assigned					
Year End Encumbrances				10,314	
Designated for Subsequent Year's Expenditures				1,172,044	
Unassigned				<u>1,757,060</u>	
				6,063,083	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis (June 30, 2014)				<u>(2,537,077)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,526,006</u>	

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources		\$ 93,388	\$ 93,388	\$ 45,714	\$ (47,674)
State Sources	\$ 752,830	11,205	764,035	762,326	(1,709)
Federal Sources	1,579,716	243,424	1,823,140	1,776,373	(46,767)
Total Revenues	<u>2,332,546</u>	<u>348,017</u>	<u>2,680,563</u>	<u>2,584,413</u>	<u>(96,150)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	841,242	2,811	844,053	844,053	
Other Salaries for Instruction	191,816	48,959	240,775	240,537	238
Purchased Professional-Educational Services		69,059	69,059	62,186	6,873
Tuition	1,000,000	(38,171)	961,829	961,829	
General Supplies		80,500	80,500	58,380	22,120
Textbooks	3,223	397	3,620	3,215	405
Total Instruction	<u>2,036,281</u>	<u>163,555</u>	<u>2,199,836</u>	<u>2,170,200</u>	<u>29,636</u>
Support Services					
Salaries of Supervisors of Instruction	9,822		9,822	9,822	
Salaries of Program Directors	79,715		79,715	79,715	
Salaries of Other Professional Staff	30,804	11,730	42,534	34,240	8,294
Salaries of Secretarial and Clerical Asst.	37,398		37,398	37,398	
Other Salaries	10,250	(250)	10,000		10,000
Personal Services - Employee Benefits	115,714	53,811	169,525	167,806	1,719
Purchased Prof./Educ. Svcs.	1,190	65,780	66,970	57,101	9,869
Other Purchased Professional Services	4,474	622	5,096	5,096	
Contracted Services - Transportation	5,895	(165)	5,730	3,820	1,910
Other Purchased Services	1,003	48,791	49,794	16,052	33,742
Supplies and Materials		2,189	2,189	1,209	980
Other Objects	-	1,954	1,954	1,954	-
Total Support Services	<u>296,265</u>	<u>184,462</u>	<u>480,727</u>	<u>414,213</u>	<u>66,514</u>
Total Expenditures	<u>2,332,546</u>	<u>348,017</u>	<u>2,680,563</u>	<u>2,584,413</u>	<u>96,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The following presents a reconciliation of the General 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		Special	
	Fund		Revenue	
	Fund		Fund	
Sources/Inflows of Resources				
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$ 64,561,510		(C-2) \$ 2,584,413	
Difference - Budget to GAAP				
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.				
Prior Year Encumbrances			31,702	
Current Year Encumbrances			(8,686)	
State Aid payments recognized for GAAP Purposes not recognized for Budgetary statements. (June 30, 2013)	2,487,907		-	
State Aid payments recognized for budgetary purposes not recognized for GAAP statements. (June 30, 2014)	<u>(2,537,077)</u>		<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>64,512,340</u>		(B-2) \$ <u>2,607,429</u>	
Uses/Outflows of Resources				
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1) \$ 65,282,943		(C-2) \$ 2,584,413	
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.				
Prior Year Encumbrances			\$ 31,702	
Current Year Encumbrances	<u>-</u>		<u>(8,686)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>65,282,943</u>		(B-2) \$ <u>2,607,429</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, 2014**

	Exhibit E-1a Totals	IDEA			Title I		Title II-A		Grand Total
		Basic 2013-14	Preschool 2013-14	Race to the Top	2013-14	2012-13	2013-14	2012-13	
REVENUES									
Intergovernmental									
State	\$ 762,326								\$ 762,326
Federal	82,687	\$ 942,379	\$ 26,829	\$ 9,883	\$ 561,474	\$ 10,337	\$ 135,885	\$ 6,899	1,776,373
Local	45,714	-	-	-	-	-	-	-	45,714
Total Revenues	\$ 890,727	\$ 942,379	\$ 26,829	\$ 9,883	\$ 561,474	\$ 10,337	\$ 135,885	\$ 6,899	\$ 2,584,413
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 416,998				\$ 348,245		\$ 78,810		\$ 844,053
Other Salaries for Instruction	179,747				45,066		15,724		240,537
Purchased Prof. and Educational Services	-								
Other Purchased Services	16,750				45,436				62,186
Tuition	-	\$ 935,000	\$ 26,829						961,829
General Supplies	27,405	1,879			22,775	\$ 6,321			58,380
Textbooks	3,215	-	-	-	-	-	-	-	3,215
Total Instruction	644,115	936,879	26,829	-	461,522	6,321	94,534	-	2,170,200
Support Services									
Salaries of Supervisors of Instruction	9,822								9,822
Salaries of Program Directors	79,715								79,715
Salaries of Other Prof. Staff	30,804				3,436				34,240
Salaries of Sec. & Clerical Asst.	37,398								37,398
Other Salaries	-								-
Personal Svcs-Employee Benefits	57,693				90,772		19,341		167,806
Purchased Prof. Educ. Services	17,020			\$ 9,600	2,984	4,016	18,584	\$ 4,897	57,101
Other Purchased Prof. Services	5,096								5,096
Contracted Services- Transp.	1,060				2,760				3,820
Other Purchased Services	6,050	5,500					2,500	2,002	16,052
Supplies and Materials	-			283			926		1,209
Other Objects	1,954	-	-	-	-	-	-	-	1,954
Total Support Services	246,612	5,500	-	9,883	99,952	4,016	41,351	6,899	414,213
Total Expenditures	\$ 890,727	\$ 942,379	\$ 26,829	\$ 9,883	\$ 561,474	\$ 10,337	\$ 135,885	\$ 6,899	\$ 2,584,413

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Title III		Preschool Education Aid	NJ Non-Public Aid			ILA Grant	Amistad Training	RSI Reach	Other Local/ Private Grants	Totals Carried Forward
	2013-14	2012-13		Textbook	Nursing	Technology					
REVENUES											
Intergovernmental											
State			\$ 742,940	\$ 3,215	\$ 5,096	\$ 1,320	\$ 9,755				\$ 762,326
Federal	\$ 76,573	\$ 6,114									82,687
Local Sources	-	-	-	-	-	-	-	\$ 16,954	\$ 16,750	\$ 12,010	45,714
Total Revenues	\$ 76,573	\$ 6,114	\$ 742,940	\$ 3,215	\$ 5,096	\$ 1,320	\$ 9,755	\$ 16,954	\$ 16,750	\$ 12,010	\$ 890,727
EXPENDITURES											
Instruction											
Salaries of Teachers	36,027	1,107	\$ 379,864								\$ 416,998
Other Salaries for Instruction	21,198	915	157,634								179,747
Purchased Prof. and Educational Services									\$ 16,750		16,750
Tuition											-
General Supplies	8,173	4,092					\$ 9,755			\$ 5,385	27,405
Textbooks	-	-	-	\$ 3,215	-	-	-	-	-	-	3,215
Total Instruction	65,398	6,114	537,498	3,215	-	-	9,755	-	16,750	5,385	644,115
Support Services											
Salaries of Supervisors of Instruction			9,822								9,822
Salaries of Program Directors			79,715								79,715
Salaries of Other Prof. Staff			30,804								30,804
Salaries of Sec. & Clerical Asst.			37,398								37,398
Other Salaries											-
Personal Svcs-Employee Benefits	9,990		47,703								57,693
Purchased Prof. Educ. Services	700					\$ 1,320		\$ 15,000			17,020
Other Purchased Prof. Services					\$ 5,096						5,096
Contracted Services- Transp.	360									700	1,060
Other Purchased Services	125									5,925	6,050
Supplies and Materials											-
Other Objects	-	-	-	-	-	-	-	1,954	-	-	1,954
Total Support Services	11,175	-	205,442	-	5,096	1,320	-	16,954	-	6,625	246,612
Total Expenditures	\$ 76,573	\$ 6,114	\$ 742,940	\$ 3,215	\$ 5,096	\$ 1,320	\$ 9,755	\$ 16,954	\$ 16,750	\$ 12,010	890,727

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

District-Wide Totals

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Instruction					
Salaries of Teachers	\$ 379,082	\$ 782	\$ 379,864	\$ 379,864	
Other Salaries for Instruction	<u>175,303</u>	<u>(17,669)</u>	<u>157,634</u>	<u>157,634</u>	-
Total Instruction	<u>554,385</u>	<u>(16,887)</u>	<u>537,498</u>	<u>537,498</u>	-
Support Services					
Salaries of Supervisors of Instruction	9,822		9,822	9,822	
Salaries of Program Directors	79,715		79,715	79,715	
Salaries of Other Professional Staff	30,804		30,804	30,804	
Salaries of Secretarial and Clerical Asst.	37,398		37,398	37,398	
Personal Services - Employee Benefits	<u>30,816</u>	<u>16,887</u>	<u>47,703</u>	<u>47,703</u>	-
Total Support Services	<u>188,555</u>	<u>16,887</u>	<u>205,442</u>	<u>205,442</u>	-
Total Expenditures	<u>\$ 742,940</u>	<u>\$ -</u>	<u>\$ 742,940</u>	<u>\$ 742,940</u>	<u>\$ -</u>

