

**SCHOOL DISTRICT  
OF THE  
TOWNSHIP OF RANDOLPH**

**Township of Randolph School District  
Randolph, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Randolph School District**

**Randolph, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**Township of Randolph School District  
Board of Education**

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors .....	7

FINANCIAL SECTION .....

Independent Auditors' Report .....	9
Required Supplementary Information .....	12
Management's Discussion and Analysis (Unaudited) .....	13
Basic Financial Statements (Sections A. and B.) .....	23
A. District-Wide Financial Statements .....	24
A-1 Statement of Net Position .....	25
A-2 Statement of Activities .....	26
B. Fund Financial Statements .....	28
B-1 Balance Sheet – Governmental Funds .....	29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	31
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
B-4 Statement of Net Position – Proprietary Funds .....	33
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	34
B-6 Statement of Cash Flows – Proprietary Funds .....	35
B-7 Statement of Fiduciary Net Position – Fiduciary Funds .....	36
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	37
Notes to the Basic Financial Statements .....	38

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited) .....	71
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System .....	71
L-2 Schedule of District Contributions – Public Employees Retirement System .....	72
L-3 Schedule of District's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund .....	73
Notes to Required Supplementary Information .....	74
C. Budgetary Comparison Schedules (Unaudited) .....	75
C-1 Budgetary Comparison Schedule – General Fund (Unaudited) .....	76
C-2 Combining Budgetary Schedule – Special Revenue Fund (Unaudited) .....	87
C-3 Budget-to-GAAP Reconciliation – Notes to Required Supplementary Information (Unaudited) .....	88

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable) .....	90
E. Special Revenue Fund .....	91
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	92
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable) .....	
F. Capital Projects Fund .....	95
F-1 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budgetary Basis .....	96
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Various School Building Improvements .....	97
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Fernbrook Elementary School – Roof and Window Replacement .....	98
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Randolph High School – New Lobby and Roof and Window Replacement .....	99
F-1d Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Randolph Middle School – Roof Refurbishment .....	100
F-1e Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Shongum Elementary School – Roof and Window Replacement .....	101
G. Proprietary Funds .....	102
Enterprise Funds:	
G-1 Combining Statement of Net Position .....	103
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position .....	104
G-3 Combining Statement of Cash Flows .....	105
H. Fiduciary Funds .....	106
H-1 Combining Statement of Fiduciary Net Position .....	107
H-2 Statement of Changes in Fiduciary Net Position .....	108
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	109
H-4 Student Activity Agency Fund Statement of Activity .....	110
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements .....	111
I. Long-Term Debt .....	112
I-1 Schedule of Serial Bonds .....	113
I-2 Schedule of Obligations Under Capital Leases .....	115
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited) .....	116
J. STATISTICAL SECTION (Unaudited)	
J-1 Net Position by Component .....	117
J-2 Changes in Net Position .....	118
J-3 Fund Balance – Governmental Funds .....	120
J-4 Changes in Fund Balances – Governmental Funds .....	121
J-5 General Fund Other Local Revenue by Source .....	123
J-6 Assessed Value and Actual Value of Taxable Property .....	124
J-7 Direct and Overlapping Property Taxpayers .....	125

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

J. STATISTICAL SECTION (Unaudited) (Cont'd)	
J-8 Principal Property Taxpayers .....	126
J-9 Property Tax Levies and Collections .....	127
J-10 Ratio of Outstanding Debt by Type.....	128
J-11 Ratios of Net General Bonded Debt Outstanding .....	129
J-12 Ratios of Overlapping Governmental Activities Debt .....	130
J-13 Legal Debt Margin .....	131
J-14 Demographic and Economic Statistics.....	132
J-15 Principal Employers .....	133
J-16 Full-Time Equivalent District Employees by Function/Program.....	134
J-17 Operating Statistics.....	135
J-18 School Building Information.....	136
J-19 Schedule of Required Maintenance for School Facilities .....	137
J-20 Insurance Schedule.....	138
K. SINGLE AUDIT SECTION .....	139
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	140
K-2 Independent Auditors' Report on Compliance For Each Major Federal and State Program and Report on Internal Control over Compliance.....	142
Schedule of Expenditures of Federal Awards .....	144
Schedule of Expenditures of State Awards .....	145
Notes to the Schedules of Expenditures of Federal and State Awards.....	147
Schedule of Findings and Questioned Costs .....	149
Summary Schedule of Prior Audit Findings .....	151

INTRODUCTORY SECTION

# **RANDOLPH TOWNSHIP SCHOOLS**

25 School House Road, Randolph, NJ 07869

(973) 361-0808

Fax (973) 361-2405

**Ms. Jennifer Fano**  
**Superintendent of Schools**

**Mr. Gerald Eckert**  
**Business Administrator**  
**Board Secretary**

September 23, 2016

The Honorable President and Members  
of the Board of Education  
Township of Randolph School District  
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Township of Randolph School District (the "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 Board of Education (the "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 basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Township of Randolph School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Township of Randolph School District and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Randolph Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2015-16 fiscal year with an enrollment of 4,797 students.

