RAHWAY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Rahway, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Rahway School District

Rahway, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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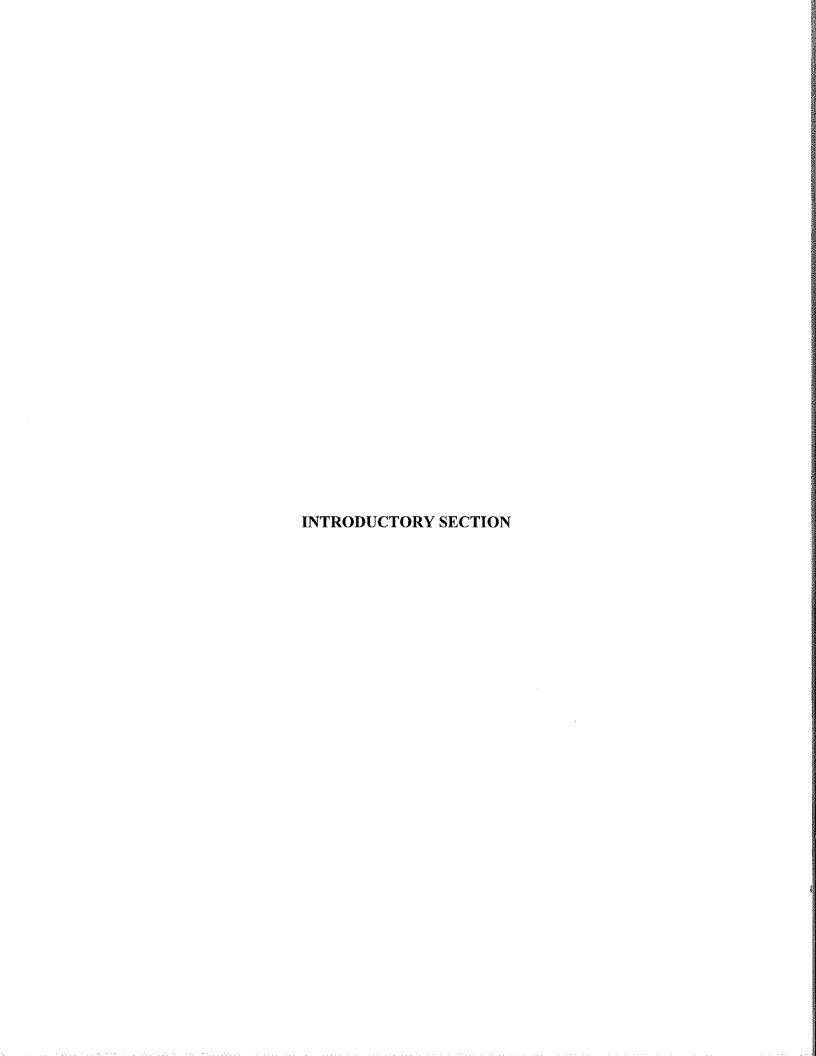
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Dr. Patricia Camp Superintendent of Schools pcamp@rahway.net



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Albert Di Giorgio

Business Administrator/Board Secretary
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November 30, 2016

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, 2016 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 U.S. Uniform Guidance and State Treasury OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the 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.

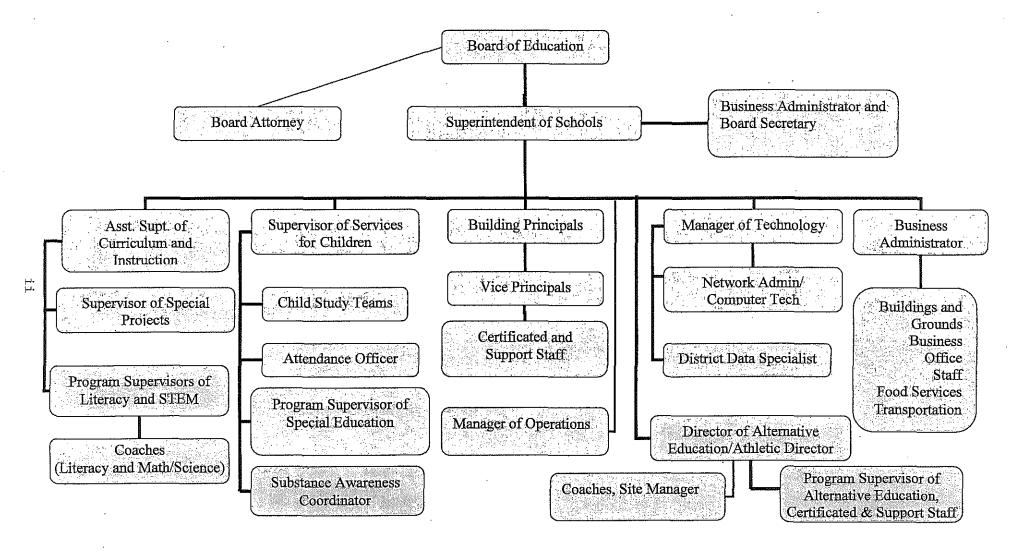
Respectfully submitted,

Dr. Patricia Camp 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, 2016

Members of the Board of Education	<u>Term Expires</u>
Lori Kennedy, President	2018
Ronald Dolce, Vice President	2018
Deborah Bridges	2017
Timothy Dunn	2016
Carlos Garay	2017
Peter Kowal	2018
Ray Lopez	2017
Edward Quinn	2016
Richard J. Trocciola	2016

Other Officials

Dr. Patricia Camp, Superintendent of Schools

Albert DiGiorgio, Business Administrator/Board Secretary

Margaret Miller, Board Attorney (General Counsel)

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





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 L LERCH CPA RMA PSA DONNA L. JAPHET, CPA, PSA JULIUS B. CONSONI, CPA, PSA ANDREW D. PARENTE, CPA, RMA, PSA ELIZABETH A. SHICK, CPA, RMA, PSA ROBERT W. HAAG, CPA, PSA DEBORAH K. LERCH, CPA, PSA RALPH M. PICONE, CPA, RMA, PSA DEBRA GOLLE, CPA CINDY JANACEK, CPA, RMA MARK SACO, CPA SHERYL M. NICOLOSI, CPA ROBERT AMPONSAH, CPA

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, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of June 30, 2016, 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, budgetary comparison information, and pension 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, 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 <u>Government Auditing Standards</u>, we have also issued our report dated November 30, 2016 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 <u>Government Auditing Standards</u> in considering the Rahway School District's internal control over financial reporting and compliance.

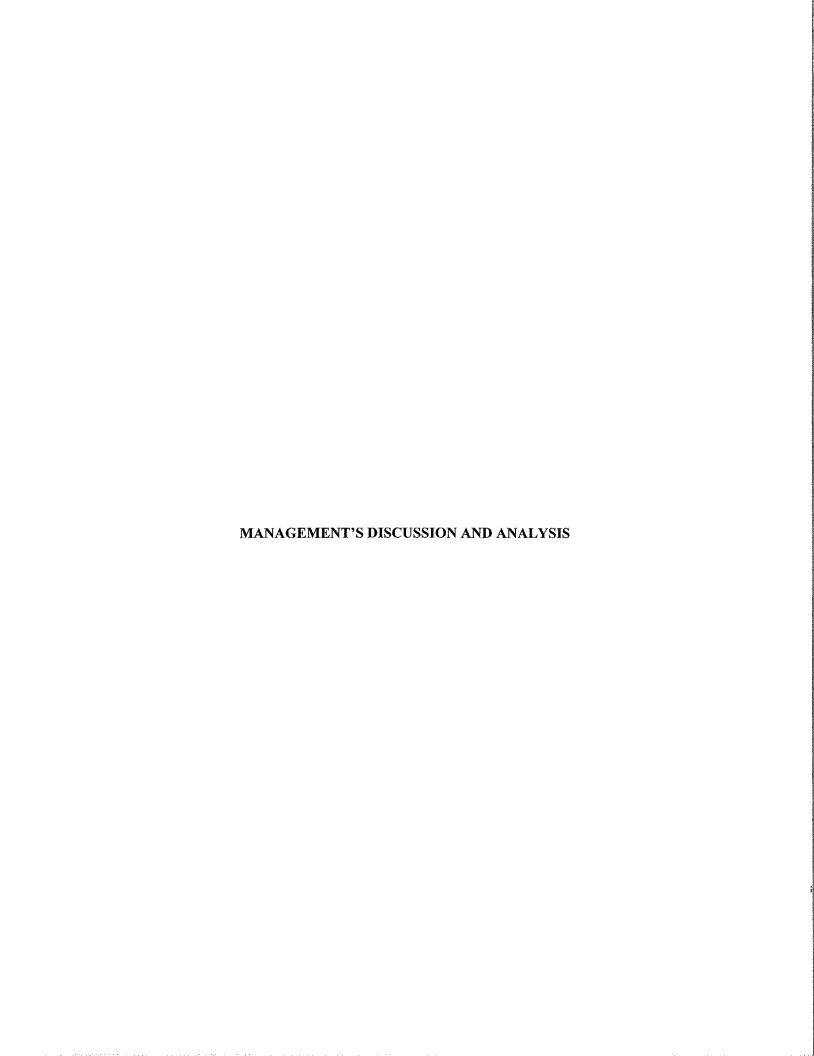
LERCH, VINCI & HIGGDYS, LLP

Certified Public Accountants Public School Accountants

Dieter P. Lerch

Public School Accountant PSA Number CS000756

Fair Lawn, New Jersey November 30, 2016 REQUIRED SUPPLEMENTARY INFORMATION – PART I



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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows

- In total, net position decreased \$252,939. Net Position of Governmental Activities decreased \$310,474 which represents a 2% decrease from the prior year. This decrease is primarily due to an increase in the PERS net pension long term liability attributable to the District. Net Position of the Business-Type activity, which represents the food service program, increased \$57,535 or 12% from the prior year.
- General Revenues accounted for \$60,387,510 or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,095,394 or 29% of total revenues of \$84,482,904.
- The School District had \$82,888,378 in expenses for governmental activities: only \$22,190,394 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$60,387,510 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.

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 2016?" 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.

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, 2016 and 2015. The table on the following page provides an analysis of the changes in net position from 2015 to 2016.

Statement of Net Position as of June 30, 2016 and 2015

	Governmental			Business-Type				
	<u>Acti</u>	<u>vities</u>		<u>Activities</u>			<u>Tc</u>	<u>otal</u>
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Assets								
Current and Other Assets	\$ 4,460,099	\$ 6,313,511	\$	378,784	\$ 318	,820	\$ 4,838,883	\$ 6,632,331
Capital Assets, Net	51,696,319	53,674,063		210,704	218	,345	51,907,023	53,892,408
Total Assets	56,156,418	59,987,574		589,488	537	,165	56,745,906	60,524,739
Deferred Outflows of Resources	2,114,174	477,291		_		<u>.</u>	2,114,174	477,291
Liabilities:								
Long-Term Liabilities	39,742,477	39,490,951					39,742,477	39,490,951
Other Liabilities	1,081,634	2,657,748		40,562	46	,901	1,122,196	2,704,649
Total Liabilities	40,824,111	42,148,699		40,562	46	,901	40,864,673	42,195,600
Deferred Inflows of Resources	445,905	1,005,116		10,796	9	,669	456,701	1,014,785
Net Position:								
Net Investment in Capital Assets	30,063,065	30,207,183		210,704	218	,345	30,273,769	30,425,528
Restricted for:								
Debt Service	7,288	26,993					7,288	26,993
Maintenance	616,300	616,200					616,300	616,200
Capital Projects	170,846	354,159					170,846	354,159
Unrestricted	(13,856,923)	(13,893,485)		327,426	262	,250	(13,529,497)	(13,631,235)
Total Net Position	\$ 17,000,576	\$ 17,311,050	<u>\$</u>	538,130	\$ 480	,595	\$ 17,538,706	\$ 17,791,645

Changes in Net Position For the Fiscal Years Ended June 30, 2016 and 2015

		nmental <u>vities</u>		ss-Type vities	Total		
	<u>2016</u>	2015	2016 2015		2016	2015	
Revenues				<u>——</u>			
Program Revenues							
Charges for Services	\$ 331,789	\$ 236,132	\$ 641,764	\$ 607,632	\$ 973,553	\$ 843,764	
Operating Grants and Contributions	21,803,690	18,852,052	1,263,236	1,235,033	23,066,926	20,087,085	
Capital Grants and Contributions	54,915	762,087			54,915	762,087	
General Revenues							
Property Taxes	42,342,410	41,576,064			42,342,410	41,576,064	
Grants and Entitlements	17,822,000	17,768,853			17,822,000	17,768,853	
Other	223,100	287,517	-		223,100	287,517	
Total Revenues	82,577,904	79,482,705	1,905,000	1,842,665	84,482,904	81,325,370	
Program Expenses							
Instruction							
Regular	30,435,067	29,461,782			30,435,067	29,461,782	
Special Education	15,323,175	13,953,279			15,323,175	13,953,279	
Other Instruction	6,366,627	5,910,360			6,366,627	5,910,360	
School Sponsored Activities	1,509,226	1,864,893			1,509,226	1,864,893	
Support Services							
Student and Instruction Related Services	10,378,087	10,061,008			10,378,087	10,061,008	
School Administration Services	3,905,494	3,744,723			3,905,494	3,744,723	
General & Central Administration Services	2,611,111	2,410,863			2,611,111	2,410,863	
Plant Operations and Maintenance	6,118,554	5,421,145			6,118,554	5,421,145	
Pupil Transportation	3,188,226	2,979,789			3,188,226	2,979,789	
Interest on Long-Term Debt	964,640	1,010,774			964,640	1,010,774	
Unallocated Depreciation	2,088,171	829,339			2,088,171	829,339	
Food Service		-	1,847,465	1,824,015	1,847,465	1,824,015	
Total Expenses	82,888,378	77,647,955	1,847,465	1,824,015	84,735,843	79,471,970	
Change in Net Position	\$ (310,474)	\$ 1,834,750	\$ 57,535	\$ 18,650	\$ (252,939)	\$ 1,853,400	

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, 2016 and 2015

	Tota	l Cost	Net Cost		
	of Se	rvices	of Services		
	<u>2016</u>	<u> 2015</u>	<u>2016</u>	<u>2015</u>	
Program Expenses					
Instruction					
Regular	\$ 30,435,067	\$ 29,461,782	\$ 21,275,602	\$ 21,986,537	
Special Education	15,323,175	13,953,279	8,910,807	8,023,530	
Other Instruction	6,366,627	5,910,360	4,671,730	4,521,363	
School Sponsored Activities	1,509,226	1,864,893	1,188,451	1,621,294	
Support Services					
Student and Instruction Related Services	10,378,087	10,061,008	7,744,591	7,663,208	
School Administrative Services	3,905,494	3,744,723	3,101,293	3,117,133	
General and Central Administrative Services	2,611,111	2,410,863	2,238,595	2,117,701	
Plant Operations and Maintenance	6,118,554	5,421,145	5,620,046	4,216,431	
Pupil Transportation	3,188,226	2,979,789	2,970,585	2,771,528	
Interest on Long-Term Debt	964,640	1,010,774	888,113	929,620	
Unallocated Depreciation	2,088,171	829,339	2,088,171	829,339	
Total Governmental Activities	\$ 82,888,378	<u>\$ 77,647,955</u>	\$ 60,697,984	\$ 57,797,684	

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.

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 \$82,577,904 for the year ended June 30, 2016. Property taxes made up 51% of revenues for governmental activities for the Rahway School District for fiscal year 2016. Federal, State, and local grants accounted for another 48% 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 \$57,535.
- Charges for services represent \$641,764 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 \$1,263,236 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 \$73,960,719 and expenditures of \$74,259,946.

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, 2016 and 2015:

School District's Funds (Continued)

Summary of Governmental Fund Revenues For the Fiscal Years Ended June 30, 2016 and 2015

		Fiscal Year Ended June 30, 2016 2015		Amount of Increase (Decrease)		Percent Change
Revenues						
Local Sources						
Tax Levy	\$	42,342,410	\$ 41,576,064	\$	766,346	1.8%
Other		647,027	1,257,175		(610,148)	-48.5%
State Sources		29,006,061	28,279,334		726,727	2.6%
Federal Sources	_	1,965,221	2,017,130		(51,909)	-2.6%
Total Revenues	<u>\$</u>	73,960,719	\$ 73,129,703	<u>\$</u>	831,016	1.1%

Total Governmental Fund revenues increased by \$831,016 or 1% from the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2016 and 2015:

Summary of Governmental Fund Expenditures For the Fiscal Years Ended June 30, 2016 and 2015

	Fiscal		Amount of		
	Year Ende	Year Ended June 30,		Percent	
	<u>2016</u>	<u>2015</u>	(Decrease)	Change	
Expenditures					
Instruction	\$ 46,808,362	\$ 45,880,234	\$ 928,128	2.0%	
Support Services	24,161,971	23,557,729	604,242	2.6%	
Capital Outlay	143,181	1,213,129	(1,069,948)	-88.2%	
Debt Service	3,146,432	3,144,126	2,306	0.1%	
Total Expenditures	\$ 74,259,946	\$ 73,795,218	\$ 464,728	0.6%	

The Governmental Fund expenditures increased by less than 1% from the previous year.

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 2016, the School District had \$51,696,319, 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, 2016 and 2015

		<u>2016</u>	<u>2015</u>
Land	\$	1,546,445	\$ 1,546,445
Construction in Progress		307,367	353,035
Buildings and Building Improvements		70,898,966	70,730,686
Improvements Other than Buildings		1,422,755	1,422,755
Machinery and Equipment	,	1,791,995	 1,771,426
		75,967,528	75,824,347
Less: Accumulated Depreciation		(24,271,209)	 (22,150,284)
Capital Assets, Net	\$	51,696,319	\$ 53,674,063

Overall, capital assets, net of depreciation decreased \$1,977,744 from fiscal year 2015 to fiscal year 2016.

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

Debt Administration

At June 30, 2016, the School District had \$39,742,477 in long-term liabilities. Below is the breakdown of outstanding long-term liabilities.

Long-Term Debt Outstanding Long-Term Liabilities as of June 30, 2016 and 2015

		<u>2016</u>	<u>2015</u>
Serial Bonds Payable	\$	19,025,000	\$ 20,080,000
Obligations Under Lease Purchase Agreements		2,630,000	3,225,000
Capital Leases		642,386	1,176,549
Net Pension Liability		15,391,074	12,786,008
Compensated Absences		2,054,017	 2,223,394
Total	<u>\$</u>	39,742,477	\$ 39,490,951

At June 30, 2016, the School District's remaining legal debt margin (borrowing capacity) was \$83,474,225.

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.

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.