Calculation of Budget & Carryover

Total Revised 2013-14 Preschool Education Aid Allocation	\$ 727,883
Actual Preschool Education Aid Carryover (June 30, 2013)	93,165
Cancelled Prior Year Accounts Payable	<u>2,197</u>
Total Preschool Education Aid Funds Available for 2013-14 Budget	823,245
Less: 2013-14 Budgeted Preschool Education Aid (Including Prior year budgeted carryover)	<u>742,940</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014	80,305
Add: June 30, 2014 Unexpended Preschool Education Aid	-
2013-14 Carryover- Preschool Education Aid	<u>\$ 80,305</u>
2013-14 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2014-15	<u>\$ 11,557</u>

CAPITAL PROJECTS FUND

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Revenues and Other Financing Sources

Interest on Investments	\$ 1,549
Total Revenues and Other Financing Sources	1,549

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	3,621
Construction Services	156,597
Operating Transfers Out	1,549
Total Expenditures and Other Financing Uses	161,767

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(160,218)
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Fund Balance- Beginning of Year	570,896
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Fund Balance- Ending of Year	\$ 410,678
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Recapitulation:

Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Year End Encumbrances	272,463
Available for Capital Project Expenditures	130,929
	410,678

Reconciliation to Governmental Funds Statements (GAAP):

Unearned Revenue - SDA Grants	(195,058)
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Fund Balance, GAAP Basis	\$ 215,620
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**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, 2014**

	<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
	<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
	<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>
Additional project information:				
Project Number	4290-060-04-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 204,521			
Additional Authorized Cost				
Revised Authorized Cost	\$ 204,521			
Percentage Increase(Decrease) Over Original Authorized Cost				
Percentage Completion	100.00%			
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
MIDDLE SCHOOL GYM PARTITION REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<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	<u>50,464</u>	<u>-</u>	<u>50,464</u>	<u>50,464</u>
Total Revenues and Other Financing Sources	<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	<u>83,915</u>	<u>-</u>	<u>83,915</u>	<u>88,134</u>
Total Expenditures and Other Financing Uses	<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, 2014**

	<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	<u>54,382</u>	<u>-</u>	<u>54,382</u>	<u>54,382</u>
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	<u>59,478</u>	<u>-</u>	<u>59,478</u>	<u>95,611</u>
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, 2014**

	<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, 2014**

	<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	8,068,322	-	8,068,322	8,068,322
Total Revenues and Other Financing Sources	<u>12,372,491</u>	<u>-</u>	<u>12,372,491</u>	<u>12,372,491</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	886,272		886,272	886,272
Supplies and Materials	161,468		161,468	161,468
Construction Services	11,054,072	\$ 115,306	11,169,378	11,324,751
Total Expenditures and Other Financing Uses	<u>12,101,812</u>	<u>115,306</u>	<u>12,217,118</u>	<u>12,372,491</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 270,679</u>	<u>\$ (115,306)</u>	<u>\$ 155,373</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	\$ 8,068,322			
Bonds Issued	\$ 8,068,322			
Original Authorized Cost	\$ 11,465,395			
Additional Authorized Cost	\$ 907,096			
Revised Authorized Cost	\$ 12,372,491			
Percentage Increase(Decrease) Over Original Authorized Cost	7.9%			
Percentage Completion	98.74%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2015			

**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, 2014**

	<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	<u>156,661</u>	<u>-</u>	<u>156,661</u>	<u>156,661</u>
 Total Revenues and Other Financing Sources	 <u>299,476</u>	 <u>-</u>	 <u>299,476</u>	 <u>299,476</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	42,090	\$ 6,378	48,468	48,468
Construction Services	<u>244,804</u>	<u>-</u>	<u>244,804</u>	<u>251,008</u>
 Total Expenditures and Other Financing Uses	 <u>286,894</u>	 <u>6,378</u>	 <u>293,272</u>	 <u>299,476</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 12,582</u>	 <u>\$ (6,378)</u>	 <u>\$ 6,204</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	\$ 156,661
Bonds Issued	\$ 156,661
Original Authorized Cost	\$ 299,026
Additional Authorized Cost	\$ 450
Revised Authorized Cost	\$ 299,476

Percentage Increase(Decrease) Over Original

Authorized Cost	0.2%
Percentage Completion	97.93%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2014

**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, 2014**

	<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	264,680		264,680	264,680
Construction Services	989,000	-	989,000	989,000
	<u>1,253,680</u>	<u>-</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>\$ -</u>	<u>\$ -</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, 2014**

	<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>630,670</u>	<u>-</u>	<u>630,670</u>	<u>630,670</u>
Total Revenues and Other Financing Sources	<u>1,249,011</u>	<u>-</u>	<u>1,249,011</u>	<u>1,249,011</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	105,205		105,205	105,205
Construction Services	<u>1,106,986</u>	<u>\$ 16,650</u>	<u>1,123,636</u>	<u>1,143,806</u>
Total Expenditures and Other Financing Uses	<u>1,212,191</u>	<u>16,650</u>	<u>1,228,841</u>	<u>1,249,011</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 36,820</u>	<u>\$ (16,650)</u>	<u>\$ 20,170</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	\$ 630,670			
Bonds Issued	\$ 630,670			
Original Authorized Cost	\$ 1,294,684			
Additional Authorized Cost	\$ (45,673)			
Revised Authorized Cost	\$ 1,249,011			
Percentage Increase(Decrease) Over Original				
Authorized Cost	-3.5%			
Percentage Completion	98.39%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**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, 2014**

	<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	<u>1,842,538</u>	<u>-</u>	<u>1,842,538</u>	<u>1,842,538</u>
 Total Revenues and Other Financing Sources	 <u>3,094,413</u>	 <u>-</u>	 <u>3,094,413</u>	 <u>3,094,413</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	459,222		459,222	459,222
Supplies and Materials	52,447		52,447	52,447
Construction Services	<u>2,473,186</u>	<u>-</u>	<u>2,473,186</u>	<u>2,582,744</u>
 Total Expenditures and Other Financing Uses	 <u>2,984,855</u>	 <u>-</u>	 <u>2,984,855</u>	 <u>3,094,413</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 109,558</u>	 <u>\$ -</u>	 <u>\$ 109,558</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	\$ 1,842,538			
Bonds Issued	\$ 1,842,538			
Original Authorized Cost	\$ 2,621,177			
Additional Authorized Cost	\$ 473,236			
Revised Authorized Cost	\$ 3,094,413			
 Percentage Increase(Decrease) Over Original				
Authorized Cost	18.1%			
Percentage Completion	96.46%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**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, 2014**

	<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>2,531,786</u>	<u>-</u>	<u>2,531,786</u>	<u>2,531,786</u>
Total Revenues and Other Financing Sources	<u>4,827,228</u>	<u>-</u>	<u>4,827,228</u>	<u>4,827,228</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	355,460	\$ 21,884	377,344	377,344
Construction Services	<u>4,419,524</u>	<u>-</u>	<u>4,419,524</u>	<u>4,449,884</u>
Total Expenditures and Other Financing Uses	<u>4,774,984</u>	<u>21,884</u>	<u>4,796,868</u>	<u>4,827,228</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 52,244</u>	<u>\$ (21,884)</u>	<u>\$ 30,360</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	\$ 2,531,786			
Bonds Issued	\$ 2,531,786			
Original Authorized Cost	\$ 4,806,199			
Additional Authorized Cost	\$ 21,029			
Revised Authorized Cost	\$ 4,827,228			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.4%			
Percentage Completion	99.37%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**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, 2014**

	<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>168,377</u>	<u>-</u>	<u>168,377</u>	<u>168,377</u>
 Total Revenues and Other Financing Sources	 <u>265,484</u>	 <u>-</u>	 <u>265,484</u>	 <u>265,484</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	15,738		15,738	15,738
Construction Services	<u>249,746</u>	<u>-</u>	<u>249,746</u>	<u>249,746</u>
 Total Expenditures and Other Financing Uses	 <u>265,484</u>	 <u>-</u>	 <u>265,484</u>	 <u>265,484</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</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	\$ 168,377
Bonds Issued	\$ 168,377
Original Authorized Cost	\$ 203,323
Additional Authorized Cost	\$ 62,161
Revised Authorized Cost	\$ 265,484

Percentage Increase(Decrease) Over Original

Authorized Cost	30.57%
Percentage Completion	100.00%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2013

**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, 2014**

	<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	6,578,116	-	6,578,116	6,578,116
	<u>8,199,062</u>	<u>-</u>	<u>8,199,062</u>	<u>8,199,062</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	1,199,520		1,199,520	1,199,520
Supplies and Materials	115,640		115,640	115,640
Construction Services	6,813,775	-	6,813,775	6,883,902
	<u>8,128,935</u>	<u>-</u>	<u>8,128,935</u>	<u>8,199,062</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 70,127</u>	<u>\$ -</u>	<u>\$ 70,127</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	\$ 6,578,116			
Bonds Issued	\$ 6,578,116			
Original Authorized Cost	\$ 8,707,838			
Additional Authorized Cost	\$ (508,776)			
Revised Authorized Cost	\$ 8,199,062			
Percentage Increase(Decrease) Over Original				
Authorized Cost	-5.8%			
Percentage Completion	99.14%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**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, 2014**