The Honorable President and Members  
of the Board of Education  
Township of Randolph School District  
Page 2  
September 23, 2016

2) ECONOMIC CONDITION AND OUTLOOK: The Randolph Township School District has weathered the recent period of difficult economic conditions in relatively good shape. While the township tax ratable base continues on a flat to slight incline, the Township of Randolph is in the midst of a revaluation process for the 2017 tax year. The District's enrollment trend continues to be downward and the nation's economic outlook remains uncertain. Randolph likely will be able to maintain a relatively high standard of economic well-being. Future Federal legislative implementation changes such as health care could pose a potential financial resource impact in that current health care packages provided by the District to its staff may be deemed in excess of federal standards resulting in possible penalties to be imposed. These factors will be reviewed closely as labor contracts are renewed and future budgets developed.

3) MAJOR INITIATIVES: During the 2015-2016 school year, the Randolph Township School District continued with the comprehensive review and revision of district curricula, according to parameters set forth in the 5 year curriculum review cycle, approved each year by the Board of Education. Along with each new or newly revised curriculum, access to digital content and training of teachers to implement new curricular elements were provided.

Professional development (PD) opportunities continue to be provided for all new curricula and the Stronge evaluation model. Teachers were provided with opportunities to attend workshops in-district, out-of-district, and after school hours. The District administration was provided with PD in the evaluation process and several curricular areas, to mirror training provided to instructional staff. The District is also contracting with providers of PD and educational support material across the curriculum, with an emphasis on science, Technology, Engineering, art, and mathematics (STEAM), as well as problem-based instruction that incorporates higher-order thinking skills. The District uses a model of PD that emphasizes a "push-in" approach whenever possible, whereby PD providers deliver their assistance to teachers in our own classrooms with our own students, rather than a more traditional "pull-out" approach that requires teachers to leave the district.

The District added several new components to the program of educational technology available to students and staff members, including access to digital content that will continue to replace more traditional printed material. The District continues to deepen its commitment to a Learning Management System that has enabled online coursework to be delivered to students. Students across the District have increased the degree to which they access content digitally rather than in printed form, and training of staff to enable this shift is ongoing and comprehensive. The District continues to employ a K-12 Bring Your Own Device (BYOD) approach to student use of technology. This approach is sustainable over time and allows the district to afford other things that would simply not be possible if devices were purchased for each student.

Randolph High School students continue to achieve at a rate commensurate with, and in many ways exceeding that of, their counterparts in Morris County. RHS has one of the highest percentages of students achieving a score of 3 or better on various AP examinations, and performance on the PARCC continues to exceed the state average at all levels. Courses are continually revised to reflect the District's commitment to provide a true 21<sup>st</sup> Century educational experience to every student, every day. The District continues to offer a comprehensive array of award winning music and art programs. Our athletic program is exceptional and our co-curricular clubs offer numerous and diverse opportunities to our student body, as we work to maintain the quality of a public education program second to none in the State of New Jersey.



The Honorable President and Members  
of the Board of Education  
Township of Randolph School District  
Page 3  
September 23, 2016

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and/or assignments at June 30, 2016.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on J-20.

The Board is a member of the Pooled Insurance Program of New Jersey ("PIP"). The PIP is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost workers' compensation insurance coverage to their members. Additional information on the PIP is included in Note 10 to the Financial Statements.

The Honorable President and Members  
of the Board of Education  
Township of Randolph School District  
Page 4  
September 23, 2016

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Governmental Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

Jennifer Fano

Jennifer Fano  
Superintendent

Gerald Eckert

Gerald Eckert  
Business Administrator



**TOWNSHIP OF RANDOLPH SCHOOL DISTRICT**

**Roster of Officials  
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alfredo Z. Matos, President	2016
Christine Aulenbach, Vice President	2017
Jeffrey Braverman	2016
Ronald Conti	2017
Sheldon Epstein	2016
Tammy MacKay	2018
Colleen F. Pascale	2018
Anne Standridge	2018
Diana M. Thomas, Ph.D.	2017

OTHER OFFICIALS

TITLE

Jennifer A. Fano

Superintendent of Schools

Gerald M. Eckert

School Business Administrator/Board Secretary

**TOWNSHIP OF RANDOLPH SCHOOL DISTRICT**  
**Consultants and Advisors**

**Architect**

Parette Somjen Architecture  
439 US Highway 46, Suite 4  
Rockaway, New Jersey 07866

**Attorney**

Schenck, Price, Smith & King LLP  
220 Park Avenue  
Florham Park, NJ 07932

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Official Depository**

The Provident Bank  
1185 Sussex Turnpike  
Randolph, NJ 07869

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Township of Randolph School District  
 County of Morris, 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 Board of Education of the Randolph Township School District (the "District") in the County of Morris, 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.