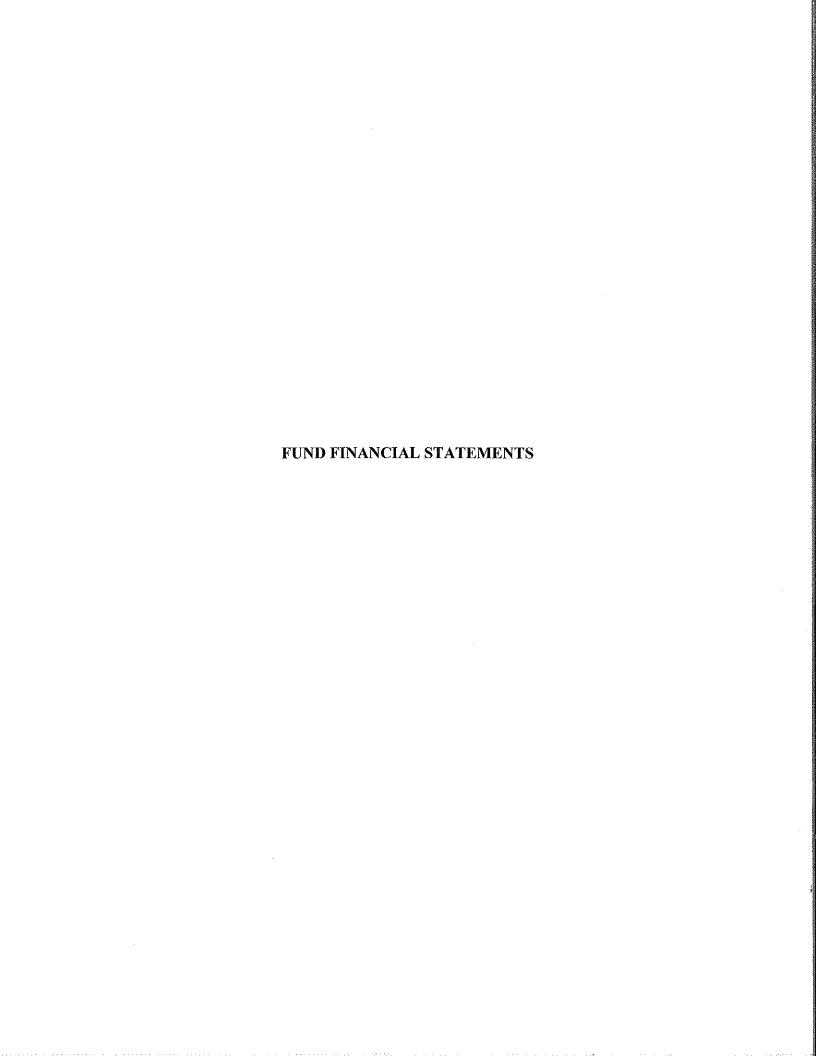
RAHWAY SCHOOL DISTRICT STATEMENT OF NET POSITION **AS OF JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ (185,980)	\$ 132,617	\$ (53,363)
Intergovernmental Receivables	4,525,420	219,283	4,744,703
Receivables, net	120,659	6,744	127,403
Inventory	•	20,140	20,140
Capital Assets Not Being Depreciated	1,853,812	,	1,853,812
Capital Assets, Being Depreciated, net	49,842,507	210,704	50,053,211
Total Assets	56,156,418	589,488	56,745,906
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	50,930		50,930
Deferred Amount on Net Pension Liability	2,063,244		2,063,244
Total Deferred Outflows of Resources	2,114,174	-	2,114,174
LIABILITIES			
Accounts Payable and Other Current Liabilities	545,487	33,781	579,268
Accrued Interest	316,799		316,799
Payable to Other Governments	2,655		2,655
Unearned Revenue	216,693	6,781	223,474
Noncurrent Liabilities	·	r	r
Due Within One Year	2,072,822		2,072,822
Due Beyond One Year	37,669,655	-	37,669,655
Total Liabilities	40,824,111	40,562	40,864,673
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		10,796	10,796
Deferred Amount on Net Pension Liability	445,905		445,905
Total Deferred Inflows of Resources	445,905	10,796	456,701
NET POSITION			
Net Investment in Capital Assets	30,063,065	210,704	30,273,769
Restricted for:	. ,	•	, .
Debt Service	7,288		7,288
Maintenance	616,300		616,300
Capital Projects	170,846		170,846
Unrestricted	(13,856,923)	327,426	(13,529,497)
Total Net Position	\$ 17,000,576	\$ 538,130	\$ 17,538,706

RAHWAY SCHOOL DISTRICT STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net (Expense) Revenue and Program Revenues **Changes in Net Position** Capital Operating Charges for Grants and Grants and Governmental **Business-Type** Functions/Programs: Expenses Services Contributions Contributions Activities Activities Total Governmental Activities Instruction \$ 30,435,067 \$ 105,502 \$ 9,053,963 \$ (21,275,602) \$ (21,275,602) Regular Special Education 15,323,175 226,287 6,186,081 (8,910,807)(8,910,807) Other Instruction 6,366,627 1,694,897 (4,671,730)(4,671,730)1,509,226 School Sponsored Activities 320,775 (1,188,451)(1,188,451)Support Services Student and Instruction Related Svcs. 10,378,087 2,633,496 (7,744,591)(7,744,591) 1,086,352 General Administration 182,407 (903,945)(903,945)804,201 School Administration 3,905,494 (3,101,293)(3,101,293)Central Services 1,524,759 190,109 (1,334,650)(1,334,650)Plant Operations and Maintenance 6,118,554 443,593 54,915 (5,620,046)(5,620,046)Pupil Transportation 3,188,226 217,641 (2,970,585)(2,970,585)Interest on Long-Term Debt 76,527 964,640 (888,113) (888,113) Unallocated Depreciation 2,088,171 (2,088,171)(2,088,171) Total Governmental Activities 82,888,378 331,789 21,803,690 54,915 (60,697,984)(60,697,984)Business-Type Activities Food Service 1,847,465 641,764 1,263,236 57,535 57,535 Total business-type activities 1,847,465 641,764 1,263,236 57,535 57,535 Total Primary Government 84,735,843 973,553 23,066,926 54,915 (60,697,984)57,535 (60,640,449)General Revenues: Property Taxes Levied for: General Purposes 40,000,486 40,000,486 Debt Service 2,341,924 2,341,924 State Aid - Unrestricted 17,685,449 17,685,449 State Aid Restricted for Debt Service 136,551 136,551 Investment Earnings 4,958 4,958 Miscellaneous Income 218,142 218,142 Total General Revenues 60,387,510 60,387,510 Change in Net Position (310,474)57,535 (252,939)Net Position, Beginning of Year 17,311,050 480,595 17,791,645 Net Position, End of Year 17,000,576 538,130 17,538,706

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



RAHWAY SCHOOL DISTRICT BALANCE SHEET GOVERNMENTAL FUNDS AS JUNE 30, 2016

	General Fund		Special Revenue Fund		Capital Projects Fund		Debt Service Fund	Total Governmental Funds	
ASSETS									
Cash and Cash Equivalents Due from Other Funds	\$	5,265,577			\$	1,295,145	\$ 2	\$	1,295,145 5,265,579
Receivables From Other Governments	Þ	51,192		190,720		4,283,508	J		4,525,420
Other Receivables		106,035		14,450		-			120,485
Total Assets	\$	5,422,804	\$	205,170	\$	5,578,653	\$ 2	\$	11,206,629
LIABILITIES AND FUND BALANCES									
Liabilities	4	. 101 105							
Cash Deficit	\$	1,481,125 417,783	\$	127,704				\$	1,481,125
Accounts Payable Due to Other Funds		417,763	a	68	\$	5,265,335			545,487 5,265,405
Payable to State Government		-		2,655	Ψ	5,205,555			2,655
Unearned Revenue				74,743	W-11-17-2-	141,950			216,693
Total Liabilities		1,898,910		205,170		5,407,285	_		7,511,365
		1,020,710		200,110	***************************************	5,407,285			1,511,505
Fund Balances Restricted									
Capital Reserve		170,846							170,846
Maintenance Reserve		616,300							616,300
Debt Service						7,286	\$ 2		7,288
Capital Projects						164,082			164,082
Excess Surplus		975,737							975,737
Excess Surplus, Designated for Subsequent Year's Expenditures Assigned		1,479,371							1,479,371
Year End Encumbrances Designated for Subsequent		103,930							103,930
Year's Expenditures		1,210,037							1,210,037
Unassigned		(1,032,327)				_			(1,032,327)
Total Fund Balances		3,523,894		<u>-</u>		171,368	2		3,695,264
Total Liabilities and Fund Balances	<u>\$</u>	5,422,804	\$	205,170	\$	5,578,653	<u>\$2</u>		
		ounts reported fo assets (A-1) are			es in the	e statement of			
Capital assets used in governmental activities are not financial									
	resources and therefore are not reported in the funds. The cost of the assets is \$75,967,528 and the accumulated depreciation is \$24,271,209.								
								51,696,319	
	Accrued interest on long-term liabilities are not reported as liabilities in the fund.						(316,799)		
	An	nounts resulting	from the	refunding of d	ebt are i	enorted as			
		ferred outflows							
	and amortized over the life of the debt.						50,930		
Certain amounts resulting from the measurement of the net pension liability are									
	reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.						1,617,339		
	Lo	ng-term liabiliti	es, inclu	ding bonds nav	able, an	e not due and			
	р	ayable in the cur	rrent peri	iod and therefor					(20.742.175)
	li	abilities in the fi	unds. (S	ee Note 2)					(39,742,477)
	Net Position of Governmental Activities						\$	17,000,576	

RAHWAY SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources Property Tax Levy	\$ 40,000,486			\$ 2,341,924	\$ 42,342,410
Tuition	331,789				331,789
Interest Earned on Capital Reserve Fund Interest Earned on Maintenance Reserve Fund	100 100				100 100
Interest Earned on Investments	3,632		\$ 1,126		4,758
Miscellaneous	218,142	\$ 92,138			310,280
Totai - Local Sources	40,554,249	92,138	1,126	2,341,924	42,989,437
State Sources	28,036,689	701,379	54,915	213,078	29,006,061
Federal Sources	138,255	1,826,966			1,965,221
Total Revenues	68,729,193	2,620,483	56,041	2,555,002	73,960,719
EXPENDITURES					
Current					
Instruction Regular Instruction	24,839,318	1,246,708			26,086,026
Special Education Instruction	12,887,731	1,070,133			13,957,864
Other Instruction	5,411,595	21,054			5,432,649
School Sponsored Co-Curricular Activities	1,331,823				1,331,823
Support Services					
Student and Instruction Related Services	8,868,494	273,657			9,142,151
General Administration Services	1,185,225				1,185,225
School Administration Services Business/Central Services	3,387,118 1,308,361				3,387,118
Plant Operations and Maintenance	5,958,799				1,308,361 5,958,799
Pupil Transportation	3,180,317				3,180,317
Debt Service	- , ,				2,100,011
Principal	534,163			1,650,000	2,184,163
Interest and Other Charges	37,562			924,707	962,269
Capital Outlay	20,569	-	122,612	-	143,181
Total Expenditures	68,951,075	2,611,552	122,612	2,574,707	74,259,946
Excess of Revenues Over Expenditures	(221,882)	8,931	(66,571)	(19,705)	(299,227)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,126		(1.100)		1,126
Transfers Out		**	(1,126)	**	(1,126)
Total Other Financing Sources and Uses	1,126	-	(1,126)		-
Net Change in Fund Balances	(220,756)	8,931	(67,697)	(19,705)	(299,227)
Fund Balance, Beginning of Year	3,744,650	(8,931)	239,065	19,707	3,994,491
Fund Balance, End of Year	\$ 3,523,894	<u>\$</u>	\$ 171,368	\$ 2	\$ 3,695,264

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, 2016

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)

(299,227)

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

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

Capital Outlays \$ 143,181
Depreciation Expense (2,120,925)

(1,977,744)

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.

Principal Repayments:

Lease Purchase Principal595,000Capital Lease Principal534,163Bond Principal1,055,000

2,184,163

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

(24,300)

In the statement of activities certain expenses are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Accrued Interest 21,929
Increase in Pension Expenses (384,672)
Decrease in Compensated Absences 169,377

(193,366)

Change in Net Position of Governmental Activities (Exhibit A-2)

(310,474)

Business-Type

RAHWAY SCHOOL DISTRICT PROPRIETARY FUNDS STATEMENT OF NET POSITION AS OF JUNE 30, 2016

	Activities Enterprise Fund Food Service		
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 132,617		
Accounts Receivable			
Intergovernmental	219,283		
Accounts	6,744		
Inventory	20,140		
Total Current Assets	378,784		
Capital Assets			
Furniture, Machinery and Equipment	522,455		
Less: Accumulated Depreciation	(311,751)		
Total Capital Assets, Net of Accumulated Depreciation	210,704		
Total Assets	589,488		
LIABILITIES			
Current Liabilities			
Accounts Payable	33,781		
Due to Other Funds			
Unearned Revenue	6,781		
Total Current Liabilities	40,562		
Total Liabilities	40,562		
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	10,796		
Total Deferred Inflows of Resources	10,796		
NET POSITION			
Investment in Capital Assets	210,704		
Unrestricted	327,426		
Total Net Position	\$ 538,130		

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

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RAHWAY SCHOOL DISTRICT PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Fund <u>Food Service</u>			
OPERATING REVENUES				
Charges for Services				
Daily Sales - Reimbursable Programs	\$ 309,976			
Daily Sales - Non-Reimbursable Programs	331,788			
Total Operating Revenues	641,764			
OPERATING EXPENSES				
Cost of Sales				
Reimbursable Programs	583,612			
Non-Reimbursable Programs	126,206			
USDA Commodities	128,027			
Salaries and Wages	650,003			
Employee Benefits	75,329			
Management Fee	66,790			
Other Purchased Technical Services	4,945			
Other Purchased Services	2,500			
Supplies and Materials	89,584			
Repairs and Maintenance	32,501			
Outside Services	9,550			
Insurance	51,401			
Laundry/Uniforms	7,668			
Other Expenses	1,620			
Depreciation	17,729			
Total Operating Expenses	1,847,465			
Operating Loss	(1,205,701)			
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	21,172			
Federal Sources				
National School Lunch Program	•			
Cash Assistance	962,017			
Non-Cash Assistance	128,027			
National School Breakfast Program	152,020			
Total Nonoperating Revenues	1,263,236			
Change in Net Position	57,535			
Net Position, Beginning of Year	480,595			
Net Position, End of Year	\$ 538,130			

RAHWAY SCHOOL DISTRICT PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Ente	siness-Type Activities erprise Fund od Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$	640,663
Payments for Employees Salaries and Benefits		(725,332)
Payments to Suppliers		(983,760)
Net Cash Used for Operating Activities		(1,068,429)
CASH FLOWS FROM NON-CAPITAL FINANCING		
ACTIVITIES Provinte from Other Founds		205 457
Receipts from Other Funds Receipts from State and Federal Subsidies		205,457 1,005,677
receipts from state and rederal subsidies		1,003,077
Net Cash Provided By Non-Capital Financing Activities		1,211,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets		(10,088)
Net Cash Used for Capital and Related Financing Activities		(10,088)
Net Increase in Cash and Cash Equivalents		132,617
Cash and Cash Equivalents—Beginning of Year		-
Cash and Cash Equivalents—End of Year	\$	132,617
Reconciliation of Operating Loss to Net Cash		
Used for Operating Activities:		
Operating Loss	\$	(1,205,701)
Adjustments to Reconcile Operating Loss to Net Cash		
Used for Operating Activities		17 700
Depreciation Food Distribution (USDA Commodities) National School Lunch Program		17,729 128,027
Changes in Assets, Liabilities and Deferred Inflows of Resources		120,027
Increase in Accounts Receivable, Net		(1,101)
Increase in Inventory		(2,171)
Increase in Deferred Inflows of Resources		1,127
Decrease in Unearned Revenue		(182)
Decrease in Accounts Payable		(6,157)
Total Adjustments	***************************************	137,272
Net Cash Used For Operating Activities	\$	(1,068,429)
Non Cash Financing Activities		
Fair Value of Food Distribution Program	\$	129,154
The accompanying Notes to the Financial Statements are an integral part of this statement. 21		

RAHWAY SCHOOL DISTRICT FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2016

	Scholarship Trust Funds		Unemployment Compensation Trust Fund		Agency Fund	
ASSETS						
Cash and Cash Equivalents	\$	144,651	\$	282,950	\$	1,699,717
Accounts Receivable				15,939		
Due from Other Funds				1,666		
Total Assets		144,651		300,555	\$	1,699,717
LIABILITIES						
Intergovernmental Accounts Payable				6,460		
Payable to Student Groups					\$	144,864
Due to Other Funds						1,840 14,027
Payroll Deductions and Withholdings Reserve for Flex Spending Account						14,027
Summer Savings						1,513,275
Accrued Salaries and Wages		-		-		13,913
Ū		_				
Total Liabilities		<u>-</u>		6,460	<u>\$</u>	1,699,717
NET POSITION						
Held In Trust For Unemployment						
Claims				294,095		
Reserved for Scholarships		144,651		*		
Total Net Position	\$	144,651	\$	294,095		

RAHWAY SCHOOL DISTRICT FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Scholarship Trust Funds		mployment pensation Trust
Additions:			
Contributions			
Employee		\$	55,130
District			
Other	\$ 9,859		
Total Contributions	9,859		55,130
Investment Earnings			
Interest	1,963		549
Net Investment Earnings	1,963	*******************************	549
Total Additions	11,822		55,679
Deductions:			
Unemployment Claims and Contributions			44,891
Scholarships Awarded	18,517		<u>-</u>
Total Deductions	18,517		44,891
Change in Net Position	(6,695)		10,788
Net Position, Beginning of Year	151,346		283,307
Net Position, End of Year	\$ 144,651	\$	294,095



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 2016, the District adopted the following GASB statements:

- GASB No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify in the context of the current governmental financial reporting environment the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, Tax Abatement Disclosures, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, Pension Issues An Amendment of GASB Statements No.67, No.68, and No.73, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

The 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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, 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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

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 the payment of principal and interest on long-term general obligation debt of governmental funds.

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 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 may 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 Board'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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item 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. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the 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 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 accrue accumulated 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. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. 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.
- 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.

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

<u>Capital Reserve</u> – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

<u>Maintenance Reserve</u> – 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.

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

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

<u>Excess Surplus</u> – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

<u>Excess Surplus – Designated for Subsequent Year's Expenditures</u> - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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)

9. Net Position/Fund Balance (Continued)

<u>Assigned Fund Balance</u> – 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.

<u>Year-End Encumbrances</u> – 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.

<u>Designated for Subsequent Year's Expenditures</u> – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

<u>Unassigned Fund Balance</u> – 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, 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 revenues are 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Tuition Revenues and Expenditures

<u>Tuition Revenues</u> - 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.

<u>Tuition Expenditures</u> - Tuition charges for the fiscal years 2014-2015 and 2015-2016 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.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position—governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$39,742,477 difference are as follows:

Bonds Payable	\$ 19,025,000
Capital Leases Payable	642,386
Obligations Under Lease Purchase	2,630,000
Compensated Absences Payable	2,054,017
Net Pension Liability	15,391,074

Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities \$39,742,477

NOTE 3 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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$697,877. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$1,032,327 in the General Fund as of June 30, 2016 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 2015/2016 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do 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 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 \$1,032,327 in the General Fund is less than the delayed state aid payments.

C. Capital Reserve

A capital reserve account was established by the District. 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, 2016 is as follows:

Balance, July 1, 2015 \$ 170,746

Increased by:
Interest Earnings 100

Balance, June 30, 2016 \$ 170,846

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 616,200
Increased by	100
Interest Earnings	100
Balance, June 30, 2016	\$ 616,300

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$2,455,108. Of this amount, \$1,479,371 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$975,737 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 4 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.

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$2,073,955 and bank and brokerage firm balances of the Board's deposits amounted to \$4,054,041. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured \$ 4,054,041

<u>Custodial Credit Risk – Deposits</u> – 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, 2016 the Board's bank balances were not exposed to custodial credit risk.

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, 2016, 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, 2016 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	9	<u>General</u>	Special Revenue	Capital Projects	Food <u>Service</u>	Other <u>Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$	106,035	\$ 14,450		\$ 6,744	\$ 15,939	\$ 143,168
Intergovernmental-							
Federal		15,331	190,720		215,250		421,301
State		35,861		\$ 4,283,508	4,033		4,323,402
Local		-	 •	 -	 -	 -	
Gross Receivables		157,227	205,170	4,283,508	226,027	15,939	4,887,871
Less: Allowance for							
Uncollectibles		-	_	-	-	-	-
Net Total Receivables	\$	157,227	\$ 205,170	\$ 4,283,508	\$ 226,027	\$ 15,939	\$ 4,887,871

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 66,209
Grant Draw Downs Reserved for Encumbrances	8,534
Capital Projects Fund	
Unrealized School Facilities Grants	 141,950
Total Unearned Revenue for Governmental Funds	\$ 216,693

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance,			Balance,
	June 30, 2015	<u>Increases</u>	<u>Decreases</u>	June 30, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	353,035	\$ 122,612	\$ (168,280)	307,367
Total Capital Assets, Not Being Depreciated	1,899,480	122,612	(168,280)	1,853,812
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	70,730,686		168,280	70,898,966
Improvements other than Buildings	1,422,755			1,422,755
Machinery and Equipment	1,771,426	20,569	_	1,791,995
Total Capital Assets Being Depreciated	73,924,867	20,569	168,280	74,113,716
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(20,517,526)	(2,001,497)		(22,519,023)
Improvements other than Buildings	(451,575)	(59,587)		(511,162)
Machinery and Equipment	(1,181,183)	(59,841)		(1,241,024)
Total Accumulated Depreciation	(22,150,284)	(2,120,925)	-	(24,271,209)
Total Capital Assets, Being Depreciated, Net	51,774,583	(2,100,356)	168,280	49,842,507
Governmental Activities Capital Assets, Net	\$ 53,674,063	\$ (1,977,744)	\$ -	\$ 51,696,319

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continue)

	Balance,		Balance,
	June 30, 2015 Increases	<u>Decreases</u>	June 30, 2016
Business-Type Activities: Capital Assets, Being Depreciated:			
Machinery and Equipment	<u>\$ 512,367</u> <u>\$ 10,088</u>	-	\$ 522,455
Total Capital Assets Being Depreciated	512,367 10,088	-	522,455
Less Accumulated Depreciation for:			
Machinery and Equipment	(294,022) (17,729)	-	(311,751)
Total Accumulated Depreciation	(294,022) (17,729)	-	(311,751)
Business-Type Activities Capital Assets, Net	<u>\$ 218,345</u> <u>\$ (7,641)</u> <u>\$</u>	-	\$ 210,704

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

Governmental Activities:

Governmental Activities.	
Instruction	
Regular	\$ 8,006
Total Instruction	8,006
Support Services	
Support Services - Students	821
General Administration	6,123
School Administration	1,231
Transportation	4,294
Operations and Maintenance of Plant	12,279
Total Support Services	24,748
Unallocated	2,088,171
Total Depreciation Expense - Governmental Activities	\$ 2,120,925
Business-Type Activities:	
Food Service Fund	\$ 17,729
Total Depreciation Expense-Business-Type Activities	\$ 17,729

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 5,265,335
General Fund	Payroll Agency Fund	174
Unemployment Compensation Trust Fund	Payroll Agency Fund	1,666
General Fund	Special Revenue Fund	68
Debt Service Fund	General Fund	2
Total		\$ 5,267,245

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 other than the Capital Projects Fund amount due to General Fund. This interfund will be liquidated upon collection of the School Development Authority (SDA) grants receivable in the Capital Projects Fund.