	<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	<u>107,896</u>	<u>-</u>	<u>107,896</u>	<u>107,896</u>
 Total Revenues and Other Financing Sources	 <u>206,540</u>	 <u>-</u>	 <u>206,540</u>	 <u>206,540</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	51,239		51,239	51,239
Construction Services	<u>155,000</u>	<u>-</u>	<u>155,000</u>	<u>155,301</u>
 Total Expenditures and Other Financing Uses	 <u>206,239</u>	 <u>-</u>	 <u>206,239</u>	 <u>206,540</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 301</u>	 <u>\$ -</u>	 <u>\$ 301</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	\$ 107,896
Bonds Issued	\$ 107,896
Original Authorized Cost	\$ 206,541
Additional Authorized Cost	\$ (1)
Revised Authorized Cost	\$ 206,540

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	99.85%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2013

**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, 2014**

	<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>130,204</u>	<u>-</u>	<u>130,204</u>	<u>130,204</u>
 Total Revenues and Other Financing Sources	 <u>192,391</u>	 <u>-</u>	 <u>192,391</u>	 <u>192,391</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	8,391		8,391	8,391
Construction Services	<u>184,000</u>	<u>-</u>	<u>184,000</u>	<u>184,000</u>
 Total Expenditures and Other Financing Uses	 <u>192,391</u>	 <u>-</u>	 <u>192,391</u>	 <u>192,391</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</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	\$ 130,204
Bonds Issued	\$ 130,204
Original Authorized Cost	\$ 130,208
Additional Authorized Cost	\$ 62,183
Revised Authorized Cost	\$ 192,391
 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, 2014**

	<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>133,756</u>	<u>-</u>	<u>133,756</u>	<u>133,756</u>
 Total Revenues and Other Financing Sources	 <u>256,043</u>	 <u>-</u>	 <u>256,043</u>	 <u>256,043</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	18,273		18,273	18,273
Construction Services	<u>237,770</u>	<u>-</u>	<u>237,770</u>	<u>237,770</u>
 Total Expenditures and Other Financing Uses	 <u>256,043</u>	 <u>-</u>	 <u>256,043</u>	 <u>256,043</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</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	\$ 133,756
Bonds Issued	\$ 133,756
Original Authorized Cost	\$ 256,044
Additional Authorized Cost	\$ (1)
Revised Authorized Cost	\$ 256,043

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
ROOSEVELT SCHOOL FIRE ALARM SYSTEM AND SECURITY DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<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	190,945	-	190,945	190,945
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	285,030	-	285,030	285,030
Expenditures and Other Financing Uses				
Purchased Professional Services	13,530		13,530	13,530
Construction Services	271,500	-	271,500	271,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	285,030	-	285,030	285,030
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	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 PHOTOVOLTAIC PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 819,741	-	\$ 819,741	\$ 819,741
Total Revenues and Other Financing Sources	<u>819,741</u>	<u>-</u>	<u>819,741</u>	<u>819,741</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	124,788		124,788	124,788
Construction Services	694,953	-	694,953	694,953
Total Expenditures and Other Financing Uses	<u>819,741</u>	<u>-</u>	<u>819,741</u>	<u>819,741</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 819,741
Bonds Issued	\$ 819,741
Original Authorized Cost	\$ 1,385,387
Additional Authorized Cost	\$ (565,646)
Revised Authorized Cost	\$ 819,741
Percentage Increase(Decrease) Over Original Authorized Cost	-40.8%
Percentage Completion	100.00%
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, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 778,780	-	\$ 778,780	\$ 778,780
Total Revenues and Other Financing Sources	<u>778,780</u>	<u>-</u>	<u>778,780</u>	<u>778,780</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	123,282		123,282	123,282
Construction Services	<u>655,498</u>	<u>-</u>	<u>655,498</u>	<u>655,498</u>
Total Expenditures and Other Financing Uses	<u>778,780</u>	<u>-</u>	<u>778,780</u>	<u>778,780</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 778,780
Bonds Issued	\$ 778,780
Original Authorized Cost	\$ 1,272,873
Additional Authorized Cost	\$ (494,093)
Revised Authorized Cost	\$ 778,780
Percentage Increase(Decrease) Over Original Authorized Cost	-38.8%
Percentage Completion	100.00%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2012

ENTERPRISE FUND

**RAHWAY SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2014**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 155,093	\$ 186,054	\$ 341,147
Due from Other Funds	-	1,199,880	1,199,880
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 155,093</u>	<u>\$ 1,385,934</u>	<u>\$ 1,541,027</u>
LIABILITIES			
Due to Student Groups	\$ 155,093		\$ 155,093
Accrued Salaries & Wages		\$ 5,168	5,168
Summer Savings		1,348,350	1,348,350
Payroll Deductions and Withholdings		14,959	14,959
Reserve for Flex Spending Account		15,791	15,791
Due to Other Funds	-	1,666	1,666
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 155,093</u>	<u>\$ 1,385,934</u>	<u>\$ 1,541,027</u>

**RAHWAY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

<u>School</u>	<u>Balance, July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2014</u>
ELEMENTARY SCHOOLS				
Madison	\$ 6,632	\$ 12,776	\$ 15,996	\$ 3,412
Grover Cleveland	12,861	12,978	14,824	11,015
Roosevelt School	13,845	59,454	55,455	17,844
Franklin	5,358	27,055	27,191	5,222
Total Elementary Schools	<u>38,696</u>	<u>112,263</u>	<u>113,466</u>	<u>37,493</u>
Rahway Middle School	<u>21,602</u>	<u>71,762</u>	<u>73,748</u>	<u>19,616</u>
Rahway High School	85,150	306,774	297,143	94,781
Athletics	<u>4,304</u>	<u>75,104</u>	<u>76,205</u>	<u>3,203</u>
Total High School	<u>89,454</u>	<u>381,878</u>	<u>373,348</u>	<u>97,984</u>
Total All Schools	<u>\$ 149,752</u>	<u>\$ 565,903</u>	<u>\$ 560,562</u>	<u>\$ 155,093</u>

**RAHWAY SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Balance, July 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2014</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 702,005	\$ 40,977,348	\$ 41,493,299	\$ 186,054
Due from Other Funds	<u>600,000</u>	<u>1,200,671</u>	<u>600,791</u>	<u>1,199,880</u>
Total Assets	<u>\$ 1,302,005</u>	<u>\$ 42,178,019</u>	<u>\$ 42,094,090</u>	<u>\$ 1,385,934</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 20,126	\$ 18,902,854	\$ 18,908,021	\$ 14,959
Accrued Salaries and Wages	1,484	21,811,830	21,808,146	5,168
Summer Savings	1,263,507	1,348,350	1,263,507	1,348,350
Reserve for Flex Spending Account	16,416	42,513	43,138	15,791
Due to Other Funds	<u>472</u>	<u>72,472</u>	<u>71,278</u>	<u>1,666</u>
Total Liabilities	<u>\$ 1,302,005</u>	<u>\$ 42,178,019</u>	<u>\$ 42,094,090</u>	<u>\$ 1,385,934</u>

LONG-TERM DEBT

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Maturities</u>	<u>Interest</u>	<u>Balance,</u>		<u>Balance,</u>
		<u>Date</u>	<u>Rate</u>	<u>July 1, 2013</u>	<u>Retired</u>	<u>June 30, 2014</u>
Private Placement Refunding of Certificates of Participation	\$ 6,050,000	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%	<u>\$ 4,345,000</u>	<u>\$ 550,000</u>
						<u>\$ 3,795,000</u>
					Paid by Budget Appropriation	<u>\$ 550,000</u>

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2014</u>
Computer Equipment	\$ 678,816	Various	3.510%	\$ 678,816		\$ 224,196	\$ 454,620
Various Acquisitions and Improvements	440,000	Various	3.165%	<u> -</u>	<u>\$ 440,000</u>	<u>65,143</u>	<u>374,857</u>
				<u>\$ 678,816</u>	<u>\$ 440,000</u>	<u>\$ 289,339</u>	<u>\$ 829,477</u>

**RAHWAY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,360,104		\$ 2,360,104	\$ 2,360,104	
State Sources:					
Debt Service Aid	212,919	-	212,919	212,919	-
Total Revenues	<u>2,573,023</u>	<u>-</u>	<u>2,573,023</u>	<u>2,573,023</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Lease Purchases	550,000		550,000	550,000	
Interest - Lease Purchases	172,497		172,497	172,497	
Interest - Early Retirement Bonds	84,402		84,402	64,696	\$ 19,706
Interest on Bonds	781,125		781,125	781,125	
Redemption of Principal	985,000	-	985,000	985,000	-
Total Regular Debt Service	<u>2,573,024</u>	<u>-</u>	<u>2,573,024</u>	<u>2,553,318</u>	<u>19,706</u>
Total Expenditures	<u>2,573,024</u>	<u>-</u>	<u>2,573,024</u>	<u>2,553,318</u>	<u>19,706</u>
Excess of Revenues Over Expenditures	(1)	-	(1)	19,705	19,706
Fund Balance, Beginning of Year	2	-	2	2	-
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 19,707</u>	<u>\$ 19,706</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service					
Designated for Subsequent Year's Expenditures				\$ 1	
Available for Future Debt Service Obligations				<u>19,706</u>	
				<u>\$ 19,707</u>	