#### ***Auditors' Responsibility***

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

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

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

The Honorable President and Members  
of the Board of Education  
Randolph Township School District  
Page 2

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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, which follows this report, the pension schedules in Exhibits L-1 through L-3 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Honorable President and Members  
of the Board of Education  
Randolph Township School District  
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 23, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



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Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis (Unaudited)

This section of Township of Randolph School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Financial Highlights

- The District's financial status improved by \$6,536,535 on a district-wide basis.
- Overall revenue was \$113.41 million.
- Overall expenses were \$106.87 million.
- The net position of the District's business-type activities increased by \$185,268.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and the community school.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to Financial Statements* provide additional information essential to a full understanding of the district-wide and fund financial statements.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**Organization of Financial Report**

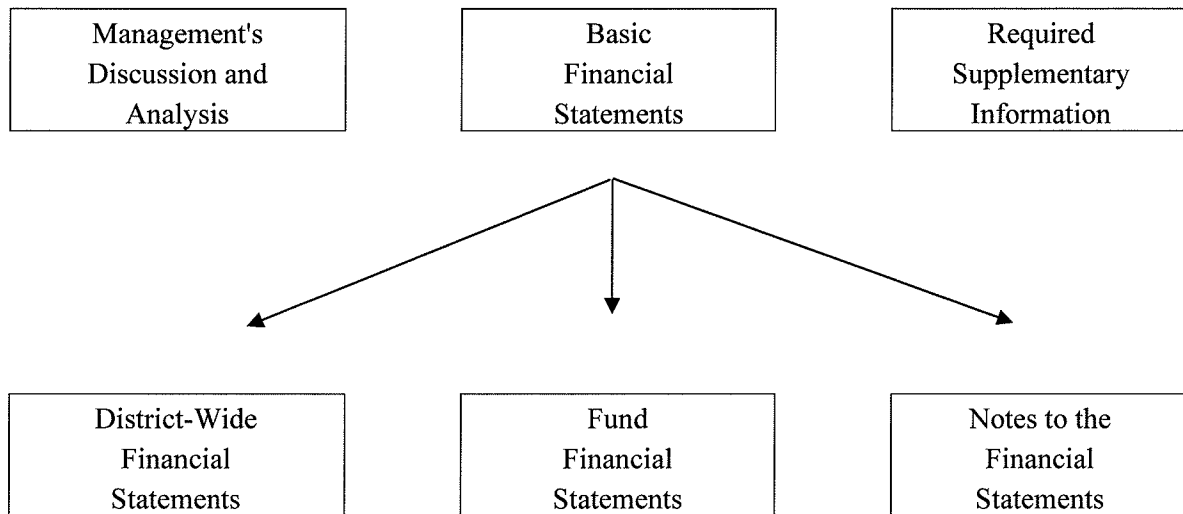


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

## Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and community school	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of revenue, expenses and changes in net position</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term, and deferred inflows and outflows	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### ***District-wide Statements***

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred inflows and outflows, and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service and community school are included here.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).
- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the financial statements*: The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

### Financial Analysis of the District as a Whole

*Net Position*. The District's combined net position totaled \$9,352,653, 232.11% more than the prior year. Net position from governmental activities increased \$6,351,267 and the net position from business-type activities increased \$185,268.

**Figure A-3**  
**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Current and Other Assets	\$ 9,507,197	\$ 7,155,144	\$ 643,545	\$ 440,881	\$ 10,150,742	\$ 7,596,025	33.63%
Capital Assets, Net	57,241,206	54,354,172	184,434	182,884	57,425,640	54,537,056	5.30%
Total Assets	<u>66,748,403</u>	<u>61,509,316</u>	<u>827,979</u>	<u>623,765</u>	<u>67,576,382</u>	<u>62,133,081</u>	8.76%
Deferred Outflows of Resources	<u>5,738,050</u>	<u>2,733,691</u>			<u>5,738,050</u>	<u>2,733,691</u>	109.90%
Long-Term Debt Outstanding	60,775,135	56,520,789		11,573	60,775,135	56,532,362	7.51%
Other Liabilities	<u>2,281,465</u>	<u>3,621,254</u>	<u>360,654</u>	<u>330,135</u>	<u>2,642,119</u>	<u>3,951,389</u>	-33.13%
Total Liabilities	<u>63,056,600</u>	<u>60,142,043</u>	<u>360,654</u>	<u>341,708</u>	<u>63,417,254</u>	<u>60,483,751</u>	4.85%
Deferred Inflows of Resources	<u>506,969</u>	<u>1,566,903</u>			<u>506,969</u>	<u>1,566,903</u>	-67.65%
Net Position:							
Net Investment in Capital Assets	28,838,701	24,938,166	184,434	182,884	29,023,135	25,121,050	15.53%
Restricted	7,278,673	3,091,754			7,278,673	3,091,754	135.42%
Unrestricted/(Deficit)	<u>(27,232,046)</u>	<u>(25,495,859)</u>	<u>282,891</u>	<u>99,173</u>	<u>(26,949,155)</u>	<u>(25,396,686)</u>	-6.11%
Total Net Position	<u>\$ 8,885,328</u>	<u>\$ 2,534,061</u>	<u>\$ 467,325</u>	<u>\$ 282,057</u>	<u>\$ 9,352,653</u>	<u>\$ 2,816,118</u>	232.11%