Interfund transfers

	Transfer In:
Transfer Out:	General Fund Total
Capital Projects Fund	<u>\$ 1,126</u> <u>\$ 1,126</u>
	<u>\$ 1,126</u> <u>\$ 1,126</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.

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing computer equipment and supplies and various acquisitions and improvements totaling \$1,338,673 under capital leases. The leases are for terms of 4 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending June 30	Governmental <u>Activities</u>
2017 2018	\$ 336,485 336,485
Total minimum lease payments Less: amount representing interest	672,970 (30,584)
Present value of minimum lease payments	\$ 642,386

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.

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

Governmental Activities:

Fiscal					
Year Ending	(Certificates of	f Par	ticipation	
<u>June 30,</u>	ž	Principal		Interest	<u>Total</u>
2017	\$	620,000	\$	104,411	\$ 724,411
2018		645,000		79,797	724,797
2019		670,000		54,191	724,191
2020		695,000		27,592	 722,592
	\$	2,630,000	\$	265,991	\$ 2,895,991

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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, 2016 are comprised of the following issues:

\$3,025,000, 2003 Taxable Refunding Bonds, due in annual installments of \$220,000 to \$255,000 through April 1, 2020, interest at 5.29% to 5.93%

\$ 950,000

\$22,800,000, 2010 School Bonds, due in annual installments of \$875,000 to \$1,450,000 through February 15, 2030, interest at 3.50% to 4.00%

18,075,000

\$19,025,000

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

Governmental Activities:

Fiscal					
Year Ending	<u>Serial</u>	Bon	<u>ds</u>		
<u>June 30,</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
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	1,205,000		625,372		1,830,372
2021	1,400,000		577,000		1,977,000
2022-2026	7,225,000		2,029,000		9,254,000
2027-2030	 5,800,000		580,000		6,380,000
	\$ 19,025,000	\$	5,957,794	<u>\$</u>	24,982,794

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 102,499,225
Less: Net Debt Issued	19,025,000
Remaining Borrowing Power	\$ 83,474,225

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

		Salance y 1, 2016]	Increased		Retired	<u>Ju</u>	Balance ine 30, 2016	!	Due Within One Year
Governmental Activities:										
Capital Leases Payable	\$	1,176,549			\$	(534,163)	\$	642,386	\$	316,201
Obligations Under Lease Purchase		3,225,000				(595,000)		2,630,000		620,000
Bonds Payable	2	20,080,000				(1,055,000)		19,025,000		1,095,000
Net Pension Liability	1	2,786,008	\$	3,194,526		(589,460)		15,391,074		
Compensated Absences Payable		2,223,394		11,371		(180,748)		2,054,017	·	41,621
Long-Term Liabilities	<u>\$ 3</u>	39,490,951	\$	3,205,897	<u>\$</u>	(2,954,371)	\$	39,742,477	\$	2,072,822

For the governmental activities, the liabilities for compensated absences payable, capital leases payable and net pension liability are generally liquidated by the general fund.

NOTE 5 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.

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 is on file with the School's Business Administrator.

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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:

Fiscal Year Ended June 30,	District ntributions	mployee stributions	Amount imbursed	Ending Balance
2016		\$ 55,130	\$ 44,891	\$ 294,095
2015		54,198	39,398	283,307
2014	\$ 167,000	52,876	42,001	268,047

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.

<u>Federal and State Awards</u> – 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, 2016, 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, 2016, The District has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 5 OTHER INFORMATION (Continued)

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. DCRP is a defined contribution pension plan.

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.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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 or at www.state.ni/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 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 of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

NOTE 5 OTHER INFORMATION (Continued)

D. <u>Employee Retirement Systems and Pension Plans</u> (Continued)

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 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 Accounting for Pensions by State and Local Government Employees, for the fiscal year ended June 30, 2016 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, 2016, 2015 and 2014 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		(On-behalf		
<u>June 30,</u>	<u>PERS</u>		<u>TPAF</u>	:	<u>DCRP</u>
2016	\$ 589,460	\$	2,269,005	\$	37,283
2015	562,984		1,525,054		35,436
2014	522,017		1,158,837		18,491

For fiscal years 2015/2016 and 2014/2015, the state contributed \$2,269,005 and \$1,525,054, respectively for normal cost pension, accrued liability and the NCGI premium. For 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.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,085,847 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$15,391,074 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was 0.06856 percent, which was an increase of 0.00027 percent from its proportionate share measured as of June 30, 2014 of 0.06829 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$974,132 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

		Deferred Outflows of Resources		eferred Inflows Resources
Difference Between Expected and				
Actual Experience	\$	367,177		
Changes of Assumptions		1,652,878		
Net Difference Between Projected and Actual				
Earnings on Pension Plan Investments			\$	247,460
Changes in Proportion and Differences Between				
District Contributions and Proportionate Share				
of Contributions		43,189		198,445
Total	\$	2,063,244	\$	445,905

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year		
Ending		
June 30,		
2017	\$	287,329
2018		287,329
2019		287,329
2020		477,824
2021	_	277,528
	<u>\$</u>	1,617,339

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011
2 KDOWIND WOLLD THOSE ENGINEER	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

		Long-Term
	Target	Expected Real
Asset Class	Allocation	Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	Discount Rate
PERS	4.90%

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return

Through June 30, 2033

Municipal Bond Rate *

From July 1, 2033 and Thereafter

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	\$ 19,129,222	<u>\$ 15,391,074</u>	\$ 12,257,038

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

^{*} The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,886,190 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$178,289,678. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was 0.28208 percent, which was an increase of 0.00815 percent from its proportionate share measured as of June 30, 2014 of 0.27393 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	TPAF
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based
	on experience
Thereafter	Varies based
	on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

	Target	Long-Term Expected Real
Asset Class	Allocation	Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	Discount Rate
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit
Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return

Through June 30, 2027

Municipal Bond Rate *

From July 1, 2027 and Thereafter

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1%	Current	1%	
	Decrease	Discount Rate	Increase	
	(3.13%)	(4.13%)	(5.13%)	
State's Proportionate Share of				
the TPAF Net Pension Liability Attributable to the District	\$ 211,890,618	\$ 178,289,678	\$ 149,340,457	

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

^{*} The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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.

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB 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, 2014, 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.

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

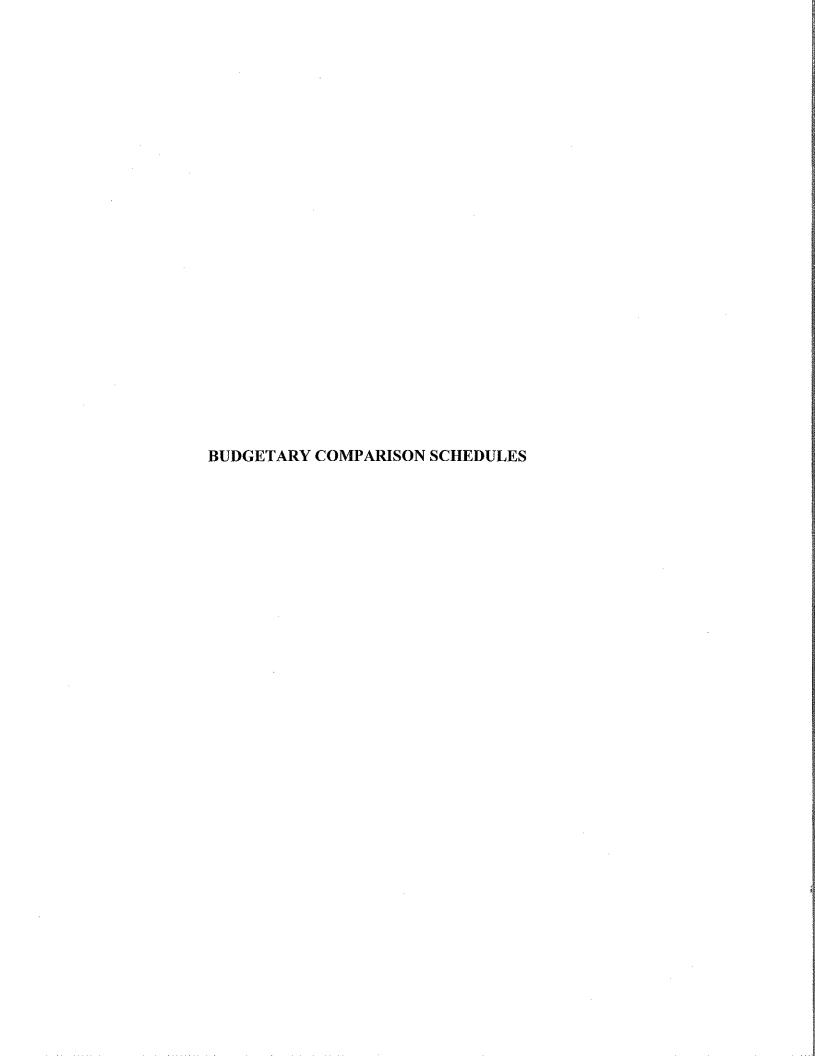
P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 employer 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf.

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 fiscal years ended June 30, 2016, 2015 and 2014 were \$2,701,759, \$2,421,023 and \$1,900,057, 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.

REQUIRED SUPPLE	EMENTARY INFOI	RMATION - PART	ТП	



	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 40,000,486		\$ 40,000,486	\$ 40,000,486	
Tuition from Other LEA's within the State	79,314		79,314	226,287	\$ 146,973
Tuition - Other				105,502	105,502
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned in Maintenance Reserve Fund	100		100	100	
Unrestricted Miscellaneous Revenues	210,550	*	210,550	221,774	11,224
Total Local Sources	40,290,550		40,290,550	40,554,249	263,699
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	
PARCC Readiness Aid	36,460		36,460	36,460	
Per Pupil Growth Aid	36,460		36,460	36,460	
Extraordinary Aid	300,345		300,345		270.021
	300,543		300,343	571,276	270,931
Nonpublic Transportation Aid On Behalf TPAF Contributions (Non-Budgeted)				35,861	35,861
Pension				2,161,341	2,161,341
NCGI Premium Post-Retirement Medical				107,664 2,701,759	107,664 2,701,759
Reimbursed Social Security	-	_	_	2,085,847	2,085,847
Actinical Books			-	2,505,617	2,000,017
Total State Sources	20,822,000		20,822,000	28,185,403	7,363,403
Federal Sources					
Medicaid Reimbursements	104,303		104,303	138,255	33,952
Total Federal Sources	104,303	,	104,303	138,255	33,952
Total Revenues	61,216,853	~	61,216,853	68,877,907	7,661,054
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs Salaries of Teachers					
Kindergarten	861,731		861,731	859,924	1,807
Grades 1-5	5,615,887	\$ 180,000	5,795,887	5,793,692	2,195
Grades 6-8	3,566,620	(182,000)		3,323,726	60,894
Grades 9-12	5,131,586	(102,000)	5,131,586	5,093,045	38,541
Regular Programs - Home Instruction	3,131,300		3,131,300	3,073,013	30,3-11
Salaries of Teachers	30,000	21,200	51,200	49,029	2,171
Purchased Professional-Educational Services	45,126				
Regular Programs - Undistributed Instruction	43,120	(29,000)	16,126	15,239	887
~ ~	205 440		205.460	201 610	222
Other Salaries for Instruction	395,460		395,460	394,540	920
Other Purchased Services	344,290	(12,961)		318,772	12,557
General Supplies	652,062	31,655	683,717	541,501	142,216
Textbooks	257,860	(6,316)		244,102	7,442
Other Objects	99,992	(5,288)	94,704	85,665	9,039
Assets Acquired Under Capital Lease (Non-Budgeted)					
Total Regular Programs	17,000,614	(2,710)	16,997,904	16,719,235	278,669

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued) Instruction - Special Education					
Learning /Language Disabilities					
Salaries of Teachers	\$ 234,350	-	\$ 234,350	\$ 234,350	
Other Salaries for Instruction	90,860	\$ (36,000)	54,860	•	\$ 5,342
General Supplies	6,460	(4,000)	2,460	2,185	275
Total Learning /Language Disabilities	331,670	(40,000)	291,670	286,053	5,617
Behavioral Disabilities					
Salaries of Teachers	451,342	(2,000)	449,342	446,422	2,920
Other Salaries for Instruction	106,459	1,500	107,959	106,626	1,333
General Supplies	6,859	(2,000)	4,859	3,512	1,347
Other Objects		500	500	199	301
Total Behavioral Disabilities	564,660	(2,000)	562,660	556,759	5,901
Multiple Disabilities					
Salaries of Teachers	299,945	_	299,945	294,201	5,744
Other Salaries for Instruction	188,920	_	188,920	167,206	21,714
General Supplies	3,174	(330)	2,844	2,814	30
Other Objects	313	1,163	1,476	971	505
·					
Total Multiple Disabilities	492,352	833	493,185	465,192	27,993
Resource Room/Resource Center					
Salaries of Teachers	3,379,914	(94,403)	3,285,511	3,139,806	145,705
Other Salaries for Instruction	334,624	119,423	454,047	453,762	285
General Supplies	24,235	(15,717)	8,518	7,610	908
Textbooks	8,550	(7,935)	615	353	262
Total Resource Room/Resource Center	3,747,323	1,368	3,748,691	3,601,531	147,160
Autism					
Salaries of Teachers	73,190	_	73,190	73,190	_
Other Salaries for Instruction	46,656	_	46,656	46,267	389
General Supplies	1,000	(290)	710	710	2007
Miscellaneous Expenditures		614	614	307	307
Total Autism	120,846	324	121,170	120,474	696
Preschool Disabilities - Part - Time					
· · · · · · · · · · · · · · · · · · ·	100 001		tna 221	105 311	~
Salaries of Teachers	187,631		187,631	187,316	315
Other Salaries for Instruction	75,388	540	75,388	70,401	4,987
General Supplies	2,815	750	3,565	3,334	231
Other Objects		810	810	473	337
Total Preschool Disabilities - Part - Time	265,834	1,560	267,394	261,524	5,870
Preschool Disabilities - Full - Time					
Salaries of Teachers	138,579	1,032	139,611	124,952	14,659
Other Salaries for Instruction	59,052	10,831	69,883	68,004	1,879
Total Preschool Disabilities - Full - Time	197,631	11,863	209,494	192,956	16,538
- ****			non-		manufacture and the second

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 80,000	-	\$ 80,000	\$ 44,896	\$ 35,104
Purchased Professional-Educational Services	20,000	-	20,000	12,957	7,043
Total Flome Instruction	100,000		100,000	57,853	42,147
Total Special Education	5,820,316	\$ (26,052)	5,794,264	5,542,342	251,922
Basic Skills/Remedial					
Salaries of Teachers	1,271,792	69,483	1,341,275	1,304,235	37,040
General Supplies	3,500		3,500	3,241	259
Total Basic Skills/Remedial	1,275,292	69,483	1,344,775	1,307,476	37,299
Bilingual Education					
Salaries of Teachers	711,976	(15,820)	696,156	688,298	7,858
Other Salaries for Instruction	97,163	19,820	116,983	115,605	1,378
General Supplies	14,000	-	14,000	13,381	619
Textbooks	4,000	,	4,000	1,019	2,981
Total Bilingual Education	827,139	4,000	831,139	818,303	12,836
School Sponsored Co/Extra Curricular Activities					
Salaries	235,102	(2,128)	232,974	215,420	17,554
Purchased Services	82,073	3,848	85,921	77,891	8,030
Supplies and Materials	45,800	(3,170)	42,630	41,571	1,059
Other Objects	14,000	(960)	13,040	7,641	5,399
Transfers to Cover Deficit (Agency Funds)	29,000		29,000	23,861	5,139
Total School Sponsored Co/Extra Curricular Activities	405,975	(2,410)	403,565	366,384	37,181
School Sponsored Athletics - Instruction					
Salaries	411,587	-	411,587	406,500	5,087
Purchased Services	122,693	(22,692)	100,001	72,803	27,198
Supplies and Materials	155,500	11,692	167,192	166,864	328
Other Objects	27,500	10,000	37,500	33,591	3,909
Total School Sponsored Athletics - Instruction	717,280	(1,000)	716,280	679,758	36,522
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	66,169		66,169	57,779	8,390
Total Before/After School Programs - Instruction	66,169		66,169	57,779	8,390
Summer School - Instruction					
Salaries of Teachers	24,000	-	24,000	19,064	4,936
Salaries of Reading Specialists	1,512	800	2,312	2,310	2
General Supplies	3,450		3,450	3,000	450
Total Summer School - Support Services	28,962	800	29,762	24,374	5,388

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Alternative Ed Program - Instruction					
Salaries of Teachers	\$ 674,950	\$ (7,158)	\$ 667,792	\$ 631,337	\$ 36,455
General Supplies	7,000		7,000	6,830	170
Textbooks	5,000		5,000	-	5,000
Other Objects		1,236	1,236	1,152	84
Total Instructional Alternative Ed Program - Instruction	686,950	(5,922)	681,028	639,319	41,709
Instructional Alternative Ed Program - Support Sves.					
Salaries	371,428	50	371,478	371,478	-
Purchased Services	2,196	414	2,610	2,610	
Supplies and Materials	2,500	6,524	9,024	5,496	3,528
Other Objects	2,500	(50)	2,450		2,450
Total Instructional Alternative Ed Program-Support Svcs.	378,624	6,938	385,562	379,584	5,978
Total Alternative Education Programs	1,065,574	1,016	1,066,590	1,018,903	47,687
Other Alternative Ed Programs - Instruction					
Salaries of Teachers	130,228		130,228	123,978	6,250
Total Other Alternative Ed Programs - Instruction	130,228		130,228	123,978	6,250
Other Alternative Ed Programs - Support Services Salaries	73,139		73,139	66,774	6,365
Total Other Alternative Ed Programs - Support Services	73,139		73,139	66,774	6,365
Total Other Alternative Ed Programs	203,367	· · · · · · · · · · · · · · · · · · ·	203,367	190,752	12,615
Total - Instruction	27,410,688	43,127	27,453,815	26,725,306	728,509
Undistributed Expenditures Instruction					
Tuition to Other LEAs Within State-Regular		24,157	24,157	24,156	1
Tuition to Other LEAs Within State-Special	1,345,842	300,092	1,645,934	1,637,468	8,466
Tuition to County Voc. School- Regular	678,500	13,255	691,755	690,850	905
Tuition to County Voc. School- Special	150,000	24,310	174,310	172,468	1,842
Tuition to CSSD and Regional Day Schools	37,972	(37,972)			
Tuition to Private School for Disabled W/I	2,928,488	(83,955)	2,844,533	2,831,766	12,767
Tuition - State Facilities	282,071	-	282,071	282,071	
Tuition - Other	55,168	6,575	61,743	61,743	
Total Undistributed Expenditures - Instruction	5,478,041	246,462	5,724,503	5,700,522	23,981
Attendance and Social Work					
Salaries	321,675	11,019	332,694	332,393	301
Other Purchased Services	500	-	500	237	263
Supplies and Materials	2,480	(1,000)	1,480	547	933
Total Attendance and Social Work	324,655	10,019	334,674	333,177	1,497