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
NET POSITION BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,								
	2006	2007	2008	2009 (Restated)	2010	2011	2012	2013	2014
Governmental Activities									
Net Investment in Capital Assets	\$ 12,920,098	\$ 13,801,932	\$ 13,867,473	\$ 14,626,746	\$ 15,584,645	\$ 18,787,587	\$ 25,431,951	\$ 27,654,109	\$ 28,376,683
Restricted	1,297,381	1,113,178	139,670	307,072	69,671	69,771	527,681	669,972	943,686
Unrestricted	<u>(2,179,720)</u>	<u>(2,495,339)</u>	<u>(1,273,987)</u>	<u>(697,136)</u>	<u>(2,034,622)</u>	<u>1,127,184</u>	<u>1,190,788</u>	<u>28,717</u>	<u>(504,403)</u>
Total Governmental Activities Net Position	<u>\$ 12,037,759</u>	<u>\$ 12,419,771</u>	<u>\$ 12,733,156</u>	<u>\$ 14,236,682</u>	<u>\$ 13,619,694</u>	<u>\$ 19,984,542</u>	<u>\$ 27,150,420</u>	<u>\$ 28,352,798</u>	<u>\$ 28,815,966</u>
Business-Type Activities									
Net Investment in Capital Assets	\$ 149,764	\$ 165,461	\$ 171,299	\$ 235,137	\$ 265,576	\$ 265,472	\$ 256,225	\$ 264,677	\$ 233,410
Unrestricted	<u>285,387</u>	<u>312,597</u>	<u>330,784</u>	<u>205,565</u>	<u>154,235</u>	<u>184,596</u>	<u>231,009</u>	<u>195,444</u>	<u>228,535</u>
Total Business-Type Activities Net Position	<u>\$ 435,151</u>	<u>\$ 478,058</u>	<u>\$ 502,083</u>	<u>\$ 440,702</u>	<u>\$ 419,811</u>	<u>\$ 450,068</u>	<u>\$ 487,234</u>	<u>\$ 460,121</u>	<u>\$ 461,945</u>
District-Wide									
Net Investment in Capital Assets	\$ 13,069,862	\$ 13,967,393	\$ 14,038,772	\$ 14,861,883	\$ 15,850,221	\$ 19,053,059	\$ 25,688,176	\$ 27,918,786	\$ 28,610,093
Restricted	1,297,381	1,113,178	139,670	307,072	69,671	69,771	527,681	669,972	943,686
Unrestricted	<u>(1,894,333)</u>	<u>(2,182,742)</u>	<u>(943,203)</u>	<u>(491,571)</u>	<u>(1,880,387)</u>	<u>1,311,780</u>	<u>1,421,797</u>	<u>224,161</u>	<u>(275,868)</u>
Total District Net Position	<u>\$ 12,472,910</u>	<u>\$ 12,897,829</u>	<u>\$ 13,235,239</u>	<u>\$ 14,677,384</u>	<u>\$ 14,039,505</u>	<u>\$ 20,434,610</u>	<u>\$ 27,637,654</u>	<u>\$ 28,812,919</u>	<u>\$ 29,277,911</u>

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 nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

RAHWAY SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 20,713,642	\$ 24,007,786	\$ 23,813,147	\$ 22,173,733	\$ 22,220,613	\$ 23,568,789	\$ 23,888,111	\$ 25,821,649	\$ 25,260,411
Special Education	8,560,465	9,697,349	10,170,914	10,359,294	11,222,777	11,451,321	11,636,310	12,535,921	12,586,875
Other Instruction	1,643,878	1,657,568	1,756,645	2,962,843	5,441,177	4,061,426	4,108,964	4,692,567	4,860,384
School Sponsored Activities And Athletics	843,176	934,575	1,018,971	1,085,334	1,098,023	1,049,424	1,074,072	1,177,594	1,249,951
Support Services:									
Student & Instruction Related Services	5,843,363	6,527,734	7,146,995	7,288,681	8,122,908	7,473,003	8,018,218	8,833,846	8,897,984
School Administrative Services	2,665,943	3,181,026	3,234,838	3,033,637	2,906,966	2,537,009	2,996,306	3,166,528	3,186,233
General and Business Administration	2,080,545	2,223,804	2,506,359	2,271,089	2,584,292	2,117,293	2,689,673	2,244,216	2,322,957
Plant Operations And Maintenance	3,689,057	3,832,666	4,418,458	5,054,411	5,440,585	4,573,440	5,466,038	5,464,098	6,218,664
Pupil Transportation	2,379,591	2,890,536	2,680,514	2,696,878	2,752,725	2,640,741	2,790,171	2,840,044	2,850,016
Interest On Long-Term Debt	614,355	431,557	672,559	462,604	718,404	1,205,961	1,172,265	1,115,673	1,011,585
Unallocated Depreciation	774,426	826,269	775,298	823,193	851,731	849,664	849,755	841,318	854,153
Total Governmental Activities Expenses	49,808,441	56,210,870	58,194,698	58,211,697	63,360,201	61,528,071	64,689,883	68,733,454	69,299,213
Business-Type Activities:									
Food Service	1,418,907	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792
Total Business-Type Activities Expense	1,418,907	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792
Total District Expenses	\$ 51,227,348	\$ 57,646,063	\$ 59,675,248	\$ 59,817,256	\$ 65,051,340	\$ 63,139,265	\$ 66,352,046	\$ 70,522,827	\$ 71,097,005
Program Revenues									
Governmental Activities:									
Charges For Services:									
Instruction (Tuition)	\$ 41,829	\$ 37,654	\$ 27,300	\$ 11,902	\$ 31,577				\$ 134,282
Operating Grants And Contributions	13,093,621	14,540,431	15,058,395	10,359,049	14,345,346	\$ 10,301,085	\$ 11,163,717	\$ 11,965,006	11,361,400
Capital Grants And Contributions	94,952	41,169	-	-	795,923	2,735,332	6,074,067	1,695,651	68,040
Total Governmental Activities Program Revenues	13,230,402	14,619,254	15,085,695	10,370,951	15,172,846	13,036,417	17,237,784	13,660,657	11,563,722
Business-Type Activities:									
Charges For Services									
Food Service	\$ 671,585	708,390	\$ 674,515	\$ 671,312	\$ 680,700	\$ 638,708	\$ 633,039	\$ 600,301	\$ 619,787
Operating Grants And Contributions	725,672	769,710	830,060	872,866	989,548	1,002,743	1,066,290	1,161,959	1,179,829
Total Business Type Activities Program Revenues	1,397,257	1,478,100	1,504,575	1,544,178	1,670,248	1,641,451	1,699,329	1,762,260	1,799,616
Total District Program Revenues	\$ 14,627,659	\$ 16,097,354	\$ 16,590,270	\$ 11,915,129	\$ 16,843,094	\$ 14,677,868	\$ 18,937,113	\$ 15,422,917	\$ 13,363,338

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

	Fiscal Year Ended June 30,								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue									
Governmental Activities	\$ (36,578,039)	\$ (41,591,616)	\$ (43,109,003)	\$ (47,840,746)	\$ (48,187,355)	\$ (48,491,654)	\$ (47,452,099)	\$ (55,072,797)	\$ (57,735,491)
Business-Type Activities	(21,650)	42,907	24,025	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824
Total District-Wide Net Expense	<u>\$ (36,599,689)</u>	<u>\$ (41,548,709)</u>	<u>\$ (43,084,978)</u>	<u>\$ (47,902,127)</u>	<u>\$ (48,208,246)</u>	<u>\$ (48,461,397)</u>	<u>\$ (47,414,933)</u>	<u>\$ (55,099,910)</u>	<u>\$ (57,733,667)</u>
General Revenues and Other Changes in Net Position									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 27,649,193	\$ 31,181,917	\$ 32,455,760	\$ 32,606,723	\$ 33,729,835	\$ 35,456,665	\$ 35,085,956	\$ 36,104,262	\$ 37,911,982
Taxes Levied For Debt Service	1,333,599	1,424,930	344,141	1,078,853	747,449	2,378,143	2,308,913	2,353,966	2,360,104
Federal and State Aid - Unrestricted	8,958,474	9,096,605	10,428,288	15,063,039	12,898,546	16,111,871	16,909,704	17,518,403	17,601,370
State Aid Restricted for Debt Service								122,822	128,002
Investment Earnings	185,568	209,885	96,349	27,758	33,797	34,303	16,241	540	5,203
Miscellaneous Income	152,797	60,291	97,850	114,968	160,740	875,520	297,163	243,920	191,998
Total Governmental Activities	<u>38,279,631</u>	<u>41,973,628</u>	<u>43,422,388</u>	<u>48,891,341</u>	<u>47,570,367</u>	<u>54,856,502</u>	<u>54,617,977</u>	<u>56,343,913</u>	<u>58,198,659</u>
Business-Type Activities:									
Investment Earnings	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 38,279,631</u>	<u>\$ 41,973,628</u>	<u>\$ 43,422,388</u>	<u>\$ 48,891,341</u>	<u>\$ 47,570,367</u>	<u>\$ 54,856,502</u>	<u>\$ 54,617,977</u>	<u>\$ 56,343,913</u>	<u>\$ 58,198,659</u>
Change in Net Position									
Governmental Activities	\$ 1,701,592	\$ 382,012	\$ 313,385	\$ 1,050,595	\$ (616,988)	\$ 6,364,848	\$ 7,165,878	\$ 1,271,116	\$ 463,168
Business-Type Activities	(21,650)	42,907	24,025	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824
Total District	<u>\$ 1,679,942</u>	<u>\$ 424,919</u>	<u>\$ 337,410</u>	<u>\$ 989,214</u>	<u>\$ (637,879)</u>	<u>\$ 6,395,105</u>	<u>\$ 7,203,044</u>	<u>\$ 1,244,003</u>	<u>\$ 464,992</u>