- Changes in Net Position.* The District's combined net position increased \$6,536,535 or 232.11% from the prior year. (See Figure A-4). The District's improved financial position came primarily from its governmental activities. Net investment in capital assets increased \$3,902,085 as a result of an increase in capital additions of \$5,867,268 and a decrease in debt outstanding of \$1,013,501 less depreciation of \$2,978,684. Restricted net position increased \$4,186,919 due to increases in prior year excess surplus designated for subsequent year's expenditures of \$687,238, capital reserve of \$3,000,635, maintenance reserve of \$500,000 and debt service of \$4,137 offset by a decrease in current year excess surplus of \$5,091. Unrestricted net position decreased \$1,736,187 in governmental activities as a result of decreases in committed capital projects of \$315,201, fund balance designated for subsequent year's expenditures of \$687,238, deferred interest on bond refundings of \$145,523 and changes in proportion in pensions of \$161,819 and increases in compensated absences of \$28,880 and the change in net pension liability of \$5,238,967 offset by increases in year-end encumbrances of \$109,961, unassigned fund balance of \$124,181, changes in pension assumptions of \$2,559,466 and difference between expected and actual pension experience of \$752,235 and decreases in unamortized bond premiums of \$227,580, accrued bond interest payable of \$8,084 and investment gains in pensions of \$1,059,934. Net position from business-type activities increased \$185,268 due to increases in food service of \$50,362 and the community school of \$134,906.

Figure A-4

## Changes in Net Position from Operating Results

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Percentage Change
	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15	2015/16
Revenue:							
Program Revenue:							
Charges for Services	\$ 80,702	\$ 2,080,797	\$ 2,161,499	\$ 115,096	\$ 2,426,499	\$ 2,541,595	-14.96%
Operating Grants and Contributions	35,555,686	236,566	35,792,252	31,352,818	232,571	31,585,389	13.32%
Capital Grants and Contributions	1,492,431		1,492,431	273,876		273,876	444.93%
General Revenue:							
Property Taxes	73,556,858		73,556,858	72,233,112		72,233,112	1.83%
Other	405,529	925	406,454	313,192	1,452	314,644	29.18%
Total Revenue	<u>111,091,206</u>	<u>2,318,288</u>	<u>113,409,494</u>	<u>104,288,094</u>	<u>2,660,522</u>	<u>106,948,616</u>	6.04%
Expenses:							
Instruction	59,841,609		59,841,609	57,734,945		57,734,945	3.65%
Pupil and Instruction Services	18,184,891		18,184,891	17,206,576		17,206,576	5.69%
Administrative and Business	10,705,878		10,705,878	10,307,392		10,307,392	3.87%
Maintenance and Operations	9,070,455		9,070,455	8,711,530		8,711,530	4.12%
Pupil Transportation	6,060,369		6,060,369	5,511,833		5,511,833	9.95%
Other	876,737	2,133,020	3,009,757	1,151,133	2,461,190	3,612,323	-16.68%
Total Expenses	<u>104,739,939</u>	<u>2,133,020</u>	<u>106,872,959</u>	<u>100,623,409</u>	<u>2,461,190</u>	<u>103,084,599</u>	3.68%
Other Special Items					(14,198)	(14,198)	-100.00%
Increase (Decrease) in Net Position	<u>\$ 6,351,267</u>	<u>\$ 185,268</u>	<u>\$ 6,536,535</u>	<u>\$ 3,664,685</u>	<u>\$ 185,134</u>	<u>\$ 3,849,819</u>	69.79%



*Revenue Sources.* The District's total revenue for the 2015/16 school year was \$113,409,494. (See Figure A-5). Property taxes and grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$73,556,858 of the total, or 64.86 percent. Another 31.56 percent came from grants and contributions and the remainder from miscellaneous sources and charges for services. The Township of Randolph School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2016**

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
Operating Grants and Contributions	\$ 35,792,252	31.56%
Capital Grants and Contributions	1,492,431	1.32%
Property Taxes	73,556,858	64.86%
Charges for Services	2,161,499	1.90%
Other	406,454	0.36%
	<u>\$ 113,409,494</u>	<u>100.00%</u>

The total cost of all programs and services was \$106,872,959. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (78.67 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.02 percent of total costs. The Township of Randolph School District operates 6 schools, an administration office, a child study team office, and a transportation building which results in maintenance costs of \$9,070,455 (8.49 percent).

**Figure A-6**  
**Expenses for Fiscal Year 2016**

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 59,841,609	55.99%
Pupil and Instruction Services	18,184,891	17.01%
Administrative and Business	10,705,878	10.02%
Maintenance and Operations	9,070,455	8.49%
Transportation	6,060,369	5.67%
Other	3,009,757	2.82%
	<u>\$ 106,872,959</u>	<u>100.00%</u>

### ***Governmental Activities***

As illustrated elsewhere in this document, the overall financial position of the District continues to improve. Through continued adherence to “best practices” (such as controlling costs and maximizing revenues) and judicious deployment of resources, the District has been able to maintain, expand or improve existing programs while prudently adding new ones. However, despite the overall financial environment seeing some improvement of late, the future is still quite uncertain as to school funding and its potential impact on school district operations.

With that being the case, the District needs to continue to carefully and thoroughly evaluate all aspects of its ongoing programs and operations for efficiencies and to insure that any proposed new activities or program expansions are financially viable on a long-term basis prior to implementation. This effort will allow the District to continue to enhance the overall educational environment of its students while dealing with any financial adversities which arise.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-7**  
**Net Cost of Governmental Activities**

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	<u>2015/2016</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2014/2015</u>
Sources of Income:				
Instruction	\$ 59,841,609	\$ 57,734,945	\$33,248,734	\$33,644,744
Pupil and Instruction Services	18,184,891	17,206,576	13,993,232	13,817,466
Administrative and Business	10,705,878	10,307,392	8,816,713	8,779,946
Maintenance and Operations	9,070,455	8,711,530	6,167,988	7,303,655
Transportation	6,060,369	5,511,833	4,775,116	4,459,328
Other	876,737	1,151,133	609,337	876,480
	<u>\$ 104,739,939</u>	<u>\$ 100,623,409</u>	<u>\$ 67,611,120</u>	<u>\$ 68,881,619</u>

- The cost of all governmental activities this year was \$104.74 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$37.05 million).
- Most of the District’s costs were financed by District taxpayers (\$73.56 million).
- The remainder of the funding came from miscellaneous revenue, investment earnings, and charges for services (\$.49 million).