		Driginal Budget	Adj	ustments		Final Budget		Actual		riance Final Budget To Actual
EXPENDITURES										
CURRENT EXPENDITURES (Continued)										
Health Services										
Salaries	\$	484,849	\$	14,417	\$	499,266	\$	493,556	\$	5,710
Purchased Professional and Technical Services		59,948		10,258		70,206		68,358		1,848
Other Purchased Services		2,603		4,673		7,276		7,275		1
Supplies and Materials		13,925		1,665		15,590		13,589		2,001
Other Objects	MARKET IN	792			_	792		631		161
Total Health Services		562,117		31,013	_	593,130		583,409	_	9,721
Speech, OT, PT & Related Services										
Salaries		402,899		(2,861)		400,038		395,688		4,350
Purchased Professional - Educational Services		417,782		86,000		503,782		497,225		6,557
Supplies and Materials		1,900		(383)	_	1,517	_	1,517		
Total Speech, OT, PT & Related Services		822,581		82,756		905,337		894,430		10,907
rotal speech, O1, F1 & Related Services		022,301	**************************************	02,750	_	703,337		074,430		10,907
Other Support Services - Students - Extra Svc										
Salaries		375,502		(61,000)		314,502		299,504		14,998
Purchased Professional - Educational Services		498,522		51,500		550,022		496,871		53,151
Other Objects		1,600		-	_	1,600		844	-	756
Total Other Support Services - Students - Extra Svc.		875,624		(9,500)	_	866,124	_	797,219	_	68,905
Guidance										
Salaries of Other Professional Staff		628,450		(60,000)		568,450		567,480		970
Salaries of Secretarial and Clerical Assistants		114,260		-		114,260		114,028		232
Other Salaries		60,718		-		60,718		60,718		
Purchased Professional - Educational Services		33,499		_		33,499		33,499		
Other Purchased Professional and Technical Services		8,000		-		8,000		4,000		4,000
Supplies and Materials		39,825		(6,269)		33,556		21,048		12,508
Other Objects		400			_	400		240		160
Total Undistributed Expenditures - Guidance		885,152		(66,269)		818,883		801,013		17,870
Child Study Teams										
Salaries of Other Professional Staff		1,320,832		(9,750)		1,311,082		1,293,782		17,300
Salaries of Secretarial and Clerical Assistants		97,172		(2,730)		97,172		97,172		17,500
Purchased Professional - Educational Services		109,709		(1,000)		108,709		102,447		6,262
Miscellaneous Purchased Services		13,584		930		14,514		10,332		4,182
Supplies and Materials		30,900		(9,700)		21,200		20,777		423
	-		*********							
Total Undistributed Expenditures - Child Study Teams		1,572,197		(19,520)		1,552,677		1,524,510		28,167
Improvement of Instruction Services										
Salaries of Supervisors of Instruction		678,089		81,000		759,089		758,812		277
Salaries of Other Professional Staff		66,764		851		67,615		47,012		20,603
Salaries of Secretarial and Clerical Assistants		185,394		-		185,394		173,895		11,499
Salaries of Facilitators, Math & Literacy Coaches		157,804		(120,483)		37,321				37,321
Purchased Prof-Educational Services		50,000		(40,556)		9,444				9,444
Other Purchased Services		14,604		- '		14,604		7,715		6,889
Supplies and Materials		11,500		10,556		22,056		14,440		7,616
Other Objects		8,350		·-	_	8,350		2,426	_	5,924
Total Improvement of Instruction Comment										
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff		1,172,505		(68,632)		1,103,873		1,004,300		99,573
Other Support Set vices-instituctional stati	_	1,172,000		(00,032)		1,105,075	_	110071100	_	77,373

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 387,649		\$ 387,649	\$ 376,663	\$ 10,986
Supplies and Materials	60,650	\$ 535	61,185	50,352	10,833
Total Educational Media Services/School Library	448,299	535	448,834	427,015	21,819
Instructional Staff Training Serv.					
Salaries of Other Professional Staff		-			
Purchased Professional-Educational Services	20,000	-	20,000	10,375	9,625
Other Purchased Services	23,500	-	23,500	21,205	2,295
Other Objects	6,700	-	6,700	6,554	146
Total Instructional Staff Training Serv.	50,200		50,200	38,134	12,066
Support Services General Administration					
Salaries	351,281	2,787	354,068	353,650	418
Legal Services	100,000	(4,000)	96,000	94,664	1,336
Audit Fees	36,182	818	37,000	37,000	
Architect/Engineering Services		2,900	2,900	2,900	
Other Purchased Professional Services	19,400	(3,687)	15,713	15,653	60
Purchased Technical Services	18,940	(2,818)	16,122	12,423	3,699
Communications/Telephone	160,792	(10,858)	149,934	126,113	23,821
BOE Other Purchased Services	7,100	- 1	7,100	1,398	5,702
Miscellaneous Purchased Services	271,533	18,418	289,951	285,845	4,106
General Supplies	8,200	727	8,927	8,833	94
BOE In-House Training/Meeting Supplies	1,500	-	1,500	1,038	462
Miscellaneous Expenditures	13,200		13,200	9,449	3,751
BOE Member Dues & Fees	27,000		27,000	24,017	2,983
Total Support Services General Administration	1,015,128	4,287	1,019,415	972,983	46,432
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,508,040	52,500	1,560,540	1,559,189	1,351
Salaries of Secretarial and Clerical Assistants	560,553	11,024	571,577	556,065	15,512
Other Purchased Services	165,374	(3,253)	162,121	148,234	13,887
Supplies and Materials	56,825	7,494	64,319	52,681	11,638
Other Objects	45,560	1,840	47,400	32,495	14,905
Total Support Services School Administration	2,336,352	69,605	2,405,957	2,348,664	57,293
Central Services					
Salaries	369,721	-	369,721	368,583	1,138
Purchased Professional Services	507,121	2,550	2,550	1,487	1,063
Purchased Technical Services	74,500	76,010	150,510	136,769	13,741
Miscellaneous Purchased Services	41,338	-	41,338	36,251	5,087
Supplies and Materials	20,550	(2,800)	17,750	6,947	10,803
Miscellaneous Expenditures	22,000		22,000	6,697	15,303
Total Central Services	528,109	75,760	603,869	556,734	47,135
Admin. Info. Technology					
Salaries	380,146	700	380,846	380,771	75
Supplies and Materials	2,500	(700)	1,800	1,087	713
Other Objects	2,000		2,000	1,940	60
Total Admin. Info, Technology	384,646		384,646	383,798	848
					

		Original Budget	Ac	ljustments		Final Budget		Actual		ariance Final Budget To Actual
EXPENDITURES					Τ					
CURRENT EXPENDITURES (Continued)										
Required Maintenance for School Facilities										
Salaries	\$	318,421	\$	(3,870)	\$	314,551	\$	313,455	\$	1,096
Cleaning, Repair and Maintenance Services		363,000		37,167		400,167		389,226		10,941
General Supplies		111,300		67,013		178,313		178,312		1
Other Objects		2,000		(1,724)	_	276	_	276		-
Total Required Maint. for School Facilities		794,721	_	98,586	_	893,307		881,269	_	12,038
Custodial Services										
Salaries		1,748,604		81,583		1,830,187		1,818,459		11,728
Purchased Professional and Technical Services		19,000		(4,596)		14,404		10,327		4,077
Cleaning, Repair and Maintenance Services		218,880		`-		218,880		211,398		7,482
Rental of Land & Bidg, Other Than Lease		ŕ				ŕ		•		
Purchase Agreement		114,111		-		114,111		108,340		5,771
Other Purchased Property Services		102,245		(5,000)		97,245		89,555		7,690
Insurance		131,584		-		131,584		131,584		
General Supplies		193,000		8,779		201,779		191,739		10,040
Energy (Natural Gas)		759,000		(430,913)		328,087		214,125		113,962
Energy (Electricity)		450,000		137,913		587,913	_	587,912		1
Total Custodial Services		3,736,424		(212,234)		3,524,190		3,363,439		160,751
Come & Habana of Crounds										
Care & Upkeep of Grounds		48.000		70.000		110 000		114 666		2 224
Cleaning, Repair and Maintenance Services		48,000 50,000		70,000		118,000 50,000		114,666 30,826		3,334 19,174
General Supplies		30,000				30,000		30,620	_	19,174
Total Care & Upkeep of Grounds		98,000		70,000	_	168,000		145,492	_	22,508
Security										
Salaries		491,576				491,576		467,584		23,992
Purchased Professional and Technical Services		18,000		(1,659)		16,341		1,848		14,493
Cleaning, Repair and Maintenance Services		1,700		(1,025)		1,700		1,010		1,700
Supplies and Materials		-		21,139		21,139		19,890		1,249
Total Security		511,276		19,480		530,756		489,322		41,434
Total Undist. ExpendOper & Main of Plant Serv.	_	5,140,421		(24,168)		5,116,253		4,879,522		236,731
				<u> </u>			_			
Student Transportation Services		£ 000				4 000		4 000		
Salaries for Non-Instructional Aides		6,000				6,000		6,000		
Salaries for Pupil Transportation (Between Home		20.400		1.215		21 705		21.705		
and School) - Special Ed.		30,490		1,215		31,705		31,705		-
Salaries for Pupil Transportation (Other Than		12,000		2,700		14,700		14,043		657
Between Home and School) Cleaning, Repair and Maintenance Services		15,000		(5,652)		9,348		4,035		5,313
Rental Payments - School Buses		2,000		(3,032)		2,000		4,055		2,000
Lease Purchase Payments - School Buses		17,000				17,000		17,000		2,000
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools		137,020		(35,304)		101,716		91,253		10,463
Contracted Services - Aid in Lieu of Payments - Charter Schools		5,304		1,768		7,072		7,072		
Contracted Services - Aid in Lieu of Payments - Choice Schools		884		884		1,768		1,768		_
Contracted Services (Between Home and						-,		-,		
School) - Vendors		524,245		38,274		562,519		559,327		3,192
Contracted Services (Other than Between Home		,		,		•		•		•
and School) - Vendors		154,760		2,810		157,570		122,037		35,533
Contracted Services - (Spec. Ed. Students) -										
Vendors		521,491		21,909		543,400		542,975		425
Contracted Services (Regular Students) -										
ECSs & CTSAs		144,900		(42,409)		102,491		96,931		5,560
Contracted Services (Spd. Ed. Students) -										
ECSs & CTSAs		1,632,512		36,000		1,668,512		1,667,532		980
Misc. Purchased Services- Transportation		10,000		-		10,000		6,265		3,735
General Supplies		12,000		-		12,000		3,362		8,638
Other Objects		8,000	_	-		8,000		618		7,382
mula tum uni a t		2 222 707		77.105		2.255.001		2 121 002		01 050
Total Student Transportation Services	_	3,233,606		22,195	_	3,255,801		3,171,923	_	83,878

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contribution	\$ 656,179	\$ 28,670	\$ 684,849	\$ 650,143	\$ 34,706
Other Retirement Contributions - PERS	678,728	•	678,728	626,743	51,985
Workmen's Compensation	334,969	(466 424)	334,969	301,995	32,974
Health Benefits Tuition Reimbursement	8,857,693 132,000	(466,424) 36,532	8,391,269 168,532	8,318,047 121,197	73,222 47,335
	604,290	(180,748)	423,542		56,092
Other Employce Benefits Unused Sick Payment to Terminated/Retired Staff		180,748	180,748	367,450 180,748	
Total Unallocated Benefits - Employee Benefits	11,263,859	(401,222)	10,862,637	10,566,323	296,314
On Behalf TPAF Contributions (Non-Budgeted) Pension				2,161,341	(2,161,341)
NCGI Premium				107,664	(107,664)
Post-Retirement Medical				2,701,759	(2,701,759)
Reimbursed Social Security		-		2,085,847	(2,085,847)
Total On-Behalf TPAF Contributions			-	7,056,611	(7,056,611)
Total Undistributed Expenditures	36,093,492	(46,679)	36,046,813	42,040,287	(5,993,474)
Interest Earned on Maintenance Reserve	100		100		100
Total Current Expenditures	63,504,280	(3,552)	63,500,728	68,765,593	(5,264,865)
CAPITAL OUTLAY					
Equipment: Undistributed Expenditures:					
Instruction		12,407	12,407	9,419	2,988
School Administration		2,995	2,995	2,995	,
Central Services		2,800	2,800		2,800
Security		4,000	4,000	4,000	
Custodial Services		4,155	4,155	4,155	
Total Equipment	-	26,357	26,357	20,569	5,788
Facilities Acquisition and Construction Serv.					
Assessment for Debt Service on SDA Funding	38,595	_	38,595	38,595	
Total Facilities Acquisition and Constr. Services	38,595		38,595	38,595	
Interest Deposit to Capital Reserve	100		100	_	100
,	20.405	24.257			
Total Capital Outlay	38,695	26,357	65,052	59,164	5,888
Transfer Funds to Charter School	103,152	28,783	131,935	126,318	5,617
Total Expenditures	63,646,127	51,588	63,697,715	68,951,075	(5,253,360)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,429,274)	(51,588)	(2,480,862)	(73,168)	2,407,694

		Original Budget	Ad	justments	 Final Budget		Actual		riance Final Budget To Actual
Other Financing Sources (Uses) Operating Transfers In	_			-	 	<u>\$</u>	1,126	\$	1,126
Total Other Financing Sources (Uses)	_			**	 	_	1,126		1,126
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$	(2,429,274)	\$	(51,588)	\$ (2,480,862)		(72,042)		2,408,820
Fund Balances, Beginning of Year	_	6,172,944			 6,172,944	_	6,172,944	_	
Fund Balances, End of Year	<u>\$</u>	3,743,670	\$	(51,588)	\$ 3,692,082	\$	6,100,902	\$	2,408,820
Recapitulation of Fund Balance: Restricted Capital Reserve Maintenance Reserve Excess Surplus, Designated for Subsequent Year's Expenditures Excess Surplus Assigned Year End Encumbrances Designated for Subsequent Year's Expenditures Unassigned						\$	170,846 616,300 1,479,371 975,737 103,930 1,210,037 1,544,681		
Reconciliation to Governmental Funds Statements (GAAP):							6,100,902		
Less: State Aid Not Recognized on GAAP Basis (June 30, 2016)							(2,577,008)		
Fund Balance Per Governmental Funds (GAAP)						<u>\$</u>	3,523,894		

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources		\$ 155,526	\$ 155,526	\$ 90,333	\$ (65,193)
State Sources	\$ 690,196	7,131	697,327	692,448	(4,879)
Federal Sources	1,401,694	483,632	1,885,326	1,835,500	(49,826)
Total Revenues	2,091,890	646,289	2,738,179	2,618,281	(119,898)
EXPENDITURES					•
Instruction					
Salaries of Teachers	792,303	52,612	844,915	822,956	21,959
Other Salaries for Instruction	233,707	46,513	280,220	264,606	15,614
Purchased Professional-Educational Services		22,722	22,722	19,801	2,921
Tuition	800,000	90,258	890,258	890,258	r
General Supplies		80,697	80,697	52,688	28,009
Textbooks		18,971	18,971	17,503	1,468
Other Objects		289	289	289	
Total Instruction	1,826,010	312,062	2,138,072	2,068,101	69,971
Support Services					
Salaries of Supervisors of Instruction		90,217	90,217	88,575	1,642
Salaries of Other Professional Staff	110,519	(79,879)	30,640	26,361	4,279
Salaries of Secretarial and Clerical Asst.	28,747	1,281	30,028	30,028	
Personal Services - Employee Benefits	126,614	11,623	138,237	137,049	1,188
Purchased Prof./Educ. Svcs.		189,647	189,647	176,151	13,496
Other Purchased Professional Services		22,240	22,240	21,994	246
Contracted Services - Transportation		22,058	22,058	14,192	7,866
Other Purchased Services		34,703	34,703	28,916	5,787
Supplies and Materials		27,577	27,577	22,725	4,852
Other Objects		14,760	14,760	4,189	10,571
Total Support Services	265,880	334,227	600,107	550,180	49,927
Total Expenditures	2,091,890	646,289	2,738,179	2,618,281	119,898
Excess (Deficiency) of Revenues					
Over (Under) Expenditures			<u> </u>		_
Fund Balances, Beginning of Year	dd .	-			
Fund Balances, End of Year	\$	\$ -	\$	\$	

	i.				
N	OTES TO THE RE	QUIRED SUPP	LEMENTARY IN	FORMATION - PAI	RT II

RAHWAY SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 <u>Fund</u>			Special Revenue <u>Fund</u>
Sources/Inflows of Resources					
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1)	\$ 68,877,907	(C-2)	\$	2,618,281
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 Current Year Encumbrances					1,805 (8,534)
State Aid payments recognized for GAAP Purposes not recognized for Budgetary statements. (June 30, 2015)		2,428,294			8,931
State Aid payments recognized for budgetary purposes not recognized for GAAP statements. (June 30, 2016)		 (2,577,008)			-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2)	\$ 68,729,193	(B-2)	<u>\$</u>	2,620,483
Uses/Outflows of Resources Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1)	\$ 68,951,075	(C-2)	\$	2,618,281
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 Current Year Encumbrances		 -		\$ 	1,805 (8,534)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	\$ 68,951,075	(B-2)	\$	2,611,552

REQUIRED SUPPLEMENTA	ARY INFORMATION	ON - PART III	

RAHWAY SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System

Last Three Fiscal Years*

	2016	 2015	2014
District's Proportion of the Net Position Liability (Asset)	0.06856	0.06829%	0.06979%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,391,074	\$ 12,786,008	\$13,339,666
District's Covered-Employee Payroll	\$ 4,776,139	\$ 5,999,031	\$ 4,920,450
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	322.25%	213.13%	271.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

RAHWAY SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years

	2016			2015		2014
Contractually Required Contribution	\$	589,460	\$	562,984	\$	522,017
Contributions in Relation to the Contractually Required Contribution		589,460		562,984		522,017
Contribution Deficiency (Excess)	\$	•	\$	-	\$	-
District's Covered-Employee Payroll	\$	4,776,139	\$	5,999,031	\$4	,920,450
Contributions as a Percentage of Covered-Employee Payroll		12.34%		9.38%		10.61%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

RAHWAY SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	 2016	 2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 178,289,678	\$ 146,406,723	\$ 135,393,508
Total	\$ 178,289,678	\$ 146,406,723	\$ 135,393,508
District's Covered-Employee Payroll	\$ 28,147,406	\$ 32,555,698	\$ 29,449,382
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.74%	33.64%	33.76%

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

RAHWAY SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF DISTRICT CONTRIBUTIONS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

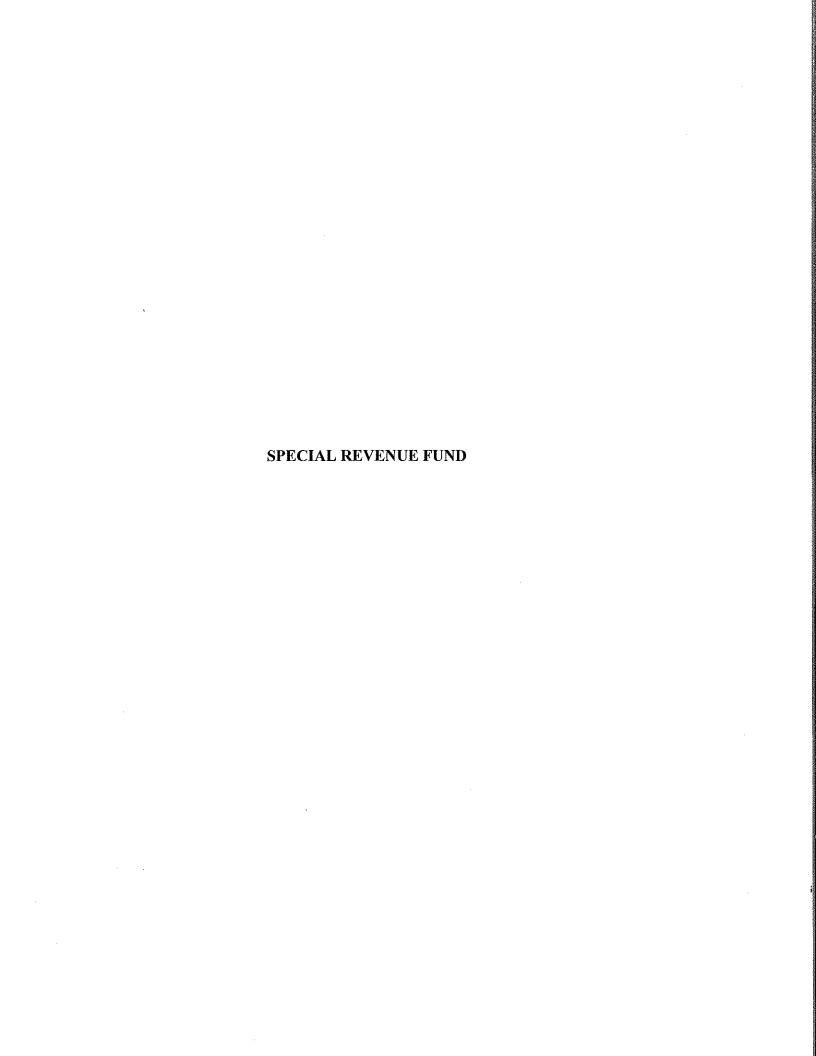
Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculating the net pension liability and statutorily

required employer contribution are presented in Note 5.