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 nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Source: District financial statements

**RAHWAY SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund									
Reserved	\$ 979,119	\$ 220,594	\$ 895,754	\$ 2,624,468	\$ 1,756,243				
Unreserved	(137,929)	161,264	166,685	(1,015,267)	(1,327,256)				
Restricted						\$ 3,066,124	\$ 4,860,253	\$ 3,711,368	\$ 3,123,665
Assigned						885,307	435,446	953,457	1,182,358
Unassigned	-	-	-	-	-	(680,663)	(771,180)	(809,765)	(780,017)
Total General Fund	\$ 841,190	\$ 381,858	\$ 1,062,439	\$ 1,609,201	\$ 428,987	\$ 3,270,768	\$ 4,524,519	\$ 3,855,060	\$ 3,526,006
All Other Governmental Funds									
Reserved	\$ 855,637				\$ 4,385,266				
Unreserved	(10,151)	\$ 1,024,345	\$ 37,379	\$ 20,958	17,271,103				
Restricted						\$ 16,289,550	\$ 3,742,499	\$ 313,986	\$ 235,327
Unassigned	-	-	-	-	-	(11,674)	-	-	-
Total All Other Governmental Funds	\$ 845,486	\$ 1,024,345	\$ 37,379	\$ 20,958	\$ 21,656,369	\$ 16,277,876	\$ 3,742,499	\$ 313,986	\$ 235,327

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 nine 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.

Sources: District financial statements

RAHWAY SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues									
Tax Levy	\$ 28,982,792	\$ 32,606,847	\$ 32,799,901	\$ 33,685,576	\$ 34,477,284	\$ 37,834,808	\$ 37,394,869	\$ 38,458,228	\$ 40,272,086
Tuition Charges	41,829	37,654	27,300	11,902	31,577				134,282
Interest Earnings	185,568	209,885	96,349	27,758	33,797	34,303	16,241	29,196	5,203
Miscellaneous	307,752	184,352	297,223	361,508	447,744	1,092,664	345,290	277,833	229,026
State Sources	19,932,626	21,585,713	23,172,535	23,181,601	21,829,815	26,172,540	31,083,778	29,116,805	27,194,310
Federal Sources	2,059,466	1,967,805	2,115,150	1,993,947	5,922,996	2,758,604	3,015,583	2,122,508	1,921,288
Total Revenue	51,510,033	56,592,256	58,508,458	59,262,292	62,743,213	67,892,919	71,855,761	70,004,570	69,756,195
Expenditures									
Instruction									
Regular Instruction	21,837,123	23,908,798	23,831,741	22,221,922	22,276,160	23,671,516	23,811,083	25,806,138	25,153,720
Special Education Instruction	8,560,465	9,697,349	10,170,914	10,378,893	11,244,734	11,487,367	11,613,104	12,534,009	12,553,276
Other Instruction	2,487,054	2,592,141	2,775,616	4,053,077	6,548,041	5,125,244	5,169,059	5,868,806	6,110,335
Support Services:									
Student and Inst. Related Services	6,058,108	6,488,276	7,157,681	7,340,328	8,126,287	7,540,559	7,921,412	8,832,689	8,887,441
General Administration	1,158,074	1,239,832	1,370,625	1,358,133	1,365,768	979,602	1,002,539	1,081,696	1,078,082
School Administrative Services	2,886,940	3,215,295	3,235,136	3,051,170	2,846,306	2,660,848	2,929,842	3,151,345	3,177,700
Central Services	994,976	952,379	1,037,010	934,707	1,184,678	1,186,161	1,174,367	1,240,417	1,187,603
Plant Operations And Maintenance	3,751,475	3,811,657	4,399,827	5,041,200	5,274,866	4,775,164	5,315,600	5,542,099	6,144,933
Pupil Transportation	2,378,367	2,898,811	2,679,536	2,694,158	2,750,005	2,640,741	2,790,171	2,840,044	2,845,722
Capital Outlay	1,168,367	555,775	69,543			8,142,237	18,658,345	5,131,879	609,538
Debt Service:									
Principal	1,320,481	1,413,047	1,442,644	1,135,223	793,853	1,569,789	1,604,500	1,656,000	1,824,339
Refunding Escrow		396,025	-	427,692	379,158	-	-	-	-
Interest and Other Charges	630,956	621,385	644,195	95,448	2,298,160	1,176,615	1,147,165	1,096,236	1,031,219
Total Expenditures	53,232,386	57,790,970	58,814,468	58,731,951	65,088,016	70,955,843	83,137,387	74,781,358	70,603,908
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	(1,722,353)	(1,198,714)	(306,010)	530,341	(2,344,803)	(3,062,924)	(11,281,626)	(4,776,788)	(847,713)
Other Financing Sources (Uses)									
Capital Leases (Non-Budgeted)		353,241				526,212		678,816	440,000
Cancellation of State Grant Receivable			(375)						
Proceeds from Bond Sale					22,800,000				
Proceeds From Refunding Lease		6,050,000							
Payment to Refunding Escrow Agent		(5,485,000)							
Transfers In	404,606	931,126	165,970	118,714	118,714	19,040	5,176	440	1,549
Transfers Out	(404,606)	(931,126)	(165,970)	(118,714)	(118,714)	(19,040)	(5,176)	(440)	(1,549)
Total Other Financing Sources (Uses)	-	918,241	(375)	-	22,800,000	526,212	-	678,816	440,000
Net Change in Fund Balances	\$ (1,722,353)	\$ (280,473)	\$ (306,385)	\$ 530,341	\$ 20,455,197	\$ (2,536,712)	\$ (11,281,626)	\$ (4,097,972)	\$ (407,713)
Debt Service as a Percentage of									
Noncapital Expenditures	3.75%	4.25%	3.55%	2.82%	5.33%	4.37%	4.27%	3.95%	4.08%

* Noncapital expenditures are total expenditures less capital outlay.

Note:
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Source: District financial statements

**RAHWAY SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Refunds	Athletic Admissions	BPU Solar Rebates	E-Rate Reimbursement	Miscellaneous	Total
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
2012	11,065		43,157	13,967	112,738	\$ 89,736	37,565	308,228
2013	28,656		76,649	8,854		6,240	123,621	244,020
2014	5,203	134,282	53,130	11,416		23,619	102,284	329,934

Source: District financial statements

RAHWAY SCHOOL DISTRICT
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
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
2012	10,294,500	985,103,000			128,012,600	289,782,400	49,617,000	1,462,809,500	3,594,184	1,466,403,684	3,168,507,632	2.587
2013	9,763,100	972,363,760			128,005,200	289,642,900	52,046,200	1,451,821,160	3,378,404	1,455,199,564	2,851,343,672	2.706
2014	11,552,100	969,683,500			125,353,600	288,210,100	51,914,900	1,446,714,200	3,097,847	1,449,812,047	not available	2.823

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>
2005	\$ 4.14	\$ 1.96	\$ 1.54	\$ 0.64
2006	4.35	2.04	1.62	0.69
2007	4.59	2.16	1.69	0.74
2008	4.76	2.19	1.76	0.81
2009	4.90	2.20	1.84	0.86
2010	5.13	2.33	1.89	0.91
2011	5.77	2.53	2.29	0.95
2012	5.84	2.59	2.28	0.97
2013	6.05	2.71	2.37	0.97
2014	6.20	2.82	2.40	0.98

Source: Tax Duplicate, City of Rahway

**RAHWAY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 230,082,500	15.87%		
80 E Milton Avenue LLC	12,227,600	0.84%		
Park Terrace at Rahway, LLC	6,684,500	0.46%		Not Available
Alard Realty Enterprises	5,477,900	0.38%		
3101-15 Ave I LLC	5,362,000	0.37%		
Rahway Industrial Site	4,252,700	0.29%		
Woodbridge Plaza, LLC	4,025,300	0.28%		
Ninette Group LP	3,659,600	0.25%		
RSI Bank	3,441,400	0.24%		
API Foils Inc	3,146,000	0.22%		
	<u>\$ 278,359,500</u>	<u>18.68%</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

**RAHWAY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2012	37,394,869	37,394,869	100.00%	N/A
2013	38,458,228	38,457,748	99.99%	\$ 480
2014	40,272,086	40,272,086	100.00%	N/A

N/A - Not Applicable

Source: District records.