### ***Business-Type Activities***

Net position from the District's business-type activity increased \$185,268. (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$50,362.
- Community School service revenues and investment earnings exceeded expenses by \$134,906, accounting for all of the increase in the net position of the Community School business-type activity.

### **Financial Analysis of the District's Funds**

As mentioned previously, the District's financial position improved during the year. For the most part, the financial improvements were due to cost reductions, although there also was an increase in overall revenue.

### **General Fund Budgetary Highlights**

During the course of each school year, the District revises its annual operating budget as needed within permitted guidelines. During the year, budget amendments were made to budgetary line items for changes in school-based needs for programs, supplies and equipment.

### **Capital Asset and Debt Administration**

**Figure A-8**  
**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Land	\$ 3,465,955	\$ 3,465,955			\$ 3,465,955	\$ 3,465,955	0.00%
Construction in Progress	5,893,390	4,085,758			5,893,390	4,085,758	44.24%
Buildings and Building Improvements	42,178,748	43,619,855			42,178,748	43,619,855	-3.30%
Furniture, Machinery and Equipment	5,703,113	3,182,604	\$ 184,434	\$ 182,884	5,887,547	3,365,488	74.94%
Total	<u>\$ 57,241,206</u>	<u>\$ 54,354,172</u>	<u>\$ 184,434</u>	<u>\$ 182,884</u>	<u>\$ 57,425,640</u>	<u>\$ 54,537,056</u>	5.30%

### **Long-term Debt**

At year-end, the District had \$25,845,000 in general obligation bonds outstanding – a decrease of \$3,170,000 from last year – as shown in Figure A-9. Net Pension Liability increased by \$5,238,967, capital leases increased by \$2,156,499 and other long-term liabilities increased by \$17,307 - as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9**  
**Outstanding Long-Term Debt**

	Total School District		Total
	2015/2016	2014/2015	Percentage Change
General Obligation Bonds (Financed with Property Taxes)	\$ 25,845,000	\$ 29,015,000	-10.93%
Net Pension Liability	31,531,675	26,292,708	19.93%
Other Long-Term Liabilities	3,398,460	1,224,654	177.50%
	<u>\$ 60,775,135</u>	<u>\$ 56,532,362</u>	7.51%

### **Factors Bearing on the District's Future Revenue/Expense Changes**

The most likely factors that will have a direct effect on future school district budgeting of both revenue and expenses will continue to be legislation and the overall economy. For example, legislators (as well as the courts) continue to debate about changes to the funding formula used to distribute State Aid. Changes in the formula could prove to either help or hurt the District financially. And while recent legislation increasing mandatory employee contributions towards the District's health benefit costs and capping the annual increase in the overall budget have helped to constrain the District's overall expenses, changes in the political powers that be could also result in revisions to these laws. As to the economy, the recent financial uncertainty has raised long-term concerns which effect how every household and organization looks at their finances. Of particular concern to the District is the revaluation process that the Township of Randolph is conducting for the 2017 tax year. While the goal of the revaluation process is to appraise all real property in terms of its full market value and spread the tax burden equitably within the Township, some homeowners will see their property tax increase while others will see their property tax decrease.