RAHWAY SCHOOL DISTRICT SPECIAL REVENUE FUND COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		_	IDEA														
	Exhibit E-1 Totals	a 	Basic 2015-16		Preschool 2015-16		Race to the Top		<u>Title I</u>		Title II-A		Title III		Fitle III nmigrant		Grand Total
REVENUES																	
Intergovernmental	\$ 692,															\$	692.448
State Federal		. 9	1,032,190	ç	28,036	¢	3,748	¢	559,806	¢	131.134	ç	76,447	ς	4,139	D	1.835.500
Local	90.		1,032,190	D	26,030	J.	3.740	Ф	339,800	Ф	151.154	J	70,447	3	-,137		90,333
Local										*****							
Total Revenues	\$ 782.	781 5	1.032.190	<u>s</u>	28,036	\$	3,748	\$	559,806	\$	131,134	<u>\$</u>	76.447	<u>s</u>	4,139	\$	2,618,281
EXPENDITURES																	
Instruction																	
Salaries of Teachers	\$ 390.							\$	368,419	S	56.373		7.644	\$	441	\$	822,956
Other Salaries for Instruction	163,	85							45.477				53.095		2,849		264,606
Purchased Prof. and																	
Educational Services									19.801								19,801
Tuition				5	28,036				1,400		1.943		1 202		261		890,258 52,688
General Supplies		908 587	42,893						8.000		1.943		1,283 8,916		201		17.503
Textbooks Other Objects		289	-				_		8,000		-		6.910		-		289
Other Objects						_		_									
Total Instruction	559.)48	905,115	_	28,036	_		_	443,097		58.316		70.938		3,551		2,068,101
Support Services																	
Salaries of Supervisors of Instruction	88,														336		88,575
Salaries of Other Prof. Staff	21.								4,574								26,361
Salaries of Sec. & Clerical Asst.	30,																30,028
Personai Svcs-Employee Benefits	15,								99,618		17,244		4.749		252		137,049
Purchased Prof. Educ. Services	31,		101,135			\$	3,601		200		39.250		676				176,151
Other Purchased Prof. Services	20,		769						1,225 11,092								21,994 14,192
Contracted Services- Transp.		715	2,385 13,908						11.092		14,924		84				28,916
Other Purchased Services Supplies and Materials		300	8,878				147				1,400		64				22.725
Other Objects		189	0,0/0		_		1/				1,400		_		_		4.189
Oner Objects												_					7,107
Total Support Services	223.	733	127,075	_			3,748		116,709		72,818	_	5,509		588	_	550,180
Total Expenditures	\$ 782.	781	1,032,190	\$	28,036	\$	3,748	\$	559,806	<u>\$</u>	131.134	<u>s</u>	76,447	\$	4,139	\$	2,618,281

RAHWAY SCHOOL DISTRICT SPECIAL REVENUE FUND COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	P	reschool			NJ Non-Public Aid											Other Local/		Totals	
	E	ducation <u>Aid</u>	Textbook		Nursing	3	l'echnology		Security		NJSBAIG <u>Grant</u>		Amistad Training		Merck		Private Grants	Carried Forward	
REVENUES																			
Intergovernmental			_					_											
State	\$	687,972	\$ 587	7 \$	3,240	\$	334	\$	315		11.120	•	1777		22.525		24.240	\$	692,448
Local Sources							_			_	11,139	<u>.</u>	17.271	<u>></u>	37,575	2	24.348		90,333
Total Revenues	<u>s</u>	687,972	\$ 587	<u>\$</u>	3,240	\$	334	<u>\$</u>	. 315	<u>s</u>	11,139	\$	17,271	<u>\$</u>	37,575	\$	24,348	<u>\$</u>	782,781
EXPENDITURES																			
Instruction																			
Salaries of Teachers	\$	377.010												\$	12,669	\$	400	\$	390,079
Other Salaries for Instruction		162.202															983		163,185
General Supplies															4,098		810		4,908
Textbooks			\$ 58	7															587
Other Objects						_			_		-			******	-		289		289
Total Instruction		539,212	58′	7	-			_			-	_			16,767		2,482		559,048
Support Services																			
Salaries of Supervisors of Instruction		83,580													4,659				88.239
Salaries of Other Prof. Staff		20,446													1,341				21,787
Salaries of Sec. & Clerical Asst.		30,028																	30,028
Personal Sves-Employee Benefits		14,706													480				15,186
Purchased Prof. Educ. Services					3.240	\$	334	\$	315			\$	15.000		12,400				31,289
Other Purchased Prof. Services																	20.000		20.000
Contracted Services- Transp.										_					274		441		715
Supplies and Materials										\$	11,139				186		975		12,300
Other Objects			-		-			_		-		_	2,271	_	1,468	_	450		4,189
Total Support Services		148,760			3,240		334		315		11,139	_	17,271		20,808	_	21,866		223,733
Total Expenditures	\$	687.972	\$ 58	7 \$	3,240	\$	334	\$_	315	\$	11,139	\$	17,271	\$	37,575	\$	24,348	\$	782,781

RAHWAY SCHOOL DISTRICT SPECIAL REVENUE FUND STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

District-Wide Totals

District-wide Totals					Variance Final
	Original <u>Budget</u>	Adjustments	Modified <u>Budget</u>	<u>Actual</u>	Budget to Actual
Instruction Salaries of Teachers Other Salaries for Instruction General Supplies	\$ 363,503 184,319	\$ 13,507 (19,895)	\$ 377,010 164,424	\$ 377,010 162,202	\$ 2,222
Total Instruction	547,822	(6,388)	541,434	539,212	2,222
Support Services Salaries of Supervisors of Instruction	79,715	3,866	83,581	83,580	I
Salaries of Other Professional Staff Salaries of Secretarial and Clerical Asst.	30,804 28,747	(10,357) 1,281	20,447 30,028	20,446 30,028	I
Personal Services - Employee Benefits	3,018	11,688	14,706	14,706	***************************************
Total Support Services	142,284	6,478	148,762	148,760	2
Total Expenditures	\$ 690,106	\$ 90	\$ 690,196	\$ 687,972	\$ 2,224
	Calculation of Bu	udget & Carryove	<u>.</u>		
		vised 2015-16 Pre Preschool Education Cano	on Aid Carryover		\$ 687,999 69,840
	Total Preschool E Less: 2015-16 Budg			-	757,839
			buc	lgeted carryover)	690,196
A	vailable & Unbudgeted	Preschool Educat	ion Aid Funds as	of June 30, 2016	67,643
	Add: J	June 30, 2016 Und	expended Prescho	ol Education Aid	2,224
		2015-16 C	arryover- Prescho	ol Education Aid	\$ 69,867
2015-16 Presch	nool Education Aid Car	ryover Budgeted	for Preschool Pro	grams in 2016-17	\$



RAHWAY SCHOOL DISTRICT CAPITAL PROJECTS FUND SUMMARY SCHEDULE OF PROJECT EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original <u>Appropriations</u>	Prior Year <u>Transfers</u>	Expenditu Prior Years	res to Date Current Year	Balance <u>June 30, 2016</u>
2009 Referendum					
High School Room Renovations	\$ 11,465,395	\$ 974,673	12,424,557		\$ 15,511
High School Electrical Service and Distribution Upgrades	299,026	450	298,268		1,208
High School Roof Replacement	1,253,680	-	1,253,680		
High School Window, HVAC and Electrical Upgrades	1,294,684	(45,673)	1,249,011		
Middle School Room Renovations	2,621,177	405,659	2,984,855		41,981
Middle School Boilers, Fire Alarms and Electrical Panels	4,806,199	21,029	4,796,868		30,360
Franklin School Fire Alarm System Replacement	203,323	62,161	265,484		
Cleveland School Additions and Renovations	8,707,838	(508,776)	8,128,935	\$ 5,000	65,127
Cleveland School Electrical Service Upgrades	206,541	(1)	206,239		301
Cleveland School Fire Alarm System Replacement	130,208	62,183	192,391		
Madison School Fire Alarm System Replacement and Installation of Secure Entry Vestibule	256,044	(1)	256,043		
Roosevelt School Fire Alarm System and Security Doors	196,995	(1) 88,035	285,030		,
High School Photovoltaic Panels	1,385,387	(565,646)	819,741		
Middle School Photovoltaic Panels	1,272,873	(494,093)	778,780		
ivilidate School i notovortate i ancis	1,212,013	(+7+,073)	770,700		
High School Athletic Field Improvements	757,704		757,704		-
High School New Emergency Generator	244,000			117,612	126,388
Cleveland School Boiler Replacement	263,000		168,280	_	94,720
	\$ 35,364,074	\$	\$ 34,865,866	\$ 122,612	\$ 375,596
			Unexpended Project Autho	rizations	\$ 375,596
			Add: Excess Proceeds - Res		7,286
			Less: Unearned Revenue -		(141,950)
			Unfunded Local Shar	-	(69,564)
			Fund Balance (GAAP Basi	s)	\$ 171,368

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenues and Other Financing Sources Local Sources	
	£ 1.126
Interest on Investments	\$ 1,126
Total Revenues and Other Financing Sources	1,126
Expenditures and Other Financing Uses	
Construction Services	122,612
Operating Transfers Out	1,126
Total Expenditures and Other Financing Uses	123,738
Excess (Deficiency) of Revenues and Other Financing Sources Over	
(Under) Expenditures and Other Financing Uses	(122,612)
Fund Balance- Beginning of Year	435,930
Tund Balance- Beginning of Teat	455,750
Fund Balance- Ending of Year	\$ 313,318
Recapitulation:	
Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Year End Encumbrances	34,546
Available for Capital Project Expenditures	271,486
	313,318
Reconciliation to Governmental Funds Statements (GAAP):	
Unearned Revenue - SDA Grants	(141,950)
Officiality DDI Office	(11,500)
Fund Balance, GAAP Basis	\$ 171,368

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS HIGH SCHOOL ROOM RENOVATIONS

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ļ	Prior Periods	<u>Curre</u>	ıt Year		<u>Totals</u>	A	Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources								
State Sources- SDA Grant	\$	4,304,169			\$	4,304,169	\$	4,304,169
Bond Proceeds		8,135,899	\$		_	8,135,899		8,135,899
Total Revenues and Other Financing Sources		12,440,068			_	12,440,068		12,440,068
Expenditures and Other Financing Uses								
Purchased Professional Services		917,783				917,783		917,783
Supplies and Materials		161,468				161,468		161,468
Construction Services		11,345,306			_	11,345,306		11,360,817
Total Expenditures and Other Financing Uses		12,424,557			_	12,424,557		12,440,068
Excess (deficiency) of Revenues and Other Financing Sources								
over (under) Expenditures and Other Financing Uses	\$	15,511	\$	#	\$	15,511	<u>\$</u>	-
Additional project information:								
Project Number	42	90-050-09-1013						
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	\$	974,673						
Revised Authorized Cost	\$	12,440,068						
Percentage Increase(Decrease) Over Original								
Authorized Cost		8.5%						
Percentage Completion		99.88%						
Original Target Completion Date		6/2012						
Revised Target Completion Date		6/2015						

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, 2016

	<u>Pri</u>	ior Periods	Current Year		<u>Totals</u>		Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources							
State Sources- SDA Grant	\$	142,815		\$	142,815	\$	142,815
Bond Proceeds		156,661	-		156,661		156,661
Total Revenues and Other Financing Sources		299,476			299,476		299,476
Expenditures and Other Financing Uses							
Purchased Professional Services		48,468			48,468		48,468
Construction Services		249,800	<u>\$</u>		249,800		251,008
Total Expenditures and Other Financing Uses		298,268			298,268		299,476
Excess (deficiency) of Revenues and Other Financing Sources							
over (under) Expenditures and Other Financing Uses	\$	1,208	<u> </u>	<u>\$</u>	1,208	<u>\$</u>	-
Additional project information:							
Project Number	4290	-050-09-2001					
Grant Date		/21/2009					
Bond Authorization Date	13	2/15/2009					
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		99.60%					
Original Target Completion Date		6/2012					
Revised Target Completion Date		6/2014					

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, 2016

	Prior Periods		Current Year		<u>Totals</u>	A	Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources							
State Sources- SDA Grant	\$	618,341		\$	618,341	\$	618,341
Bond Proceeds		630,670			630,670		630,670
Total Revenues and Other Financing Sources		1,249,011		_	1,249,011	_	1,249,011
Expenditures and Other Financing Uses							
Purchased Professional Services		105,205			105,205		105,205
Construction Services		1,143,806	-	_	1,143,806		1,143,806
Total Expenditures and Other Financing Uses		1,249,011		-	1,249,011		1,249,011
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	429()-050-09-2003					
Grant Date	:	5/21/2009					
Bond Authorization Date	1	2/15/2009					
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		100,00%					
Original Target Completion Date		6/2012					
Revised Target Completion Date		7/2013					
Revised Target Completion Date		.,					

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS MIDDLE SCHOOL ROOM RENOVATIONS

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods		Current Year		<u>Totals</u>		Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources							
State Sources- SDA Grant	\$	1,251,875		\$	1,251,875	\$	1,251,875
Bond Proceeds	_	1,774,961	\$ -	_	1,774,961	_	1,774,961
Total Revenues and Other Financing Sources	_	3,026,836		_	3,026,836		3,026,836
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	******	2,473,186	-		2,473,186		2,515,167
Total Expenditures and Other Financing Uses	****	2,984,855			2,984,855		3,026,836
Excess (deficiency) of Revenues and Other Financing Sources							
over (under) Expenditures and Other Financing Uses	\$	41,981	<u> - </u>	<u>\$</u>	41,981	\$	
Additional project information:							
Project Number	42	50-060-09-2015					
Grant Date	12.	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	\$	405,659					
Revised Authorized Cost	\$	3,026,836					
Percentage Increase(Decrease) Over Original							
Authorized Cost		15.5%					
Percentage Completion		98.61%					
Original Target Completion Date		6/2012					
Revised Target Completion Date		7/2013					

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, 2016

	Prior Periods		Prior Periods Current Year Tota		<u>Totals</u>	Revised Authorized <u>Cost</u>		
Revenues and Other Financing Sources			•					
State Sources- SDA Grant	\$	2,295,442		\$	2,295,442	\$	2,295,442	
Bond Proceeds		2,531,786	,		2,531,786		2,531,786	
Total Revenues and Other Financing Sources		4,827,228		_	4,827,228		4,827,228	
Expenditures and Other Financing Uses								
Purchased Professional Services		377,344			377,344		377,344	
Construction Services		4,419,524	, · · · · · · · · · · · · · · · · · · ·		4,419,524	—	4,449,884	
Total Expenditures and Other Financing Uses		4,796,868			4,796,868		4,827,228	
Excess (deficiency) of Revenues and Other Financing Sources								
over (under) Expenditures and Other Financing Uses	<u>\$</u>	30,360	<u> </u>	<u>\$</u>	30,360	\$	F	
Additional project information:								
Project Number	425	50-060-09-2004						
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						

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, 2016

	Prior Periods		Current Year		<u>Totals</u>	A	Revised uthorized <u>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
Total Revenues and Other Financing Sources		8,199,062		_	8,199,062	_	8,199,062
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	\$ 5,000		6,818,775		6,883,902
Total Expenditures and Other Financing Uses		8,128,935	5,000	_	8,133,935		8,199,062
Excess (deficiency) of Revenues and Other Financing Sources							
over (under) Expenditures and Other Financing Uses	<u>\$</u>	70,127	\$ (5,000)	<u>\$</u>	65,127	<u>\$</u>	-
Additional project information:			•				
Project Number	42	90-090-09-1014					
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		99.21%					•
Original Target Completion Date		6/2012					
Revised Target Completion Date		7/2013					

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, 2016

	Prior Periods		Prior Periods Current Year		<u>Totals</u>		Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources							
State Sources- SDA Grant	\$	98,644		\$	98,644	\$	98,644
Bond Proceeds	Ψ	107,896	_	Ψ	107,896	Ψ	107,896
							
Total Revenues and Other Financing Sources		206,540			206,540		206,540
Expenditures and Other Financing Uses							
Purchased Professional Services		51,239			51,239	-	51,239
Construction Services		155,000			155,000		155,301
Total Expenditures and Other Financing Uses		206,239			206,239		206,540
Excess (deficiency) of Revenues and Other Financing Sources							
over (under) Expenditures and Other Financing Uses	\$	301	\$ -	<u>\$</u>	301	\$	
Additional project information:	4200	000 00 1000					
Project Number		-090-09-1006 /29/2009					
Grant Date Bond Authorization Date		2/15/2009					
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					

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS HIGH SCHOOL ATHLETIC FIELD IMPROVEMENTS FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods		Prior Periods Current Year Total		<u>Totals</u>		Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources							
Local Sources - City On Behalf	\$	570,000		\$	570,000	\$	570,000
Transfer from Capital Outlay	Ψ	170,000		Ψ	170,000	4	170,000
Transfer from Capital Reserve		17,704	_		17,704		17,704
Total Revenues and Other Financing Sources		757,704	-		757,704		757,704
			•		,,		
Expenditures and Other Financing Uses							
Purchased Professional Services		151,152			151,152		151,152
Construction Services		606,552			606,552		606,552
Total Expenditures and Other Financing Uses		757,704			757,704		757,704
Excess (deficiency) of Revenues and Other Financing Sources							
over (under) Expenditures and Other Financing Uses	\$		\$ -	<u>\$</u>		\$	-
Additional project information:							
Project Number		N/A					
Grant Date		N/A					
Bond Authorization Date		N/A					
Bonds Authorized		N/A					
Bonds Issued		N/A					
Original Authorized Cost	\$	740,000					
Additional Authorized Cost	\$	17,704					
Revised Authorized Cost	\$	757,704					
Percentage Increase(Decrease) Over Original							
Authorized Cost		2.4%					
Percentage Completion		100.00%					
Original Target Completion Date		6/2015					
Revised Target Completion Date		6/2015					

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS HIGH SCHOOL NEW EMERGENCY GENERATOR

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods		<u>Cur</u>	rent Year		<u>Totals</u>		Revised uthorized <u>Cost</u>
Revenues and Other Financing Sources								
State Sources- SDA Grant	\$	111,877			\$	111,877	\$	111,877
Transfer from Capital Reserve		132,123				132,123		132,123
Total Revenues and Other Financing Sources		244,000				244,000		244,000
Expenditures and Other Financing Uses								
Purchased Professional Services						-		24,000
Construction Services	,		\$	117,612	_	117,612		220,000
Total Expenditures and Other Financing Uses		-		117,612		117,612		244,000
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$	244,000	\$	(117,612)	\$	126,388	<u>\$</u>	
Additional project information:								
Project Number	4290	0-050-14-1002						
Grant Date	,	2/11/2014						
Bond Authorization Date		N/A						
Bonds Authorized		N/A						
Bonds Issued		N/A						
Original Authorized Cost	\$	244,000						
Additional Authorized Cost	\$	-						
Revised Authorized Cost	\$	244,000						
Percentage Increase(Decrease) Over Original								
Authorized Cost		0.0%						
Percentage Completion		48.20%						
Original Target Completion Date		6/2016						
Revised Target Completion Date		6/2016						