**RAHWAY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE 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			
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	27,396	1,122
2011	23,955,000	5,385,000	350,500		29,690,500	27,500	1,080
2012	23,035,000	4,875,000	176,000		28,086,000	27,785	1,011
2013	22,085,000	4,345,000	678,816		27,108,816	28,394	955
2014	21,100,000	3,795,000	829,477		25,724,477	28,394 *	906

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 nine 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
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE 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			
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%	907
2011	23,955,000		23,955,000	1.61%	871
2012	23,035,000		23,035,000	1.57%	829
2013	22,085,000		22,085,000	1.52%	778
2014	21,100,000		21,100,000	1.46%	743

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 nine 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 DECEMBER 31, 2013
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Rahway School District	\$ 22,085,000	\$ 22,085,000	
City of Rahway	<u>84,851,676</u>	<u>28,450,903</u>	\$ <u>56,400,773</u>
 Total Direct Debt	 <u>106,936,676</u>	 <u>50,535,903</u>	 <u>56,400,773</u>
 Overlapping Debt Apportioned to the Municipality:			
Union County (2)			24,787,999
Rahway Valley Sewerage Authority (3)			<u>22,366,188</u>
 Total Overlapping Debt			 <u>47,154,187</u>
 Total Direct and Overlapping Debt			 <u>\$ 103,554,960</u>

(1) Rahway's Chief Financial Officer and Annual Debt Statement - December 31, 2013.

(2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2013 equalized value by the total 2013 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 2013 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**RAHWAY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis	
2013	\$ 2,699,555,894
2012	2,838,753,154
2011	<u>3,183,317,627</u>
	<u>\$ 8,721,626,675</u>
 Average Equalized Valuation Of Taxable Property	 <u>\$ 2,907,208,892</u>
 Debt Limit (4% of Average Equalization	 \$ 116,288,356
Total Net Debt Applicable to Limit	<u>21,100,000</u>
Legal Debt Margin	<u>\$ 95,188,356</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 91,055,637	\$107,953,611	\$125,104,251	\$ 138,942,318	\$ 145,023,398	\$ 143,404,596	\$ 136,347,948	\$ 125,797,577	\$ 116,288,356
Total Net Debt Applicable To Limit	<u>3,763,000</u>	<u>3,243,000</u>	<u>2,718,000</u>	<u>2,200,000</u>	<u>24,845,000</u>	<u>23,955,000</u>	<u>23,035,000</u>	<u>22,085,000</u>	<u>21,100,000</u>
Legal Debt Margin	<u>\$ 87,292,637</u>	<u>\$104,710,611</u>	<u>\$122,386,251</u>	<u>\$ 136,742,318</u>	<u>\$ 120,178,398</u>	<u>\$ 119,449,596</u>	<u>\$ 113,312,948</u>	<u>\$ 103,712,577</u>	<u>\$ 95,188,356</u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 4.13%	 3.00%	 2.17%	 1.58%	 17.13%	 16.70%	 16.89%	 17.56%	 18.14%

Source: Annual Debt Statements

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 nine 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
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>
2005	\$ 44,827	5.0%	27,066
2006	48,767	5.2%	27,265
2007	50,697	4.8%	27,894
2008	51,651	6.3%	28,501
2009	49,213	10.0%	28,998
2010	49,932	10.1%	27,396
2011	52,281	10.8%	27,500
2012	53,816	10.6%	27,785
2013	not available	9.0%	28,394
2014	not available	not available	not available

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 SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

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

Information for this schedule was not available

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction								
Regular	244	246	252	253	244	243	240	237
Special Education	106	106	112	113	110	107	101	103
Other Special Education	38	38	36	38	33	38	42	48
Support Services:								
Student and Instruction Related Services	7	10	13	27	29	29	27	28
General Administration	6	6	6	6	4	4	3	3
School Administrative Services	29	29	29	29	28	26	26	26
Central Services	6	5	5	5	5	5	5	6
Administrative Information Technology	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	37	37	37	37	34	34	34	37
Pupil Transportation	1	1	1	1	1	1	1	1
Other Support Services	51	52	67	67	54	53	54	65
Total	<u>529</u>	<u>534</u>	<u>562</u>	<u>580</u>	<u>546</u>	<u>544</u>	<u>537</u>	<u>558</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 eight 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	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
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	54,804,738	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%
2012	3,734	61,727,377	16,531	3.42%	297	1:13	1:13	1:12	3,784	3,561	-1.20%	94.11%
2013	3,667	66,897,243	18,243	10.36%	307	1:13	1:13	1:12	3,700	3,479	-2.22%	94.03%
2014	3,674	67,138,812	18,274	0.17%	312	1:13	1:13	1:12	3,715	3,491	0.41%	93.97%

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 EIGHT FISCAL YEARS
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014
District Building								
<u>Elementary</u>								
Franklin School								
Square Feet	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760
Capacity (students)	661	661	661	661	661	661	661	661
Enrollment	542	542	542	542	542	542	542	542
Cleveland School								
Square Feet	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375
Capacity (students)	340	340	340	340	340	340	340	340
Enrollment	336	336	336	336	336	336	336	336
Madison School								
Square Feet	54,015	54,015	54,015	54,015	54,015	54,015	54,015	54,015
Capacity (students)	322	322	322	322	322	322	322	322
Enrollment	299	299	299	299	299	299	299	299
Roosevelt School								
Square Feet	78,810	78,810	78,810	78,810	78,810	78,810	78,810	78,810
Capacity (students)	754	754	754	754	754	754	754	754
Enrollment	666	666	666	666	666	666	666	666
<u>Middle School</u>								
Square Feet	144,611	144,611	144,611	144,611	144,611	144,611	144,611	144,611
Capacity (students)	913	913	913	913	913	913	913	913
Enrollment	949	949	949	949	949	949	949	949
<u>High School</u>								
Square Feet	165,833	165,833	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	1,084	1,084
Enrollment	1,087	1,087	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	15,000	15,000
Square Feet-Press Box-Vets Field	200	200	200	200	200	200	200	200
Square Feet-Hoagland Field House	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Square Feet-Concession Stand-Vets	600							
Square Feet-Athletic Office/Locker Room	2,930	2,930	2,930	2,930	2,930	2,930	2,930	2,930

Number of Schools at June 30, 2014

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 eight 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)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
School Facilities										
Madison	\$ 39,272	\$ 55,805	\$ 47,836	\$ 75,758	\$ 85,013	\$ 49,699	\$ 48,028	\$ 56,825	\$ 70,710	\$ 113,789
Grover Cleveland	45,021	48,703	42,414	74,342	52,108	105,171	57,798	115,863	75,279	104,084
Roosevelt	62,751	107,937	99,933	98,999	162,649	108,396	129,306	151,196	114,555	135,447
Franklin	75,939	111,556	67,695	60,771	89,112	108,899	46,689	96,203	89,737	121,072
Middle School	156,254	127,453	163,868	136,592	222,881	220,514	92,894	123,840	113,321	92,311
High School	<u>217,627</u>	<u>181,496</u>	<u>169,311</u>	<u>201,802</u>	<u>334,533</u>	<u>184,318</u>	<u>183,120</u>	<u>196,034</u>	<u>290,801</u>	<u>359,446</u>
Total School Facilities	596,864	632,950	591,057	648,264	946,296	776,997	557,835	739,961	754,403	926,149
Other Facilities	<u>9,966</u>	<u>11,130</u>	<u>5,380</u>	<u>37,719</u>	<u>42,524</u>	<u>148,738</u>	<u>24,247</u>	<u>57,878</u>	<u>58,590</u>	<u>23,540</u>
Grand Total	<u>\$ 606,830</u>	<u>\$ 644,080</u>	<u>\$ 596,437</u>	<u>\$ 685,983</u>	<u>\$ 988,820</u>	<u>\$ 925,735</u>	<u>\$ 582,082</u>	<u>\$ 797,839</u>	<u>\$ 812,993</u>	<u>\$ 949,689</u>

Source: District records

**RAHWAY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG		
Property - Blanket Building & Contents	\$ 137,416,565	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Comprehensive Crime Coverage	250,000	5,000
Flood/Earthquake:		
Aggregate Subject to FEMA deductible in Flood Zone "A"; all others at \$10,000 deductible	10,000,000 10,000,000	per occurrence aggregate
NJSBAIG		
Boiler and Machinery	100,000,000	1,000
Firemen's Fund		
Excess Liability	50,000,000	
N.J. School Boards Insurance Group:		
Worker's Compensation- Professional and Clerical	34,250,557	
Worker's Compensation- Non-professional and Driver	2,293,761	
Athletic Accident- Monumental Life Insurance Company:		
All participants- Including Football	25,000	
Student Accident- AIG Life Insurance:		
Voluntary Participation	500,000	
Interscholastic Athletes	5,000,000	
NJSBAIG		
Environmental Liability Each Loss	1,000,000	
Environmental Liability Aggregate	11,000,000	
NJ School Boards		
School Board Legal	11,000,000	5,000

Source: School District's records

SINGLE AUDIT SECTION



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**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, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Rahway School District's basic financial statements and have issued our report thereon dated December 4, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we 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 4, 2014.

Purpose of this Report

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


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


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS000756

Fair Lawn, New Jersey
 December 4, 2014



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY 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

Report on Compliance for Each Major Federal and State Program

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 the Rahway School District's major federal and state programs for the fiscal year ended June 30, 2014. The 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Rahway School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. 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 the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Rahway School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Rahway School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 04-04, and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-003. Our opinion on each major federal and state program is not modified with respect to this matter.

The Rahway School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Rahway School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Rahway School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Rahway School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. 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 Rahway School District's internal control over compliance.