Other factors which will affect the District's finances going forward include the uncertainty of future increases to costs which the District does not have strict control over (such as health benefits, general insurance and utilities) as well as the degree to which overall costs exceed the allowable annual increase to the district's total budget (now set at 2.0% annually by law). In an ongoing effort to minimize the effect of these factors, the District continues to be focused on ways to improve its revenue stream and control costs, as well as pursuing strategies where possible that can help mitigate some of the uncertainties that will certainly continue to exist.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 25 School House Road, Randolph, New Jersey 07869.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,198,592	\$ 735,926	\$ 2,934,518
Internal Balances	116,761	(116,761)	
Receivables from Other Governments	2,532,228	12,778	2,545,006
Other Accounts Receivable	810		810
Inventory		11,602	11,602
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	4,271,250		4,271,250
Emergency Reserve Account - Cash and Cash Equivalents	350,000		350,000
Capital Assets:			
Land and Construction in Progress	9,359,345		9,359,345
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	47,881,861	184,434	48,066,295
Total Assets	<u>66,710,847</u>	<u>827,979</u>	<u>67,538,826</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	852,195		852,195
Charges in Assumptions - Pensions	3,386,250		3,386,250
Charges in Proportion - Pensions	747,370		747,370
Difference between Expected and Actual Experience - Pensions	752,235		752,235
Total Deferred Outflows of Resources	<u>5,738,050</u>		<u>5,738,050</u>
<b>LIABILITIES</b>			
Accrued Interest Payable	333,904		333,904
Unamortized Bond Premium	1,469,917		1,469,917
Accounts Payable - Vendors	356,947	20,518	377,465
Payable to Federal and State Governments	29,125		29,125
Unearned Revenue	91,572	340,136	431,708
Noncurrent Liabilities:			
Due Within One Year	3,796,811		3,796,811
Due Beyond One Year	56,978,324		56,978,324
Total Liabilities	<u>63,056,600</u>	<u>360,654</u>	<u>63,417,254</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Investment Gains - Pensions	506,969		506,969
Total Deferred Inflows of Resources	<u>506,969</u>		<u>506,969</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	28,838,701	184,434	29,023,135
Restricted for:			
Capital Projects	4,891,565		4,891,565
Debt Service	167,723		167,723
Other Purposes	2,219,385		2,219,385
Unrestricted (Deficit)	(27,232,046)	282,891	(26,949,155)
Total Net Position	<u>\$ 8,885,328</u>	<u>\$ 467,325</u>	<u>\$ 9,352,653</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	\$ 59,841,609	\$ 80,702	\$ 26,512,173		\$ (33,248,734)		\$ (33,248,734)
Support Services:							
Tuition	3,203,254		1,222,469		(1,980,785)		(1,980,785)
Student & Instruction Related Services	14,981,637		2,969,190		(12,012,447)		(12,012,447)
General Administrative Services	2,203,248		228,268		(1,974,980)		(1,974,980)
School Administrative Services	4,907,706		1,093,560		(3,814,146)		(3,814,146)
Central Services	1,830,671		279,880		(1,550,791)		(1,550,791)
Administrative Information Technology	1,764,253		287,457		(1,476,796)		(1,476,796)
Plant Operations and Maintenance	9,070,455		1,410,036	\$ 1,492,431	(6,167,988)		(6,167,988)
Pupil Transportation	6,060,369		1,285,253		(4,775,116)		(4,775,116)
Interest on Long-Term Debt	738,379		267,400		(470,979)		(470,979)
Transfer of Funds to Charter Schools	138,358				(138,358)		(138,358)
Total Governmental Activities	104,739,939	80,702	35,555,686	1,492,431	(67,611,120)		(67,611,120)