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS CLEVELAND SCHOOL BOILER REPLACEMENT FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods		Prior Periods Current Year Totals		<u>Totals</u>	Revised Authorized <u>Cost</u>		
Revenues and Other Financing Sources								
State Sources- SDA Grant	\$	120,589		\$	120,589	\$	120,589	
Transfer from Capital Reserve		142,411	-	_	142,411		142,411	
Total Revenues and Other Financing Sources		263,000			263,000		263,000	
Expenditures and Other Financing Uses								
Purchased Professional Services		8,380			8,380		20,000	
Construction Services		159,900		_	159,900	_	243,000	
Total Expenditures and Other Financing Uses		168,280			168,280		263,000	
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$	94,720	\$ -	\$	94,720	\$	u.	
Additional project information:								
Project Number	429	0-050-14-1002						
Grant Date		12/11/2014						
Bond Authorization Date		N/A						
Bonds Authorized		N/A						
Bonds Issued		N/A						
Original Authorized Cost	\$	263,000						
Additional Authorized Cost	\$	-						
Revised Authorized Cost	\$	263,000						
Percentage Increase(Decrease) Over Original								
Authorized Cost		0.0%						
Percentage Completion		63.98%						
Original Target Completion Date		6/2016						
Revised Target Completion Date		6/2016						



RAHWAY SCHOOL DISTRICT ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION AS OF JUNE 30, 2016

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

ENTERPRISE FUNDS COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

THIS STATEMENT IS NOT APPLICABLE

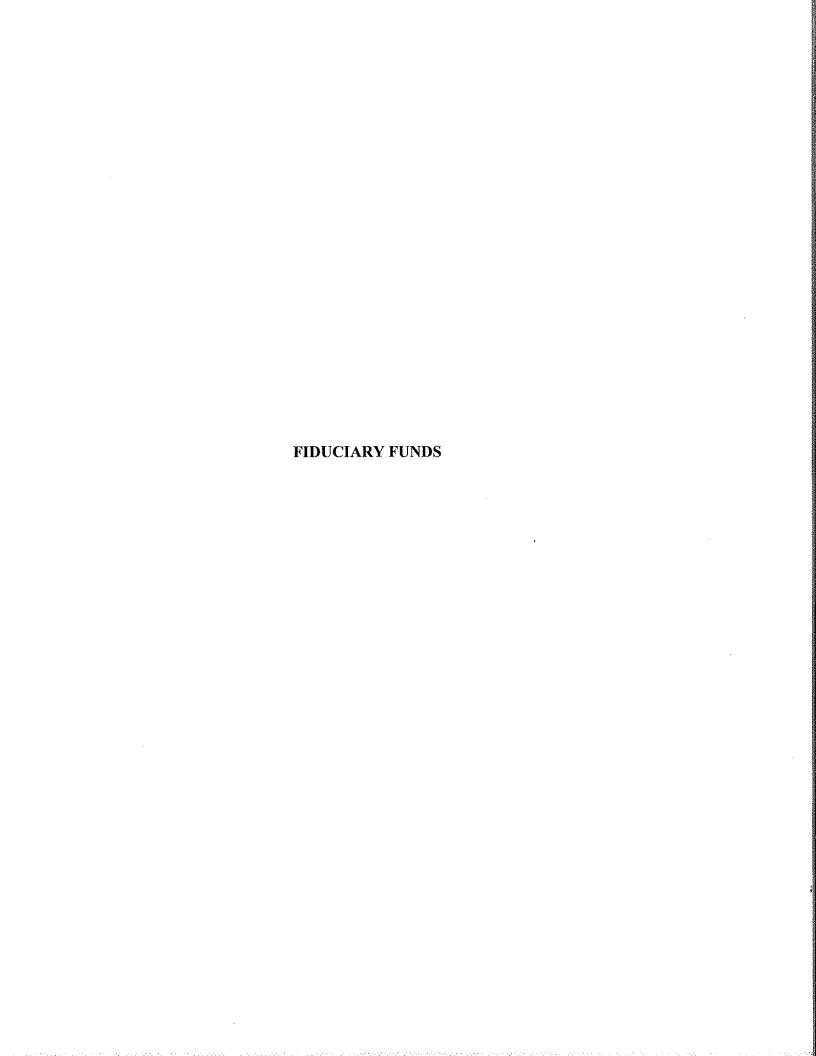
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

ENTERPRISE FUNDS COMBINING STATEMENTS OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6



RAHWAY SCHOOL DISTRICT FIDUCIARY FUNDS COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES AS OF JUNE 30, 2016

	Student <u>Activity</u>	Payroll		Total Agency Fund	
ASSETS					
Cash and Cash Equivalents	\$ 144,864	\$ 1,554,853	\$	1,699,717	
Total Assets	\$ 144,864	\$ 1,554,853	<u>\$</u>	1,699,717	
LIABILITIES					
Due to Student Groups	\$ 144,864		\$	144,864	
Accrued Salaries & Wages		\$ 13,913		13,913	
Summer Savings		1,513,275		1,513,275	
Payroll Deductions and Withholdings		14,027		14,027	
Reserve for Flex Spending Account		11,798		11,798	
Due to Other Funds	 -	 1,840		1,840	
Total Liabilities	\$ 144,864	\$ 1,554,853	\$	1,699,717	

RAHWAY SCHOOL DISTRICT STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016

School	Balance, <u>July 1, 2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, <u>June 30, 2016</u>
ELEMENTARY SCHOOLS				
Madison	\$ 3,930	\$ 11,205	\$ 13,051	\$ 2,084
Grover Cleveland	6,240	10,516	10,023	6,733
Roosevelt School	17,606	50,889	54,435	14,060
Franklin	5,975	41,481	33,099	14,357
Total Elementary Schools	33,751	114,091	110,608	37,234
Rahway Middle School	19,380	55,162	58,555	15,987
Rahway High School	100,268	249,693	256,270	93,691
Athletics	7,467	58,989	68,504	(2,048)
Total High School	107,735	308,682	324,774	91,643
Total All Schools	\$ 160,866	\$ 477,935	\$ 493,937	\$ 144,864

RAHWAY SCHOOL DISTRICT PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

			Deletions	Balance, June 30, <u>2016</u>		
<u>Assets</u>						
Cash and Cash Equivalents Due from Other Funds	\$	184,423	\$ 44,240,111	\$	42,869,681 1,269,910	\$ 1,554,853
Total Assets	\$	1,454,333	\$ 44,240,111	\$	44,139,591	\$ 1,554,853
Liabilities						
Payroll Deductions and Withholdings	\$	17,037	\$ 20,952,139	\$	20,955,149	\$ 14,027
Accrued Salaries and Wages		15,129	21,739,360		21,740,576	13,913
Summer Savings		1,407,894	1,513,275		1,407,894	1,513,275
Reserve for Flex Spending Account		12,607	34,368		35,177	11,798
Due to Other Funds		1,666	 969		795	 1,840
Total Liabilities	\$	1,454,333	\$ 44,240,111	<u>\$</u>	44,139,591	\$ 1,554,853

LONG-TERM DEBT

RAHWAY SCHOOL DISTRICT LONG-TERM DEBT GROUP SCHEDULE OF PAYABLE BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	Date of <u>Issue</u>	Amount of <u>Issue</u>	<u>Annual N</u> <u>Date</u>	Maturities Amount	Interest <u>Rate</u>	Balance, <u>July 1, 2015</u>	Retired	Balance, <u>June 30, 2016</u>
Taxable Refunding Bonds	04/01/03	\$ 3,025,000	04/01/17 04/01/18 04/01/19 04/01/20	\$ 220,000 230,000 245,000 255,000	5.29% 5.29% 5.93% 5.93%	\$ 1,155,000	\$ 205,000	\$ 950,000
2011 School Bonds	2/15/2011	22,800,000	2/15/2017 2/15/2018 2/15/2019 2/15/2020 2/15/2021 2/15/2022	875,000 900,000 925,000 950,000 1,400,000 1,425,000	3.50% 3.50% 3.50% 3.50% 4.00%			
			2/15/2023-30	1,450,000	4.00%	18,925,000	850,000	18,075,000
						\$ 20,080,000	\$ 1,055,000	\$ 19,025,000
				Paid by Budge	Appropriat	ion	\$ 1,055,000	

RAHWAY SCHOOL DISTRICT LONG-TERM DEBT SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Description</u>	Amount of Original issue	Annual <u>Date</u>		rities Amount	Interest <u>Rate</u>	Balance, <u>July 1, 2015</u>	Retired	Balance, ne 30, 2016
Private Placement Refunding of Certificates of Participation	\$ 6,050,000	02/15/17 02/15/18 02/15/19 02/15/20	\$	620,000 645,000 670,000 695,000	3.97% 3.97% 3.97% 3.97%	\$ 3,225,000	\$ 595,000	\$ 2,630,000
			Paid	d by Budget	Appropriat	ion	\$ 595,000	

RAHWAY SCHOOL DISTRICT LONG-TERM DEBT SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Description</u>	nount of ginal issue	Annual <u>Amount</u>	Interest <u>Rate</u>	Balance, <u>July 1, 2015</u>		<u>Issued</u>		Retired		Balance, ne 30, 2016
Computer Equipment	\$ 678,816	Various	3.510%	\$	227,640		\$	227,640	\$	-
Various Acquisitions and Improvements	440,000	Various	3.165%		285,476			92,210		193,266
Computer Equipment	898,673	Various	3.150%		663,433	\$ -		214,313		449,120
				\$	1,176,549	\$ -	<u>\$</u>	534,163	<u>\$</u>	642,386

RAHWAY SCHOOL DISTRICT BUDGETARY COMPARISON SCHEDULE DEBT SERVICE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments		Final Budget		Actual		ance Final et to Actual
REVENUES:	 							
Local Sources:								
Local Tax Levy	\$ 2,341,924		\$	2,341,924	\$	2,341,924		
State Sources:								
Debt Service Aid	 213,078			213,078		213,078		
Total Revenues	 2,555,002	-		2,555,002		2,555,002		
EXPENDITURES:								
Regular Debt Service: Principal Payments - Lease Purchases	595,000			595,000		595,000		
Interest - Lease Purchases	128,033			128,033		128,032	€.	1
Interest - Early Retirement Bonds	64,300			64,300		64,300	Ų.	1
Interest on Bonds	732,375			732,375		732,375		
Redemption of Principal	1,055,000	_	•	1,055,000		1,055,000		-
•	 			· · · · · · · · · · · · · · · · · · ·				
Total Regular Debt Service	 2,574,708			2,574,708		2,574,707		1
Total Expenditures	 2,574,708			2,574,708		2,574,707		1
Excess of Revenues Over								
Expenditures	(19,706)	-		(19,706)		(19,705)		1
Fund Balance, Beginning of Year	 19,707	-		19,707		19,707		pts
Fund Balance, End of Year	\$ 1	\$	\$	1	<u>\$</u>	2	<u>\$</u>	1
Recapitulation of Fund Balance: Restricted for Debt Service Designated for Subsequent Year's Expenditures Available for Future Debt Service Obligations					\$	1 1		
					\$	2		

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 TEN FISCAL YEARS (Unaudited)

(accrual basis of accounting)

Fiscal Year Ended June 30,											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Governmental Activities Net Investment in Capital Assets Restricted Unrestricted	\$ 13,801,932 1,113,178 (2,495,339)	\$ 13,867,473 139,670 (1,273,987)	\$ 14,626,746 307,072 (697,136)	\$ 15,584,645 69,671 (2,034,622)	\$ 18,787,587 69,771 1,127,184	\$ 25,431,951 527,681 1,190,788	\$ 27,654,109 669,972 28,717	\$ 28,376,683 943,686 (13,844,069)	\$ 30,207,183 997,352 (13,893,485)	\$ 30,063,065 794,434 (13,856,923)	
Total Governmental Activities Net Position	\$ 12,419,771	\$ 12,733,156	\$ 14,236,682	\$ 13,619,694	S 19,984,542	\$ 27,150,420	\$ 28,352,798	\$ 15,476,300	\$ 17,311,050	\$ 17,000,576	
Business-Type Activities Net Investment in Capital Assets Unrestricted	\$ 165,461 312,597	\$ 171,299 330,784	\$ 235,137 205,565	\$ 265,576 154,235	S 265,472 184,596	\$ 256,225 231,009	\$ 264,677 195,444	\$ 233,410 228,535	\$ 218,345 262,250	\$ 210,704 327,426	
Total Business-Type Activities Net Position	\$ 478,058	\$ 502,083	\$ 440,702	\$ 419,811	\$ 450,068	\$ 487,234	\$ 460,121	<u>\$</u> 461,945	\$ 480,595	\$ 538,130	
District-Wide Net Investment in Capital Assets Restricted Unrestricted	\$ 13,967,393 1,113,178 (2,182,742)	\$ 14,038,772 139,670 (943,203)	\$ 14,861,883 307,072 (491,571)	\$ 15,850,221 69,671 (1,880,387)	\$ 19,053,059 69,771 1,311,780	\$ 25,688,176 527,681 1,421,797	\$ 27,918,786 669,972 224,161	\$ 28,610,093 943,686 (13,615,534)	\$ 30,425,528 997,352 (13,631,235)	\$ 30,273,769 794,434 (13,529,497)	
Total District Net Position	\$ 12,897,829	\$ 13,235,239	\$ 14,677,384	\$ 14,039,505	\$ 20,434,610	\$ 27,637,654	\$ 28,812,919	\$ 15,938,245	\$ 17,791,645	\$ 17,538,706	

Source: District financial statements

Note 1 - Net position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

RAHWAY SCHOOL DISTRICT CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	******								***************************************	
Expenses										
Governmental Activities										
Instruction					22 542 542		2 25 221 412			
Regular	\$ 24,007,786	\$ 23,813,147	\$ 22,173,733	\$ 22,220,613	\$ 23,568,789	\$ 23,888,111	\$ 25,821,649	\$ 25,260,411	\$ 29,461,782	\$ 30,435,067
Special Education	9,697,349	10,170,914	10,359,294	11,222,777	11,451,321	11,636,310	12,535,921	12,586,875	13,953,279	15,323,175
Other Instruction	1,657,568	1,756,645	2,962,843	5,441,177	4,061,426	4,108,964	4,692,567	4,860,384	5,910,360	6,366,627
School Sponsored Activities And Athletics	934,575	1,018,971	1,085,334	1,098,023	1,049,424	1,074,072	1,177,594	1,249,951	1,864,893	1,509,226
Support Services:										
Student & Instruction Related Services	6,527,734	7,146,995	7,288,681	8,122,908	7,473,003	8,018,218	8,833,846	8,897,984	10,061,008	10,378,087
School Administrative Services	3,181,026	3,234,838	3,033,637	2,906,966	2,537,009	2,996,306	3,166,528	3,186,233	3,744,723	3,905,494
General and Business Administration	2,223,804	2,506,359	2,271,089	2,584,292	2,117,293	2,689,673	2,244,216	2,322,957	2,410,863	2,611,111
Plant Operations And Maintenance	3,832,666	4,418,458	5,054,411	5,440,585	4,573,440	5,466,038	5,464,098	6,218,664	5,421,145	6,118,554
Pupil Transportation	2,890,536	2,680,514	2,696,878	2,752,725	2,640,741	2,790,171	2,840,044	2,850,016	2,979,789	3,188,226
Interest On Long-Term Debt	431,557	672,559	462,604	718,404	1,205,961	1,172,265	1,115,673	1,011,585	1,010,774	964,640
Unallocated Depreciation	826,269	775,298	823,193	851,731	849,664	849,755	841,318	854,153	829,339	2,088,171
Changeated Depresiation	020,207	775,250		031,731	517,001		041,510	654,155	627,537	2,000,171
Total Governmental Activities Expenses	56,210,870	58,194,698	58,211,697	63,360,201	61,528,071	64,689,883	68,733,454	69,299,213	77,647,955	82,888,378
Business-Type Activities:										
Food Service	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792	1,824,015	1,847,465
Total Business-Type Activities Expense	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792	1,824,015	1,847,465
The ADD Control of	A 57 (46 062	Ø 60 676 049	0 00017050	A 45.061.240	0 (2.120.0/6	6 66 353 046	Ø 70.500.007	* 31.007.005	e eo 421 020	0 04705040
Total District Expenses	\$ 57,646,063	\$ 59,675,248	\$ 59,817,256	\$ 65,051,340	\$ 63,139,265	\$ 66,352,046	\$ 70,522,827	\$ 71,097,005	\$ 79,471,970	\$ 84,735,843
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 37,654	\$ 27,300	\$ 11.902	\$ 31,577				\$ 134,282	\$ 236,132	\$ 331,789
Operating Grants And Contributions	14,540,431	15,058,395	10,359,049	14,345,346	\$ 10,301,085	\$ 11,163,717	\$ 11,965,006	11,361,400	18,852,052	21,803,690
Capital Grants And Contributions	41,169	10,000,000		795,923	2,735,332	6,074,067	1,695,651	68,040	762,087	54,915
Capital Crano I and Control		***************************************	***************************************							
Total Governmental Activities Program Revenues	14,619,254	15,085,695	10,370,951	15,172,846	13,036,417	17,237,784	13,660,657	11,563,722	19,850,271	22,190,394
ŭ								***************************************		
Business-Type Activities:										
Charges For Services										
Food Service	708,390	\$ 674,515	\$ 671,312	\$ 680,700	\$ 638,708	\$ 633,039	\$ 600,301	\$ 619,787	\$ 607,632	\$ 641,764
Operating Grants And Contributions	769,710	830,060	872,866	989,548	1,002,743	1,066,290	1,161,959	1,179,829	1,235,033	1,263,236
-1										-,,
Total Business Type Activities Program Revenues	1,478,100	1,504,575	1,544,178	1,670,248	1,641,451	1,699,329	1,762,260	1,799,616	1,842,665	1,905,000
					_					
Total District Program Revenues	\$ 16,097,354	\$ 16,590,270	\$ 11,915,129	\$ 16,843,094	\$ 14,677,868	\$ 18,937,113	\$ 15,422,917	\$ 13,363,338	\$ 21,692,936	\$ 24,095,394

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue Governmental Activities	\$ (41,591,616)	\$ (43,109,003)	\$ (47,840,746)	\$ (48,187,355)	\$ (48,491,654)	\$ (47,452,099)	\$ (55,072,797)	\$ (57,735,491)	\$ (57,797,684)	\$ (60,697,984)
Business-Type Activities	42,907	24,025	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824	18,650	57,535
Business-Type Menvilles	124,500									
Total District-Wide Net Expense	\$ (41,548,709)	\$ (43,084,978)	\$ (47,902,127)	\$ (48,208,246)	\$ (48,461,397)	\$ (47,414,933)	\$ (55,099,910)	\$ (57,733,667)	\$ (57,779,034)	\$ (60,640,449)
General Revenues and Other Changes in Net Position										
Governmental Activities:	£ 21 101 017	\$ 32,455,760	\$ 32,606,723	\$ 33,729,835	\$ 35,456,665	\$ 35,085,956	\$ 36,104,262	\$ 37,911,982	\$ 39,216,163	\$ 40,000,486
Property Taxes Levied For General Purposes, Net Taxes Levied For Debt Service	\$ 31,181,917 1,424,930	344,141	1,078,853	3 33,729,633 747,449	2,378,143	2,308,913	2,353,966	2,360,104	2,359,901	2,341,924
Federal and State Aid - Unrestricted	9,096,605	10,428,288	15,063,039	12,898,546	16,111,871	16,909,704	17,518,403	17,601,370	17,637,507	17,685,449
State Aid Restricted for Debt Service	3,030,002	10,120,200	,,	,,-	,,		122,822	128,002	131,346	136,551
Investment Earnings	209,885	96,349	27,758	33,797	34,303	16,241	540	5,203	5,864	4,958
Miscellaneous Income	60,291	97,850	114,968	160,740	875,520	297,163	243,920	191,998	281,653	218,142
Total Governmental Activities	41,973,628	43,422,388	48,891,341	47,570,367	54,856,502	54,617,977	56,343,913	58,198,659	59,632,434	60,387,510
Total Governmental Activities	41,973,028	43,422,300	40,031,341	47,570,507	54,650,502	34,011,511	30,343,313	36,136,039	39,032,434	00,387,510
Business-Type Activities:										
Investment Earnings										
Transfers					-	-	-		 	
Total Business-Type Activities	<u>-</u>		_					<u></u>		_
Total District-Wide	\$ 41,973,628	\$ 43,422,388	\$ 48,891,341	\$ 47,570,367	\$ 54,856,502	\$ 54,617,977	\$ 56,343,913	\$ 58,198,659	\$ 59,632,434	\$ 60,387,510
Change in Net Position										
Governmental Activities	\$ 382,012	\$ 313,385	\$ 1,050,595	\$ (616,988)	\$ 6,364,848	\$ 7,165,878	\$ 1,271,116	\$ 463,168	\$ 1,834,750	\$ (310,474)
Business-Type Activities	42,907	24,025	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824	18,650	57,535
T of Pin in	E 424.010	e 227.450	e 000.214	e (637.970)	¢ 6206105	¢ 7.202.044	¢ 1 244 002	e 464.002	¢ 1.057.400	e (252.020)
Total District	\$ 424,919	\$ 337,410	\$ 989,214	\$ (637,879)	\$ 6,395,105	\$ 7,203,044	\$ 1,244,003	\$ 464,992	\$ 1,853,400	\$ (252,939)