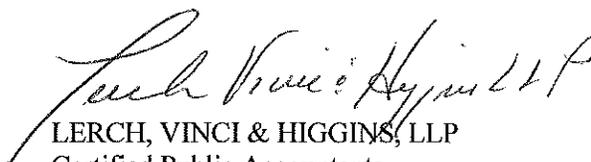
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

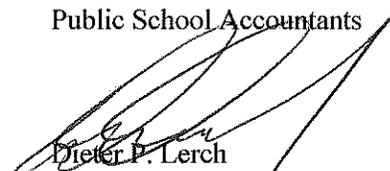
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

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, 2014 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated December 4, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
December 4, 2014

RAHWAY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2013	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2014		Due to Grantor at June 30, 2014	MEMO GAAP Receivable
					Deferred Revenue	Accounts Receivable					(Account Receivable)	Unearned Revenue		
U.S. Department of Education														
Passed-through State Department of Education														
Food Distribution Program -														
Non-Cash Assistance	10.550	7/1/13-6/30/14	\$ 110,415				\$ 104,020	\$ 98,493				\$ 5,527		
Non-Cash Assistance	10.550	7/1/12-6/30/13	83,921	11,922				11,922						
Fresh Fruit and Vegetable Program		7/1/12-6/30/13	40,705	(5,053)			5,053							
National School Breakfast Program	10.553	7/1/13-6/30/14	123,732				113,278	123,732			(10,454)		\$ 10,454	
National School Breakfast Program	10.553	7/1/12-6/30/13	118,396	(10,990)			10,990							
National School Lunch Program	10.555	7/1/13-6/30/14	923,163				861,480	923,162			(61,682)		61,682	
National School Lunch Program	10.555	7/1/12-6/30/13	981,545	(71,797)	-	-	71,797	-	-	-	-	-	-	-
Total U.S. Department of Agriculture - Enterprise Fund				(75,918)	-	-	1,166,618	1,157,309	-	-	(72,136)	5,527	-	72,136
U.S. Department of Health and Human Services														
Passed-through State Department of Education:														
General Fund														
Medicaid Assistance	93.778	7/1/13-6/30/14	138,806	-	-	-	138,806	138,806	-	-	-	-	-	-
Total U.S. Department of Health and Human Services				-	-	-	138,806	138,806	-	-	-	-	-	-
U.S. Department of Education														
Passed-through State Department of Education														
General Fund														
Education Jobs Fund	84.410A	7/1/12-8/31/12	1,780	(1,780)	-	-	1,780	-	-	-	-	-	-	-
Special Revenue Fund														
Title I	84.010	9/1/13-6/30/14	485,394		\$ 99,626	\$ (99,626)	472,937	561,474	\$ 1,566		(112,083)	25,112		86,971
Title I	84.010	9/1/12-8/31/13	594,550	(88,171)	(99,626)	99,626	98,508	10,337						
Title I	84.010	9/1/07-8/31/08	525,946	483								\$ 483		
Title I - STA	84.010A	9/1/08-8/31/11	15,102	(6,750)							(6,750)			6,750
Title IIA	84.367	9/1/13-6/30/14	131,899		12,688	(12,688)	120,436	135,885			(24,151)	8,702		15,449
Title IIA	84.367	9/1/12-8/31/13	132,165	(15,254)	(12,688)	12,688	22,153	6,899						
Title IIA	84.367	9/1/07-8/31/08	169,868	381									381	
Title IID	84.318	9/1/10-8/31/11	1,406	(65)							(65)			65
Title IID	84.318	9/1/07-8/31/08	3,580	37									37	
Title III	84.365	9/1/13-6/30/14	77,767		10,602	(10,602)	66,872	76,573	78		(21,497)	11,874		9,623
Title III	84.365	9/1/12-8/31/13	78,611	(7,209)	(10,602)	10,602	13,323	6,114						
Title IV Carryover	84.186	9/1/07-8/31/08	17,170	1,676									1,676	
Title V - Carryover	84.298	9/1/07-8/31/08	8,311	109									109	
IDEA Part B - Basic	84.027	9/1/13-6/30/14	942,379		3,060	(3,060)	661,052	942,379			(284,387)	3,060		281,327
IDEA Part B - Basic	84.027	9/1/12-8/31/13	1,053,435	(600)	(3,060)	3,060	600							
IDEA Part B - Basic	84.027	9/1/07-8/31/08	996,377	1,386									1,386	
I.D.E.A. Part B - Preschool	84.173	9/1/13-6/30/14	26,829				18,780	26,829			(8,049)			8,049
I.D.E.A. Part B - Preschool	84.173	9/1/11-8/31/12	29,397											
I.D.E.A. Part B - Preschool	84.173	9/1/07-8/31/08	29,930	624									624	
Race to the Top		9/1/12-8/31/13	39,426	(27,312)	-	-	27,312	9,883	-	-	(9,883)	-	-	9,883
Total U.S. Department of Education - Special Revenue Fund				(140,665)	-	-	1,501,975	1,776,373	1,644	-	(466,865)	48,748	4,696	418,117
Total Federal Awards				\$ (218,362)	\$ -	\$ -	\$ 2,809,177	\$ 3,073,488	\$ 1,644	\$ -	\$ (539,001)	\$ 54,275	\$ 4,696	\$ 490,253

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2013				Cash Received	Budgetary Expenditures	Transfers/Adjustment	Refund Prior Years' Balances	June 30, 2014		Due to Grantor	MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount	Unearned Revenue					(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Cumulative Total Expenditures
General Fund:																
State Department of Education:																
Equalization Aid	14-495-034-5120-078	\$ 17,507.406	7/1/13-6/30/14				\$ 15,799.977	\$ 17,507.406				\$ (1,707.429)			\$	17,507.406
Equalization Aid	13-495-034-5120-078	17,578.161	7/1/12-6/30/13	\$ (1,723.160)			1,723.160									
Transportation Aid	14-495-034-5120-014	181,590	7/1/13-6/30/14				164,041	181,590				(17,549)				181,590
Transportation Aid	13-495-034-5120-014	161,152	7/1/12-6/30/13	(15,798)			15,798									
Security Aid	14-495-034-5120-084	443,128	7/1/13-6/30/14				399,854	443,128				(43,274)				443,128
Security Aid	13-495-034-5120-084	391,008	7/1/12-6/30/13	(38,330)			38,330									
Special Education Aid	14-495-034-5120-089	2,230,002	7/1/13-6/30/14				2,012,435	2,230,002				(217,567)				2,230,002
Special Education Aid	13-495-034-5120-089	2,231,805	7/1/12-6/30/13	(218,780)			218,780									
Under Adequacy Aid		86,609	7/1/13-6/30/14	not available			78,233	86,609				(8,376)				86,609
Anti-Bullying Aid		2,307	7/1/13-6/30/14	not available			2,307	2,307								2,307
Nonpublic Transportation		20,644	7/1/13-6/30/14	not available			20,644	20,644				(20,644)		\$	20,644	20,644
Nonpublic Transportation		29,964	7/1/12-6/30/13	(29,964)			29,964									
Extraordinary Aid	14-100-034-5120-473	542,882	7/1/13-6/30/14					542,882				(542,882)				542,882
Extraordinary Aid	13-100-034-5120-473	491,839	7/1/12-6/30/13	(491,839)			491,839									
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	2,107,326	7/1/13-6/30/14				2,107,326	2,107,326								2,107,326
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	2,111,531	7/1/12-6/30/13	(104,701)			104,701									
On-Behalf TPAF Pension Contribution	14-495-034-5095-005	1,064,847	7/1/13-6/30/14				1,064,847	1,064,847								1,064,847
On-Behalf TPAF Non-Contributory Group Insurance Contribution	14-495-034-5095-007	93,990	7/1/13-6/30/14				93,990	93,990								93,990
On-Behalf TPAF Post Retirement Medical Benefits Contribution	14-495-034-5095-001	1,900,057	7/1/13-6/30/14	-	-	-	1,900,057	1,900,057	-	-	-	-	-	-	-	1,900,057
Total General Fund				(2,622,572)	-	-	26,245,639	26,180,788	-	-	(2,557,721)	-	-	20,644	26,180,788	
Special Revenue Fund:																
State Department of Education:																
N.J. Nonpublic Aid:																
Textbook Aid	14-100-034-5120-064	3,620	7/1/13-6/30/14				3,620	3,215					\$	405		3,215
Textbook Aid	13-100-034-5120-064	3,223	7/1/12-6/30/13		\$ 172						\$ 172					
Nursing Services	14-100-034-5120-070	5,096	7/1/13-6/30/14				5,096	5,096								5,096
Technology Initiative	14-100-034-5120-373	1,320	7/1/13-6/30/14				1,320	1,320								1,320
Technology Initiative	13-100-034-5120-373	1,190	7/1/12-6/30/13		235						235					
Auxiliary Services																
Compensatory Education	13-000-034-5120-067	836	7/1/12-6/30/13		836						836					
Transportation	14-000-034-5120-068	46	7/1/13-6/30/14				46								46	
Handicapped Services:																
Supplemental Instruction	14-100-034-5120-066	694	7/1/13-6/30/14				694								694	
Examination and Classification	14-100-034-5120-066	319	7/1/13-6/30/14				319								319	
Preschool Education Aid	14-495-034-5120-086	727,883	7/1/13-6/30/14			\$ 93,165	655,095	742,940	\$ 2,197		(72,788)	\$ 80,305				742,940
Preschool Education Aid	13-495-034-5120-086	816,060	7/1/12-6/30/13	11,539		(93,165)	81,606									
Improving Literacy Achievement (ILA)	13-100-034-5065-086	10,000	12/1/12-6/30/14	-	-	-	-	9,755	-	-	(9,755)	-	-	9,755	9,755	
Total Special Revenue Fund				11,539	1,243	-	747,796	762,326	2,197	1,243	(82,543)	80,305	1,464	9,755	762,326	