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,129,914	\$ 943,710	\$ 236,566		\$ 50,362	\$ 50,362	
Community School	1,003,106	1,137,087			133,981	133,981	
Total Business-Type Activities	2,133,020	2,080,797	236,566		184,343	184,343	
Total Primary Government	<u>\$ 106,872,959</u>	<u>\$ 2,161,499</u>	<u>\$ 35,792,252</u>	<u>\$ 1,492,431</u>	<u>\$ (67,611,120)</u>	<u>184,343</u>	<u>(67,426,777)</u>
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					69,821,601		69,821,601
Taxes Levied for Debt Service					3,735,257		3,735,257
Investment Earnings					13,712	925	14,637
Miscellaneous Income					391,817		391,817
Total General Revenue					<u>73,962,387</u>	<u>925</u>	<u>73,963,312</u>
Change in Net Position					6,351,267	185,268	6,536,535
Net Position - Beginning					<u>2,534,061</u>	<u>282,057</u>	<u>2,816,118</u>
Net Position - Ending					<u>\$ 8,885,328</u>	<u>\$ 467,325</u>	<u>\$ 9,352,653</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,194,455			\$ 4,137	\$ 2,198,592
Interfund Receivable:					
Special Revenue Fund	120,457				120,457
Capital Projects Fund	204,136			163,586	367,722
Enterprise Funds - Food Service	135,907				135,907
Receivables:					
Federal Government		\$ 248,870	\$ 1,127,935		1,376,805
State Government	1,155,423				1,155,423
Other	810				810
Restricted Cash and Cash Equivalents	4,621,250				4,621,250
<b>Total Assets</b>	<b>\$ 8,432,438</b>	<b>\$ 248,870</b>	<b>\$ 1,127,935</b>	<b>\$ 167,723</b>	<b>\$ 9,976,966</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 349,231	\$ 7,716			\$ 356,947
Interfund Payable:					
General Fund		120,457	\$ 204,136		324,593
Debt Service Fund			163,586		163,586
Enterprise Funds - Community School	19,146				19,146
Payable to State Government		29,125			29,125
Unearned Revenue		91,572			91,572
<b>Total Liabilities</b>	<b>368,377</b>	<b>248,870</b>	<b>367,722</b>		<b>984,969</b>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Restricted for:					
Capital Reserve Account	\$ 4,271,250				\$ 4,271,250
Emergency Reserve Account	350,000				350,000
Maintenance Reserve Account	500,000				500,000
Capital Projects Fund			\$ 620,315		620,315
Debt Service Fund				\$ 167,723	167,723
Excess Surplus	682,147				682,147
Excess Surplus - Designated for Subsequent Year's Expenditures	687,238				687,238
Committed:					
Capital Projects Fund			139,898		139,898
Assigned:					
Designated for Subsequent Year's Expenditures	107,536				107,536
Year End Encumbrances	804,103				804,103
Unassigned	661,787				661,787
Total Fund Balances	<u>8,064,061</u>		<u>760,213</u>	<u>167,723</u>	<u>8,991,997</u>
Total Liabilities and Fund Balances	<u>\$ 8,432,438</u>	<u>\$ 248,870</u>	<u>\$ 1,127,935</u>	<u>\$ 167,723</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$106,622,706 and the accumulated depreciation is \$49,381,500.	57,241,206
Long-term liabilities, such as bonds payable, capital leases and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(29,243,460)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(31,531,675)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Change in Assumptions - Pensions	3,386,250
Change in Proportions - Pensions	747,370
Difference between Expected and Actual Experience - Pensions	752,235
Investment Gains - Pensions	(506,969)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(333,904)
Bond premiums are not reported as revenue in the governmental funds in the year of the bond sale. The premium is \$2,536,773 and accumulated amortization is \$1,066,856.	(1,469,917)
Deferred interest costs are not reported as expenditures in the governmental funds in the year of the expenditure. The deferred interest is \$1,654,419 and accumulated amortization is \$802,224.	852,195
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 8,885,328</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, 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
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 69,821,601			\$ 3,735,257	\$ 73,556,858
Tuition Charges	80,702				80,702
Interest Earned on Capital Reserve Funds	635				635
Miscellaneous	404,894	\$ 70,886			475,780
Total - Local Sources	70,307,832	70,886		3,735,257	74,113,975
State Sources	22,780,679	108,042	\$ 1,492,431	267,400	24,648,552
Federal Sources	3,174	1,268,331			1,271,505
Total Revenue	93,091,685	1,447,259	1,492,431	4,002,657	100,034,032
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	26,852,695	205,375			27,058,070
Special Education Instruction	6,666,989	1,010,715			7,677,704
Other Special Instruction	471,503				471,503
Other Instruction	1,578,121				1,578,121
<b>Support Services and Undistributed Costs:</b>					
Tuition	3,087,997				3,087,997
Student & Instruction Related Services	9,269,998	231,169			9,501,167
General Administrative Services	1,745,206				1,745,206
School Administrative Services	2,915,406				2,915,406
Central Services	815,672				815,672
Administrative Information Technology	1,270,707				1,270,707
Plant Operations and Maintenance	6,382,368				6,382,368
Pupil Transportation	4,387,574				4,387,574
Unallocated Benefits	22,310,571				22,310,571
<b>Debt Service:</b>					
Principal				3,170,000	3,170,000
Interest and Other Charges				828,520	828,520
Capital Outlay	4,183,085		1,807,632		5,990,717
Transfer of Funds to Charter Schools	138,358				138,358
Total Expenditures	92,076,250	1,447,259	1,807,632	3,998,520	99,329,661
Excess/(Deficiency) of Revenue over/(under) Expenditures	1,015,435		(315,201)	4,137	704,371
<b>OTHER FINANCING SOURCES/(USES)</b>					
Capital Leases (Non-Budgeted)	2,714,251				2,714,251
Total Other Financing Sources/(Uses)	2,714,251				2,714,251
Net Change in Fund Balances	3,729,686		(315,201)	4,137	3,418,622
Fund Balance—July 1	4,334,375		1,075,414	163,586	5,573,375
Fund Balance—June 30	\$ 8,064,061	\$ - 0 -	\$ 760,213	\$ 167,723	\$ 8,991,997

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-3

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 3,418,622
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays and adjustments in the period.		
Depreciation expense	\$ (2,974,458)	
Capital outlays	<u>5,861,492</u>	2,887,034
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(28,880)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		3,170,000
Proceeds from capital lease issues are a financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position		
		(2,714,251)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		557,752
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		8,084
The governmental funds report the effect of premiums and deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		82,057
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(5,238,967)
Deferred Outflows:		
Changes in Assumptions		2,559,466
Changes in Proportion		(161,819)
Difference between Expected and Actual Experience		752,235
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,059,934</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 6,351,267</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
<u>ASSETS:</u>		
Current assets:		
Cash and cash equivalents	\$ 680,456	\$ 55,470
Accounts receivable:		
State		539
Federal		12,239
Interfund receivable	19,146	
Inventories		11,602
	699,602	79,850
Total current assets		
Non-current assets:		
Machinery and Equipment		640,163
Accumulated depreciation		(455,729)
		184,434
Total non-current assets		
Total assets	699,602	264,284
<u>LIABILITIES:</u>		
Current liabilities:		
Accounts payable - Vendors		20,518
Interfund payable		135,907
Unearned revenue	284,269	55,867
	284,269	212,292
Total Liabilities		
<u>NET POSITION/(DEFICIT):</u>		
Net Investment in capital assets		184,434
Unrestricted	415,333	(132,442)
Total net position	\$ 415,333	\$ 51,992

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

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

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
Operating revenue		
Local sources:		
Daily sales - reimbursable programs		\$ 221,175
Daily sales - non-reimbursable programs		722,535
Community School - regular program fees	\$ 1,043,328	
Community School - summer program fees	93,759	
Total operating revenue	1,137,087	943,710
Operating expenses:		
Cost of sales (Reimbursable) Programs		268,569
Cost of sales (Non-Reimbursable) Programs		240,889
Salaries	667,458	388,833
Employee benefits	133,370	92,933
Purchased professional/technical services	41,584	33,687
Other purchased services	105,022	35,973
Supplies and materials	34,721	
Miscellaneous	20,951	64,804
Depreciation		4,226
Total operating expenses	1,003,106	1,129,914
Operating income/(loss)	133,981	(186,204)
Non-operating revenue:		
State sources:		
State school lunch program		8,379
Federal sources:		
National school lunch program		191,213
Food distribution program		36,974
Local sources:		
Interest income	925	
Total non-operating revenue	925	236,566
Change in net position	134,906	50,362
Net position - beginning of year	280,427	1,630
Net position - end of year	\$ 415,333	\$ 51,992