Source: District financial statements

RAHWAY SCHOOL DISTRICT FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund Reserved Unreserved	\$ 220,594 161,264	\$ 895,754 166,685	\$ 2,624,468 (1,015,267)	\$ 1,756,243 (1,327,256)						
Restricted Assigned Unassigned			-		\$ 3,066,124 885,307 (680,663)	\$ 4,860,253 435,446 (771,180)	\$ 3,711,368 953,457 (809,765)	\$ 3,123,665 1,182,358 (780,017)	\$ 3,266,531 1,561,419 (1,083,300)	\$ 3,242,254 1,313,967 (1,032,327)
Total General Fund	\$ 381,858	<u>\$ 1,062,439</u>	\$ 1,609,201	\$ 428,987	\$ 3,270,768	\$ 4,524,519	\$ 3,855,060	\$ 3,526,006	\$ 3,744,650	\$ 3,523,894
All Other Governmental Funds Reserved Unreserved	\$ 1,024,345	\$ 37,379	\$ 20,958	\$ 4,385,266 17,271,103						
Restricted Unassigned					\$ 16,289,550 (11,674)	\$ 3,742,499	\$ 313,986	\$ 235,327 	\$ 258,772 (8,931)	\$ 171,370
Total All Other Governmental Funds	\$ 1,024,345	\$ 37,379	\$ 20,958	\$ 21,656,369	\$ 16,277,876	\$ 3,742,499	\$ 313,986	\$ 235,327	\$ 249,841	\$ 171,370

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 TEN FISCAL YEARS (Unaudited) (modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 32,606,847	\$ 32,799,901	\$ 33,685,576	\$ 34,477,284	\$ 37,834,808	\$ 37,394,869	\$ 38,458,228	\$ 40,272,086	\$ 41,576,064	\$ 42,342,410
Tuition Charges	37,654	27,300	11,902	31,577				134,282	236,132	331,789
Interest Earnings	209,885	96,349	27,758	33,797	34,303	16,241	29,196	5,203	5,864	4,958
Miscellaneous	184,352	297,223	361,508	447,744	1,092,664	345,290	277,833	229,026	1,015,179	310,280
State Sources	21,585,713	23,172,535	23,181,601	21,829,815	26,172,540	31,083,778	29,116,805	27,194,310	28,279,334	29,006,061
Federal Sources	1,967,805	2,115,150	1,993,947	5,922,996	2,758,604	3,015,583	2,122,508	1,921,288	2,017,130	1,965,221
Total Revenue	56,592,256	58,508,458	59,262,292	62,743,213	67,892,919	71,855,761	70,004,570	69,756,195	73,129,703	73,960,719
Expenditures										
Instruction										
Regular Instruction	23,908,798	23,831,741	22,221,922	22,276,160	23,671,516	23,811,083	25,806,138	25,153,720	26,325,219	26,086,026
Special Education Instruction	9,697,349	10,170,914	10,378,893	11,244,734	11,487,367	11,613,104	12,534,009	12,553,276	13,025,789	13,957,864
Other Instruction	2,592,141	2,775,616	4,053,077	6,548,041	5,125,244	5,169,059	5,868,806	6,110,335	6,529,226	6,764,472
Support Services:	.,,,	, ,	, ,	, .			, ,		• •	, ,
Student and Inst. Related Services	6,488,276	7,157,681	7,340,328	8,126,287	7,540,559	7,921,412	8,832,689	8.887,441	9,409,499	9,142,151
General Administration	1,239,832	1,370,625	1,358,133	1,365,768	979,602	1,002,539	1,081,696	1,078,082	1,097,749	1,185,225
School Administrative Services	3,215,295	3,235,136	3,051,170	2,846,306	2,660,848	2,929,842	3,151,345	3,177,700	3,384,777	3,387,118
Central Services	952,579	1,037,010	934,707	1,184,678	1,186,161	1,174,567	1,240,417	1,187,603	1,263,954	1,308,361
Plant Operations And Maintenance	3,811,657	4,399,827	5,041,200	5,274.866	4,775,164	5,315,600	5,542,099	6,144,933	5,426,941	5,958,799
Pupil Transportation	2,898,811	2,679,536	2,694,158	2,750,005	2,640,741	2,790,171	2,840,044	2,845,722	2,974,809	3,180,317
Capital Outlay	555,775	69,543	2,094,130	2,750,005	8,142,237	18,658,345	5,131,879	609,538	1,213,129	143,181
Debt Service:	333,173	05,545			6,142,237	18,000,040	3,131,017	007,558	1,213,123	145,101
Principal	1,413,047	1,442,644	1,135,223	793,853	1,569,789	1,604,500	1,656,000	1,824,339	2,141,601	2,184,163
Refunding Escrow	396,025	1,442,044	427,692	379,158	1,309,709	1,004,300	1,030,000	1,044,337	2,141,001	2,104,103
Interest and Other Charges	621,385	644,195	95,448	2,298,160	1,176,615	1,147,165	1,096,236	1,031,219	1,002,525	962,269
interest and Other Charges	621,383	644,193	93,440	2,298,160	1,176,613	1,147,163	1,096,236	1,031,219	1,002,323	902,209
Total Expenditures	57,790,970	58,814,468	58,731,951	65,088,016	70,955,843	83,137,387	74,781,358	70,603,908	73,795,218	74,259,946
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,198,714)	(306,010)	530,341	(2,344,803)	(3,062,924)	(11,281,626)	(4,776,788)	(847,713)	(665,515)	(299,227)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	353,241				526,212		678,816	440,000	898,673	
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	931,126	165,970	118,714	118,714	19,040	5,176	440	1,549	505,872	1,126
Transfers Out	(931,126)	(165,970)	(118,714)	(118,714)	(19,040)	(5,176)	(440)	(1.549)	(505,872)	(1,126)
Total Other Financing Sources (Uses)	918,241	(375)	-	22,800,000	526,212	-4	678,816	440,000	898,673	<u>-</u>
Nat Change in Fund Balances	\$ (280,473)	S (306,385)	\$ 530,341	\$ 20,455,197	\$ (2,536,712)	\$ (11,281,626)	\$ (4,097,972)	\$ (407,713)	\$ 233,158	\$ (299,227)
Net Change in Fund Balances	<u> </u>	3 (300,383)	g 230,341	9 20,433,197	s (2,330,112)	<u>s (11,201,026)</u>	<u>9 (+,071,712)</u>	<u>s (407,713)</u>	<u>s</u> 235,138	g (233,121)
Debt Service as a Percentage of										
Noncapital Expenditures	4.25%	3.55%	2.82%	5.33%	4.37%	4.27%	3.95%	4.08%	4.33%	4.25%

^{*} Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

(Unaudi

Fiscal Year Ended <u>June 30,</u>	Interest <u>Earned</u>			Athletic BPU Solar Admissions Rebates		BPU Solar <u>Rebates</u>	E-Rate <u>Reimbursement</u>		<u>Miscellaneous</u>		<u>Total</u>		
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
2015	4,521		236,132	12,270		10,525		43,730		72,520		142,608	522,306
2016	3,632		331,789	28,725		11,636		36,600		51,066		90,315	553,763

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 *
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	2,719,883,294	2.823
2015	11,693,800	965,379,100			128,395,100	288,458,100	51,824,500	1,445,750,600	3,442,157	1,449,192,757	2,525,811,497	2,896
2016	9,648,500	967,400,100			132,439,900	272,162,800	72,261,000	1,453,912,300	3,542,314	1,457,454,614	2,529,176,515	2.935

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)

Calendar <u>Year</u>	<u>Total</u>	Local School <u>District</u>	Municipality	County
2007	\$ 4.585	\$ 2.155	\$ 1.686	\$ 0.744
2008	4.760	2.190	1.760	0.810
2009	4.899	2.199	1.838	0.862
2010	5.128	2.334	1.885	0.909
2011	5.765	2.525	2.291	0.949
2012	5.840	2.590	2.280	0.970
2013	6.047	2.706	2.367	0.974
2014	6.204	2.823	2.399	0.982
2015	6.317	2.896	2.490	0.931
2016	6.389	2.935	2.519	0.935

Source: Tax Duplicate, City of Rahway

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

2016

Taxpayer		Taxable Assessed Value	% of Total District Net Assessed Value
Тахрауст	,	varue	Assessed value
Merck & Co.	\$	214,085,400	14.69%
Park Square TIC LLC		19,003,500	1.30%
80 E Milton Avenue LLC		12,227,600	0.84%
Park Terrace at Rahway, LLC		6,684,500	0.46%
Alard Realty Assoc, LLC		5,477,900	0.38%
3101-15 Ave LLC		5,362,000	0.37%
Family Hospitality LC		5,307,000	0.36%
Rahway Industrial Sites Inc.		4,252,700	0.29%
Woodbridge Plaza LLC		4,025,300	0.28%
Ninette Group LP		3,659,600	0.25%
-	\$	280,085,500	19.10%

2007

Taxpayer	 Taxable Assessed Value		
Merck & Co.	\$ 316,094,200	20.83%	
Park Terrace at Rahway, LLC	6,684,500	0.44%	
Alard Realty Enterprises	5,477,900	0.35%	
Giacobbe Investment Corp.	4,844,700	0.31%	
Woodbridge Plaza, LLC	4,329,500	0.29%	
Rahway Industrial Site	4,311,900	0.29%	
St. Georges Center Assoc.	4,294,800	0.30%	
Verizon	3,912,400	0.27%	
Martin-Elston Assoc.	3,671,700	0.25%	
Ninette Group LP	3,659,600	0.25%	
	\$ 357,281,200	23.34%	

Source: Municipal Tax Assessor

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

Fiscal Year			Collected within the Fiscal Year of the Levy				
Ended June 30,	Taxes Levied for the Fiscal Year			Collections in Subsequent Years			
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			
2015	41,576,064	41,576,064	100.00%	N/A			
2016	42,342,410	42,342,410	100.00%	N/A			

N/A - Not Applicable

Source: District records.

RAHWAY SCHOOL DISTRICT RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS (Unaudited)

Business-Type Governmental Activities Activities Fiscal Certificates Year General Ended Obligation of Capital June 30, Bonds Participation Capital Leases **Total District** Per Capita Leases **Population** 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 27,403 1,122 2011 23,955,000 5,385,000 350,500 27,959 29,690,500 1,062 23,035,000 4,875,000 176,000 28,086,000 28,233 995 2012 2013 22,085,000 4,345,000 678,816 27,108,816 28,450 953 2014 21,100,000 3,795,000 829,477 25,724,477 29,112 884 2015 20,080,000 3,225,000 1,176,549 24,481,549 29,508 830 2016 2,630,000 22,297,386 29,508 * 756 19,025,000 642,386

Source: District records

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

RAHWAY SCHOOL DISTRICT RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS (Unaudited)

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per C	Capita ^b
2007	\$ 3,243,000		\$ 3,243,000	0.21%	\$	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%		857
2012	23,035,000		23,035,000	1.57%		816
2013	22,085,000		22,085,000	1.52%		776
2014	21,100,000		21,100,000	1.46%		725
2015	20,080,000		20,080,000	1.39%		680
2016	19,025,000		19,025,000	1.31%		645

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, 2015 (Unaudited)

	Gross Debt	Deductions	Net Debt
Municipal Debt: (1)			
Rahway School District	\$ 20,080,000	\$ 20,080,000	
City of Rahway	103,914,609	49,645,474	\$ 54,269,135
Total Direct Debt	123,994,609	69,725,474	54,269,135
Overlapping Debt Apportioned to the Municipality:			
Union County (2)			24,062,282
Rahway Valley Sewerage Authority (3)			22,366,188
Total Overlapping Debt			46,428,470
Total Direct and Overlapping Debt			\$ 100,697,605

- (1) Rahway's Chief Financial Officer and Annual Debt Statement December 31, 2015.
- (2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2015 equalized value by the total 2015 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 2015 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis 2015 2014 2013						·				\$ 2,488,811,499 2,499,074,452 2,699,555,894 \$ 7,687,441,845
Average Equalized Valuation Of Taxable I	Property									\$ 2,562,480,615
Debt Limit (4% of Average Equalization Total Net Debt Applicable to Limit Legal Debt Margin										\$ 102,499,225 19,025,000 \$ 83,474,225
noga noot wa gar										Ψ (ν. , Τ (Τ , Δ. Δ.)
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 107,953,611	\$ 125,104,251	\$ 138,942,318	\$ 145,023,398	\$ 143,404,596	\$ 136,347,948	\$ 125,797,577	\$ 116,288,356	\$ 107,165,113	\$ 102,499,225
Total Net Debt Applicable To Limit	3,243,000	2,718,000	2,200,000	24,845,000	23,955,000	23,035,000	22,085,000	21,100,000	20,080,000	19,025,000
Legal Debt Margin	\$ 104,710,611	\$ 122,386,251	\$ 136,742,318	\$ 120,178,398	\$ 119,449,596	\$ 113,312,948	\$ 103,712,577	\$ 95,188,356	\$ 87,085,113	\$ 83,474,225
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.00%	2.17%	1.58%	17.13%	16.70%	16.89%	17.56%	18.14%	18.74%	18.56%

Source: Annual Debt Statements

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

Year Ended December 31,		Per Capita come (A)	Unemployment <u>Rate</u>	School District <u>Population (B)</u>		
2007	\$	51,393	4.8%	27,894		
2008		52,871	6.3%	28,501		
2009		50,238	10.0%	28,998		
2010		51,388	10.1%	27,403		
2011		53,506	10.8%	27,959		
2012		54,649	10.6%	28,233		
2013		54,889	9.0%	28,450		
2014		57,306	7.5%	29,112		
2015	Not	available	6.6%	29,508		
2016	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)

		2016	***************************************	2007
		Percentage of		Percentage of
		Total Municipal		Total Municipal
Employer	Employees	Employment	Employees	Employment

Information for this schedule was not available

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program				***************************************				~~~~		
Instruction										
Regular	244	246	252	253	244	243	240	237	237	237
Special Education	106	106	112	113	110	107	101	103	103	103
Other Special Education	38	38	36	38	33	38	42	48	48	48
Support Services:										
Student and Instruction Related Services	7	10	13	27	29	29	27	28	28	28
General Administration	6	6	6	6	4	4	3	3	3	3
School Administrative Services	29	29	29	29	28	26	26	26	26	26
Central Services	6	5	5	5	5	5	5	6	6	6
Administrative Information Technology	4	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	37	37	37	37	34	34	34	37	37	37
Pupil Transportation	1	1	l	1	1	1	1	1	1	1
Other Support Services	51	52	67	67	54	53	54	65	65	65
Total	529	534	562	580	546	544	537	558	558	558

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment "	Operating spenditures b	Cost Per Pupil °		Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage	
2007	3,911	\$ 54,804,738	\$	14,013	11.12%	280	1:19	I: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	I: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%	
2015	3,674	70,651,092		19,230	5.41%	312	1:13	1:13	1:12	3,749	3,532	0.92%	94.21%	
2016	3,794	70,970,333		18,706	2.36%	315	1:14	I:14	1:13	3,754	3,535	0.13%	94.17%	

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 TEN FISCAL YEARS (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Elementary										
Franklin School										
Square Feet	81,760	81,760	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	661	661
Enrollment	542	542	542	542	542	542	542	542	542	644
Cleveland School										
Square Feet	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	68,825	68,825
Capacity (students)	340	340	340	340	340	340	340	340	532	540
Enrollment	336	336	336	336	336	336	336	336	528	538
Madison School										
Square Feet	54,015	54,015	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	322	322
Enrollment	299	299	299	299	299	299	299	299	299	365
Roosevelt School										
Square Feet	78,810	78,810	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	754	754
Enrollment	666	666	666	666	666	666	666	666	666	627
Middle School										
Square Feet	144,611	144,611	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	913	913
Enrollment	949	949	949	949	949	949	949	949	949	557
High School										
Square Feet	165,833	165,833	165,833	165,833	165,833	165,833	165,833	165,833	176,133	176,135
Capacity (students)	1,084	1,084	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	1,072	1,070
Other										
Square Feet-Ace Building-St Mary's	6,893	6,893	6,893	6,893	6,893	6,893	15,000	15,000	15,000	15,000
Square Feet-Press Box-Vets Field	200	200	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	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	2,930	2,930

Number of Schools at June 30, 2016 Elementary = 4 Middle School = 1 Senior High School =1 Other =5

Source: District Records

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

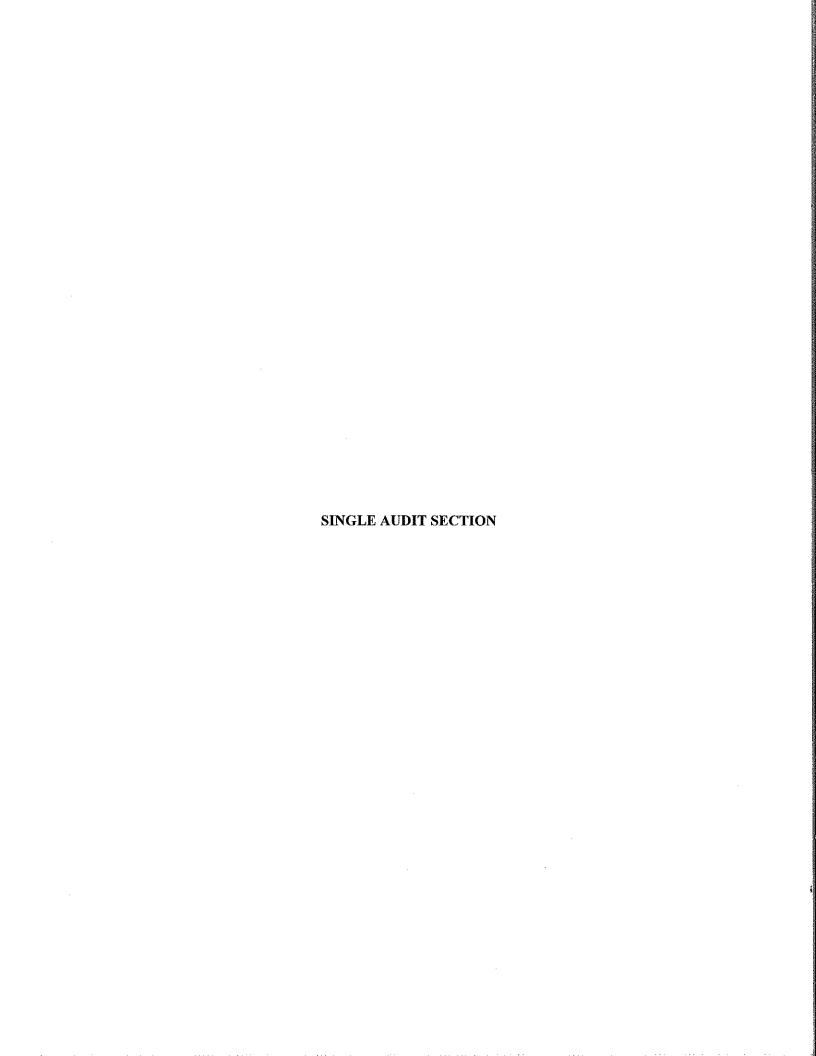
	<u>2007</u>	2008		<u>2009</u>	<u>2010</u>		<u>2011</u>	2012	<u>2013</u>	<u>2014</u>	<u>2015</u>		<u>2016</u>
School Facilities													
Madison	\$ 47,836	\$ 75,	58	\$ 85,013	\$ 49,699	\$	48,028	\$ 56,825	\$ 70,710	\$ 113,789	\$ 72,874	\$	86,606
Grover Cleveland	42,414	74,	42	52,108	105,171		57,798	115,863	75,279	104,084	105,466		69,824
Roosevelt	99,933	98,	99	162,649	108,396		129,306	151,196	114,555	135,447	109,027		105,831
Franklin	67,695	60,	71	89,112	108,899		46,689	96,203	89,737	121,072	137,626		140,108
Middle School	163,868	136,	92	222,881	220,514		92,894	123,840	113,321	92,311	160,453		192,998
High School	 169,311	201,	302	 334,533	 184,318		183,120	 196,034	 290,801	 359,446	 262,409		233,268
Total School Facilities	591,057	648,	264	946,296	776,997		557,835	739,961	754,403	926,149	847,855		828,635
Other Facilities	 5,380	37,	19	 42,524	 148,738		24,247	 57,878	 58,590	 23,540	 77,088	****	52,634
Grand Total	\$ 596,437	\$ 685.	983	\$ 988,820	\$ 925,735	<u>\$</u>	582,082	\$ 797,839	\$ 812,993	\$ 949,689	\$ 924,943	\$	881,269

Source: District records

RAHWAY SCHOOL DISTRICT INSURANCE SCHEDULE JUNE 30, 2016 (Unaudited)

	Coverage	<u>Deductible</u>
NJSBAIG		
Property - Blanket Building & Contents	\$ 138,491,094	\$ 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	10,000,000	per occurrence
Zone "A"; all others at \$10,000 deductible	10,000,000	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	34,790,786	
Worker's Compensation- Non-professional and Driver	2,508,000	
Athletic Accident- Monumental Life Insurance Company:		
All participants- Including Football Student Accident- AIG Life Insurance:	25,000	
	500 000	
Voluntary Participation Interscholastic Athletes	500,000	
Interscholastic Athletes	5,000,000	
NJSBAIG		
Environmental Liability Each Loss	1,000,000	25,000
Environmental Liability Aggregate	11,000,000	
NJ School Boards		
School Board Legal	11,000,000	10,000

Source: School District's records





LERCH, VINCI & HIGGINS, LLP. CERTIFIED PUBLIC ACCOUNTANTS REGISTERED MUNICIPAL ACCOUNTANTS

DIFTER 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 ILILIUS B. CONSONI, CPA, PSA ANDREW D. PARENTE, CPA, RMA, PSA ELIZABETH A. SHICK, CPA, RMA, PSA ROBERT W HAAG CPA PSA DEBORAH K. LERCH, CPA, PSA RALPH M. PICONE, CPA, RMA, PSA DEBRA GOLLE, CPA CINDY JANACEK, CPA, RMA MARK SACO, CPA SHERYL M. NICOLOSI, CPA ROBERT AMPONSAH, CPA

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

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

We have audited, 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, 2016 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 November 30, 2016.