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2013			Cash Received	Budgetary Expenditures	Adjustment	Refund Prior Years' Balances	Balance, June 30, 2014			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund:															
Debt Service Aid - Type II	14-495-034-5120-075	\$ 212,919	7/1/13-6/30/14	-	-	-	\$ 212,919	\$ 212,919	-	-	-	-	-	-	\$ 212,919
Total Debt Service Fund				-	-	-	212,919	212,919	-	-	-	-	-	-	212,919
Enterprise Fund:															
School Lunch Program	14-100-010-3350-023	21,148	7/1/13-6/30/14				21,108	22,520			\$ (1,412)			\$ 1,412	22,520
School Lunch Program	13-100-010-3350-023	21,313	7/1/12-6/30/13	(1,688)	-	-	1,688	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,688)	-	-	22,796	22,520	-	-	(1,412)	-	-	1,412	22,520
Capital Projects Fund:															
State Economic Development Authority															
Educational Facilities Construction & Financing Act (Schools Development Authority.):															
Middle School Gym Partition Replacement	4290-060-09-0ZCX	46,136									(2,015)	\$ 2,015		2,015	44,121
Madison School Sound/Clock System	4290-110-09-0ZBT	49,718									(17,257)	17,257		17,257	32,461
Roosevelt School Boiler Replacement	4290-120-09-0ZBR	148,175									(19,300)	19,300		19,300	128,875
2009 Referendum															
High School Room Renovations	4290-050-09-00AY	4,304,169		(766,669)				40,113			(860,833)	54,051		860,833	4,250,118
High School Electrical Service and Distribution Upgrades	4290-050-09-0ZB1	142,815		(137,020)				3,046			(142,815)	2,749		142,815	140,066
High School Window, HVAC and Electrical Upgrades	4290-050-09-0ZBK	618,341		(600,113)				8,243			(618,341)	9,985		618,341	608,356
Middle School Room Renovations	4290-060-09-00AZ	1,251,875		(206,052)							(250,375)	44,323		250,375	1,207,552
Middle School Boilers, Fire Alarms and Electrical Panels	4290-060-09-0ZBL	2,295,442		(2,280,533)			1,836,354	10,452			(459,088)	4,457		459,088	2,290,985
Cleveland School Additions and Renovations	4290-090-09-00BA	1,620,946		(1,580,170)							(1,620,946)	40,776		1,620,946	1,580,170
Cleveland School Electrical Service Upgrades	4290-090-09-0ZBN	98,644		(98,499)							(98,644)	145		98,644	98,499
Total Capital Projects Fund				(5,669,056)	-	-	1,836,354	61,854	-	-	(4,089,614)	195,058	-	4,089,614	10,381,203
Total State Financial Assistance				\$ (8,281,757)	\$ 1,243	\$ -	\$ 29,065,504	\$ 27,240,407	\$ 2,197	\$ 1,243	\$ (6,731,290)	\$ 275,363	\$ 1,464	\$ 4,121,425	\$ 37,559,756
Less:															
State Assistance Not Subject to Single Audit:															
TPAF Pension								(1,064,847)							
TPAF NCGI Contribution								(95,990)							
TPAF Post-Retirement Medical Contribution								(1,900,057)							
Total State Assistance Subject to Single Audit								\$ 24,181,513							

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Rahway School District. The Board of Education is defined in Note 1(A) to the Board's 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and 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 Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The 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 a decrease of \$49,170 for the general fund and an increase of \$23,016 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 138,806	\$ 26,131,618	\$ 26,270,424
Special Revenue Fund	1,782,482	787,919	2,570,401
Capital Projects Fund		61,854	61,854
Debt Service Fund		212,919	212,919
Food Service Fund	<u>1,157,309</u>	<u>22,520</u>	<u>1,179,829</u>
Total Financial Assistance	<u>\$ 3,078,597</u>	<u>\$ 27,216,830</u>	<u>\$ 30,295,427</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 \$2,107,326 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$1,158,837 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,900,057 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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, 2014**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: _____ Unmodified _____

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? _____ yes X none reported

Noncompliance material to the basic financial statements noted? _____ yes X 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: _____ Unmodified _____

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	IDEA Basic
84.173	IDEA Preschool
10.555	National School Lunch Program

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 (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor’s Results

State 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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? X yes _____ none

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
14-495-034-5120-078	Equalization Aid
14-495-034-5120-089	Special Education Aid
14-495-034-5120-084	Security Aid
14-495-034-5095-002	Reimbursed TPAF Social Security Contr.
14-100-034-5120-073	Extraordinary Aid

Dollar threshold used to distinguish between Type A and Type B Programs \$ 725,445

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, 2014**

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.

There are none.

RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 STATE AWARDS

Finding 2014-001

Our audit of the District's Extraordinary Aid Application noted that detailed workpapers to document each student's educational and support costs reported on the application are not being maintained. In addition, certain intensive services indicated on the application did not reflect the service approved in the student's Individualized Education Program ("IEP").

State Program Information

Extraordinary Aid 14-100-034-5120-473

Criteria or Specific Requirement

State of New Jersey State Aid/Grant Compliance Supplement

Condition

Documentation to support costs claimed on the District's Application for Special Education Extraordinary Aid was not retained for audit. Additionally, certain intensive services claimed on the application were not approved in the respective student's IEP.

Questioned Costs

None.

Context

The District claimed forty-five (45) students on the Application for Extraordinary Aid. These students had varying amounts of educational and support costs claimed for qualification of extraordinary aid. In addition, the following items were noted:

- Two instances where service claimed was not listed as an intensive service on the students IEP's documentation to support the educational and support costs claimed was not retained and made available for audit.
- Six instances where student provided less than 210 days of school, however extended school year was claim.
- One instance where one to one costs were calculated based on the incorrect number of days.

Cause

Unkown.

Effect

The District could not support costs claimed for extraordinary special education aid.

Recommendation

Documentation to support the amount of educational and support costs claimed on the District's Extraordinary Aid application be maintained and be made available for audit.

Views of Responsible Officials and Planned Corrective Action

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

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 STATE AWARDS (Continued)

Finding 2014-002

Our audit indicated that several payments to vendors performing contracted maintenance services were paid without the solicitation of quotes.

State Program Information

Equalization Aid	14-495-034-5120-078
Special Education Aid	14-495-034-5120-089
Security Aid	14-495-034-5120-084

Criteria or Specific Requirement

State of New Jersey State Aid/Grant Compliance Supplement; Public School Contracts Law

Condition

Services were provided for contracted maintenance, the costs of which exceeded the threshold for solicitation for quotes, for which the District did not obtain.

Questioned Costs

None.

Context

Five vendors were paid a total of \$132,094, each individual vendor was paid in excess of \$17,500, to perform various contracted maintenance services. The District did not solicit quotes for such services.

Cause

Unkown.

Effect

The District is not in compliance with the Public School Contracts Law with respect to quotes.

Recommendation

The District solicit quotes prior to the use of vendors for the performance of contracted maintenance services.

Views of Responsible Officials and Planned Corrective Action

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

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 STATE AWARDS (Continued)

Finding 2014-003

Our audit of the District's Application for State School Aid (ASSA) revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories.

State Program Information

Equalization Aid	14-495-034-5120-078
Special Education Aid	14-495-034-5120-089
Security Aid	14-495-034-5120-084

Criteria or Specific Requirement

State of New Jersey State Aid/Grant Compliance Supplement

Condition

Student counts reported on the ASSA did not always agree with supporting workpapers, class registers or applicable documentation.

Questioned Costs

None.

Context

On Roll Students

- The District reported 3,693 on roll students on the ASSA. An audit sample of 2,092 was selected for verification to class registers. The class registers reflected 2,104, or an additional 12 students.
- Various discrepancies were found where student was reported in a certain grade level, however, the respective student was reported in a different grade level on the class register.

Private School for Disabled Students

- The District reported 35 students as attending private schools for the disabled. An audit sample of 30 was selected, 28 were able to be verified, resulting in a variance of 2.

Low Income Students

- The District reported 2,172 low income students on the ASSA. Supporting workpapers reflected 2,178, resulting in a variance of 6. Also, numerous students were reported in different grade levels than that reflected in the class registers.

Cause

Unkown.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 STATE AWARDS (Continued)

Finding 2014-003 (Continued)

Effect

Student counts reported on the ASSA did not always accurately reflect supporting workpapers and documentation.

Recommendation

Internal controls be enhanced to ensure that students reported on the Application for State School Aid are in agreement with supporting documentation.

Views of Responsible Officials and Planned Corrective Action

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

**RAHWAY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 2013-1:

Special education students were reflected twice in the LEP count of the Application for State School Aid. The students were reported in the special education category as well as included in the count in the regular by categories.

Current Status

Corrective action has been taken.