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 <u>Government Auditing Standards</u> and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under <u>Government Auditing Standards</u> 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 November 30, 2016.

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 <u>Government Auditing Standards</u> in considering the Rahway School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LÉRCH, VINCI & HIGGINS, LLP

Certified Public Accountants Public School Accountants

Dieter P. Lerch

Public School Accountant PSA Number CS000756

Fair Lawn, New Jersey November 30, 2016



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 ANDREW D. PARENTE, CPA, RMA, PSA ELIZABETH A. SHICK, CPA, RMA, PSA ROBERT W. HAAG, CPA, PSA DEBORAH K. LERCH, CPA, PSA RALPH M. PICONE, CPA, RMA, PSA DEBRA GOLLE, CPA CINDY JANACEK, CPA, RMA MARK SACO, CPA SHERYL M NICOLOSI CPA ROBERT AMPONSAH, CPA

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. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

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) Compliance Supplement and the New Jersey OMB Circular 15-08 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular 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, 2016.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

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. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rahway School District's internal control over compliance.

A <u>deficiency in internal control over compliance</u> 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 <u>material weakness in internal control over compliance</u> 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. <u>A significant deficiency in internal control over compliance</u> 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. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 30, 2016, 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. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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

Bierer P. Lerch

Public School Accountant PSA Number CS000756

Fair Lawn, New Jersey November 30, 2016

RAHWAY SCHOOL DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	FAIN <u>Number</u>	Grant <u>Period</u>	Award <u>Amount</u>	Balance July 1, 2015	<u>Carryover Ar</u> Deferred <u>Revenue</u>	mount Accounts Receivable	Cash <u>Received</u>	Budgetary Expenditures	Adjustment	Refund of Prior Year <u>Balances</u>	Bajance, June (Account Receivable)	e 30, 2016 Unearned Revenue	Due to Grantor at June 30, 2016	MEMO GAAP Receivable
U.S. Department of Education Passed-through State Department of Education															•
Food Distribution Program - National School Lunch Program Non-Cash Assistance Non-Cash Assistance Cash Assistance	10.550 10.550 10.555	16161NJ304N1099 16161NJ304N1099	7/1/15-6/30/16 7/1/14-6/30/15 7/1/15-6/30/16	\$ 129,154 127,285 962,017	*		:	777,857	\$ 118,358 9,669 962,017			\$ (184,160)	\$ 10,796		• • • • • • • • • • • • • • • • • • •
Cash Assistance National School Breakfast Program National School Breakfast Program	10.555 10.553 10.553	16161NJ304N1099	7/1/14-6/30/15 7/1/15-6/30/16 7/1/14-6/30/15	952,907 152,020 136,223	(74,955)			74,955 120,930 13,107	152,020			(31,090)			* 31,090
Total U.S. Department of Agriculture - Enterprise Fund	ı				(78,393)			1,116,003	1,242,064	<u> </u>		(215,250)	10,796		215,250
U.S. Department of Health and Human Services Passed-through State Department of Education: General Fund															• • •
Medicaid Assistance Medicaid Assistance	93.778 93.778	1605NJ5MAP	7/1/15-6/30/16 7/1/14-6/30/15	138,255 158,307	(20,038)			122,924 20,038	138,255			(15,331)		<u>-</u>	15,331
Total U.S. Department of Health and Human Services					(20,038)	•		142,962	138,255			(15,331)			* 15,331
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund															•
IDEA Part B - Basic IDEA Part B - Basic IDEA Part B - Preschool	84.027 84.027 84.173	H027A150100 H173A150114	7/1/15-6/30/16 7/1/14-6/30/15 7/1/15-6/30/16	1,033,422 991,456 28,036	(290,815)	\$ 769 \$ (769)	(769) 769	1,028,749 290,815 28,036	1,032,190 28,036			(5,442)	2,001		* 3,44I
IDEA Part B - Preschool	84,173		7/1/14-6/30/15	26,880	(8,064)		<u> </u>	8,064		-		- -	· · · · · · · · · · · · · · · · · · ·		:
Total Special Education Cluster Title III	84.365	S365A150030	7/1/15-6/30/16	66,851	(298,879)	15,698	(15,698)	1,355,664	1,060,226 76,447			(14,283)	2,001 6,102	-	* 3,441 * 8,181
Title III Title III - Immigrant	84.365 84.365	S365A150030	7/1/14-6/30/15 7/1/15-6/30/16	76,726 15,293	(21,890)	(15,698)	15,698	21,890 3,542	4,139			(11,751)	11,154	-	• 597
Total Title III Cluster					(21,890)	-		93,698	80,586			(26,034)	17,256		* 8,778
Title I Title I	84.010 84.010	S010A150030	7/1/15-6/30/16 7/1/14-6/30/15	554,521 555,309	(253,019)	24,466 (24,466)	(24,466) 24,466	408,599 253,019	559,806			(170,388)	19,181		• [51,207
Title HA Title HA Race to the Top	84.367 84.367	S367A150029	7/1/15-6/30/16 7/1/14-6/30/15 9/1/12-8/31/13	130,677 134,381 39,426	(46,130) (16,589)	11,846 (11,846)	(11,846) 11,846 -	103,840 46,130 20,337	131,134 3,748		_	(38,683)	11,389	_	• 27,294 • -
Total U.S. Department of Education - Special Revenu	e Fund				(636,507)			2,281,287	1,835,500			(240,547)	49,827		• 190,720
Total Federal Awards					<u>\$ (734,938)</u>	<u> - s</u>		3,540,252	\$ 3,215,819	\$	<u>\$</u>	<u>\$ (471,128)</u> §	60,623	<u>s</u>	• \$ 421,301

Note: FAIN Numbers are only required for current year grant programs.

RAHWAY SCHOOL DISTRICT SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

				Balance, Jul	v 1, 2015					Refund Prior		une 30, 2016		<u>ME</u>	MO Cumulative
	Grant or State	Award	Grant Period	Unearned Revenue/	Due to	Carryover	Cash	Budgetary	Transfers/	Years'	(Accounts	Uncarned	Due to	GAAP	Total
State Grantor/Program Title	Project Number	Amount	From	(Accts Rec.)	Grantor	Amount	Received	Expenditures	Adjustment	Balances	Receivable)	Revenue	<u>Granter</u>	Receivable	Expenditures
General Fund:															
State Department of Education: Equalization Aid	16-495-034-5120-078	\$ 17,507,406	7/1/15-6/30/16				\$ 15,796,280	\$ 17,507,406			\$ (1,711,126)				\$ 17,507,406
Equalization Aid	15-495-034-5120-078	17,507,406		\$ (1,729,474)			1,729,474								
Security Aid	16-495-034-5120-084	443,128	7/1/15-6/30/16				399,818	443,128			(43,310)				443,128
Security Aid	15-495-034-5120-084	443,128	7/1/14-6/30/15	(43,775)			43,775				(018.05%)				2 220 000
Special Education Aid	16-495-034-5120-089	2,230,002	7/1/15-6/30/16	(220,291)			2,012,047 220,291	2,230,002			(217,955)				2,230,002
Special Education Aid Under Adequacy Aid	15-495-034-5120-089 16-495-034-5120-096	2,230,002 86,609	7/1/14-6/30/15 7/1/15-6/30/16	(220,291)			78,144	86,609			(8,465)				86,609
Under Adequacy Aid Under Adequacy Aid	15-495-034-5120-096	86,609	7/1/14-6/30/15	(8,555)			8,555	00,002			(0,100)				00,000
PARCC Readiness Aid	16-495-034-5120-098	36,460	7/1/15-6/30/16	(1,5-1-7)			32,896	36,460			(3,564)				36,460
PARCC Readiness Aid	15-495-034-5120-098	36,460	7/1/14-6/30/15	(3,602)			3,602							ļ	
Per Pupil Growth Aid	16-495-034-5120-097	36,460	7/1/15-6/30/16				32,896	36,460			(3,564)				36,460
Per Pupil Growth Aid	15-495-034-5120-097	36,460	7/1/14-6/30/15	(3,602)	-		3,602	*							
Total State Aid Public Cluster				(2,009,299)	-		20,361,380	20,340,065		-	(1,987,984)	-		<u></u>	20,340,065
Transportation Aid	16-495-034-5120-014	181,590	7/1/15-6/30/16				163,842	181,590			(17,748)				181,590
Transportation Aid	15-495-034-5120-014	181,590	7/1/14-6/30/15	(17,938)			17,938	26.061			(25.0(1)			\$ 35.861	25.0/1
Nonpublic Transportation	not available not available	35,861 27,060	7/1/15-6/30/16 7/1/14-6/30/15	(27,060)	_	_	27,060	35,861	_	_	(35,861)	_	_	\$ 35,861	35,861
Nonpublic Transportation	not avaitable	27,000	7/1/14-0/30/13												
Total Transportation Aid Cluster				(44,998)	-		208,840	217,451	-		(53,609)			·	217,451
Extraordinary Aid	16-100-034-5120-473	571,276	7/1/15-6/30/16					571,276			(571,276)				571,276
Extraordinary Aid	15-100-034-5120-473	401,057	7/1/14-6/30/15	(401,057)			401,057	2 225 245						j	2.005.047
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003 15-495-034-5094-003	2,085,847 2,073,851	7/1/15-6/30/16 7/1/14-6/30/15	(102,319)			2,085,847 102,319	2,085,847						ļ	2,085,847
Reimbursed TPAF Social Security Contributions On-Behalf TPAF Pension Contribution	16-495-034-5094-006	2,161,341	7/1/15-6/30/16	(102,319)			2,161,341	2,161,341							2,161,341
On Behalf TPAF Non-Contributory	12 133 02 1 203 1 200	-, ,-					.,,	, , , ,							-,,-
Group Insurance Contribution	16-495-034-5094-007	107,664	7/1/15-6/30/16				107,664	107,664							107,664
On Behalf TPAF Post Retirement Medical														1	2 701 770
Benefits Contribution	16-495-034-5094-001	2,701,759	7/1/15-6/30/16				2,701,759	2,701,759		-		-			2,701,759
Total General Fund				(2,557,673)	<u> </u>	*	28,130,207	28,185,403	-	<u> </u>	(2,612,869)	·	<u> </u>	<u>'</u>	28,185,403
Special Revenue Fund:															
State Department of Education: N.J. Nonpublic Aid:															
Textbook Aid	16-100-034-5120-064	2.055	7/1/15-6/30/16				2,055	587					\$ 1,468		587
Textbook Aid	15-100-034-5120-064	2,681	7/1/14-6/30/15	;	\$ 1,383					\$ 1,382	3		,		
Nursing Services	16-100-034-5120-070	3,240	7/1/15-6/30/16				3,240	3,240							3,240
Technology Initiative	16-100-034-5120-373	936	7/1/15-6/30/16				936	334					602		334
Technology Initiative	15-100-034-5120-373	1,440	7/1/14-6/30/15		70		900	315		70)		585		315
Security Aid	16-100-034-5120-509	900	7/1/15-6/30/16				900	313					363		313
Handicapped Services: Supplemental Instruction	15-100-034-5120-066	785	7/1/14-6/30/15		785					785	5				
Corrective Speech	15-100-034-5120-066	884	7/1/14-6/30/15		884					884					
Preschool Education Aid	16-495-034-5120-086	687,999	7/1/15-6/30/16		,,,,	\$ 69,840	619,200	687,972			(68,799)	\$ 69,867			687,972
Preschool Education Aid	15-495-034-5120-086	787,709	7/1/14-6/30/15	(8,931)		(69,840)	78,771			<u>-</u>	-	-		<u>-</u>	
Total Special Revenue Fund				(8,931)	3,122		705,102	692,448		3,122	(68,799)	69,867	2,655		692,448

RAHWAY SCHOOL DISTRICT SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

				Balance, Jul	v 1. 2015									<u>ME</u>	<u>MO</u>
	Grant or State	Award	Grant Period	Uncarned Revenue/	Due to	Carryover	Cash	Budgetary		Refund Prior Years'	Balan (Accounts	ce. June 30, 201 Unearned	6 Due to	GAAP	Cumulative Total
State Grantor/Program Title	Project Number	Amount	From	(Accts Rec.)	Grantor Grantor	Amount	Received	Expenditures	Adjustment	Balances	Receivable)	Revenue	Grantor	Receivable	Expenditures
Debt Service Fund: Debt Service Aid - Type II	16-495-034-5120-075	\$ 213,078	7/1/15-6/30/16				\$ 213,078	<u>\$ 213,078</u>			<u>-</u>				\$ 213,078
Total Debt Service Fund					•		213,078	213,078						-	213,078
Enterprise Fund: School Lunch Program School Lunch Program	16-100-010-3350-023 15-100-010-3350-023	21,172 22,760	7/1/15-6/30/16 7/1/14-6/30/15	\$ (1,689)	<u>-</u>		17,139 1,689	21,172			\$ (4,033) 			\$ 4,033	21,172
Total Enterprise Fund				(1,689)	-		18,828	21,172	<u> </u>		(4,033)	-		4,033	21,172
Capital Projects Fund: State Economic Development Authority Educational Facilities Construction & Financing Act (Schools Development Authority.): Cleveland School Boiler Replacement High School Emergency Generator	4290-090-13-G2RM 4290-050-14-G2RL	120,589 111,877		(77,159)				53,927			(120,589) (111,877)	\$ 43,430 57,950		120,589 111,877	77,159 53,927
2009 Referendum High School Room Renovations High School Electrical Service and Distribution Upgrades High School Window, HVAC and Electrical Upgrades Middle School Room Renovations Middle School Boilers, Fire Alarms and Electrical Panels Cleveland School Additions and Renovations Cleveland School Electrical Service Upgrades	4290-050-09-00AY 4290-050-09-0ZBI 4290-060-09-0ZBK 4290-060-09-00AZ 4290-060-09-0ZBL 4290-090-09-0DBA 4290-090-09-0ZBN	4,304,169 142,815 618,341 1,251,875 2,295,442 1,620,946 98,644		(855,466) (142,453) (618,341) (233,012) (454,631) (1,607,082) (98,499)				988			(860,833) (142,815) (618,341) (250,375) (459,088) (1,620,946) (98,644)	5,367 362 17,363 4,457 12,876 145		860,833 142,815 618,341 250,375 459,088 1,620,946 98,644	4,298,802 142,453 618,341 1,234,512 2,290,985 1,608,070 98,499
Total Capital Projects Fund				(4,086,643)	<u> </u>			54,915	-		(4,283,508)	141,950		4,283,508	10,422,748
Total State Financial Assistance Subject to Single Audit Determination				\$ (6,654,936)	\$ 3,122	<u>s - </u>	\$ 29,067,215	\$ 29,167,016	5 -	\$ 3,122	\$ (6,969,209)	\$ 211,817	\$ 2,655	\$ 4,287,541	\$ 39,534,849
Less: State Assistance Not Subject to Single Audit: TPAF Pension TPAF NCGI Contribution TPAF Post-Retirement Medical Contribution								(2,161,341) (107,664) (2,701,759)							

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

State Assistance Subject to Major Program Determination

\$ 24,196,252

RAHWAY SCHOOL DISTRICT NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 schedule 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO 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 \$148,714 for the general fund and an increase of \$2,202 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	\$ 138,255	\$ 28,036,689	\$ 28,174,944
Special Revenue Fund	1,826,966	701,379	2,528,345
Capital Projects Fund		54,915	54,915
Debt Service Fund		213,078	213,078
Food Service Fund	 1,242,064	 21,172	 1,263,236
Total Financial Assistance	\$ 3,207,285	\$ 29,027,233	\$ 32,234,518

RAHWAY SCHOOL DISTRICT NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 \$2,085,847 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$2,269,005 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,701,759 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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 financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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	Xno			
Were significant deficiency(ies) identifies not considered to be material weakness	yes	X none reported				
Noncompliance material to the basic financ statements noted?	yes	Xno				
leral Awards Section						
Internal Control over compliance:						
1) Material weakness(es) identified?		yes	X_no			
2) Were significant deficiency(ies) identifit not considered to be material weaknesses?	yes	X none reported				
Type of auditor's report on compliance for	Unmodified					
Any audit findings disclosed that are requir in accordance with U.S. Uniform Guidance	yes	Xnone				
Identification of major programs:						
CFDA Number(s)	FAIN Number(s)	Name of Fede	eral Program or Cluster			
84.010	S010A150030		Title I			
84.027	H027A150100	IDEA Basic				
84.173	IDEA Preschool					
Dollar threshold used to distinguish betwee Type B programs:	on Type A and	\$ 750,000				
Auditee qualified as low-risk auditee?		yes	X no			

Part I - Summary of Auditor's Results

State Awards Section

Internal Control over compliance:	
1) Material weakness(es) identified?	yes X no
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 15-08, as amended?	yes none
Identification of major programs:	
State Grant/Project Numbers	Name of State Program
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-075	Debt Service Aid
Dollar threshold used to distinguish between Type A and Type B Programs	\$
Auditee qualified as low-risk auditee?	yesXno

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.

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2016-001

Our audit indicated that several payments to vendors performing contracted maintenance and electrical services were made without the solicitation of bids or quotes.

State Program Information

Equalization Aid	16-495-034-5120-078
Special Education Aid	16-495-034-5120-089
Security Aid	16-495-034-5120-084
Under Adequacy Aid	16-495-034-5120-096
PARCC Readiness Aid	16-495-034-5120-098
Per Pupil Growth Aid	16-495-034-5120-097

Criteria or Specific Requirement

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

Condition

Payments were made for contracted electrical services in the amount of \$80,752 without the solicitation of bids or quotes. Payments were also made for maintenance services in the amount of \$69,069 without the solicitation of quotes.

Questioned Costs

None.

Context

Three (3) vendors were paid a total of \$149,821 for contracted maintenance and electrical services without the solicitation of bids or quotes.

Cause

Unkown.

Effect

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

Recommendation

The District solicit bids or quotes, as applicable, 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 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.