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



Exhibit B-6

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

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
Cash flows from operating activities:		
Receipts from customers	\$ 1,148,811	\$ 942,944
Payments to employees	(800,828)	(493,339)
Payments to suppliers	(184,450)	(590,021)
Net cash provided by / (used for) operating activities	163,533	(140,416)
Cash flows from investing activities:		
Interest income	925	
Net cash provided by investing activities	925	
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(5,776)
Net cash used for capital and related financing activities		(5,776)
Cash flows from noncapital financing activities:		
Cash received from state and federal reimbursements		201,662
Net cash provided by / (used for) noncapital financing activities		201,662
Net increase in cash and cash equivalents	164,458	55,470
Cash and cash equivalents, July 1	515,998	
Cash and cash equivalents, June 30	\$ 680,456	\$ 55,470
Reconciliation of operating income / (loss) to net cash provided by / (used for) operating activities:		
Operating income / (loss)	\$ 133,981	\$ (186,204)
Adjustment to reconcile operating income / (loss) to net cash provided by / (used for) operating activities:		
Depreciation		4,226
Federal food distribution program		36,974
Changes in assets and liabilities:		
(Increase) in inventory		(3,591)
Decrease in prepaid expenses	18,785	
Increase / (decrease) in accounts payable	(957)	20,518
Increase / (decrease) in unearned revenue	11,724	(766)
(Decrease) in compensated absences payable		(11,573)
Net cash provided by / (used for) operating activities	\$ 163,533	\$ (140,416)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$34,432 and utilized \$36,974 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2016.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 390,357	\$ 49,542	\$ 9,375
Total assets	<u>390,357</u>	<u>49,542</u>	<u>9,375</u>
<u>LIABILITIES:</u>			
Payroll deductions and withholdings	36,227		
Due to student groups	<u>354,130</u>		
Total liabilities	<u>390,357</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Scholarships		49,542	
Flexible spending claims			<u>9,375</u>
Total net position	<u>\$ - 0 -</u>	<u>\$ 49,542</u>	<u>\$ 9,375</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

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

	Private Purpose Scholarship Trust	Flexible Spending Trust
Additions:		
Contributions:		
Donations	\$ 17,267	
Plan member		\$ 94,867
Total Contributions	17,267	94,867
Investment earnings:		
Interest	72	
Total Additions	17,339	94,867
Deductions:		
Scholarships awarded	13,036	
Flexible Spending Claims		93,146
Total Deductions	13,036	93,146
Change in net position	4,303	1,721
Net position—beginning of the year	45,239	7,654
Net position—end of the year	\$ 49,542	\$ 9,375

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Township of Randolph School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, a middle school, a high school and a community school located in the Township of Randolph. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd):

capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub fund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

Enterprise Fund: The District has two Enterprise Funds. The Food Service Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The Community School Enterprise Fund accounts for all revenue and expenses pertaining to the operations of the community school. These two funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust and Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 93,092,835	\$ 1,476,888
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis does not.		(29,629)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,267,530	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,268,680)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 93,091,685</u>	<u>\$ 1,447,259</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 92,076,250	\$ 1,476,888
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(29,629)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 92,076,250</u>	<u>\$ 1,447,259</u>
		<u>Capital Projects Fund</u>
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Fund Balance	\$ -0-	\$ 826,110
Reconciliation of Capital Projects Fund:		
SDA Grant Revenue/Receivable Not Recognized on GAAP Basis	<u>1,492,431</u>	<u>(65,897)</u>
Per Governmental Funds (GAAP)	<u>\$ 1,492,431</u>	<u>\$ 760,213</u>



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenue/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to restrict a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, 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.

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	30 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. These employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the applicable District employee contract/agreement.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$8,064,061 General Fund fund balance at June 30, 2016, \$761,165 is assigned fund balance of which \$804,103 is for year-end encumbrances and \$107,536 has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$687,238 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$682,147 is restricted as current year surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June, 30, 2018; \$4,271,250 is restricted in the capital reserve account; \$500,000 is restricted in the maintenance reserve account; \$350,000 is restricted in the emergency reserve account; and there is \$661,787 in unassigned fund balance which is \$1,268,680 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: Of the \$760,213 Capital Projects Fund fund balance at June 30, 2016, \$620,315 is restricted and \$139,898 is committed.

Debt Service Fund: The restricted Debt Service Fund fund balance at June 30, 2016 is \$167,723.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2016 as indicated above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,268,680 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for the Deferred Amount on Refunding at June 30, 2016, changes in assumptions and in proportion in pension and the difference between expected and actual pension experience.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Deficit Net Position:

The District has a deficit in unrestricted net position of \$27,232,046 in governmental activities, which is primarily due to accrued interest payable of \$333,904, \$840,955 of compensated absences payable, an unamortized bond premium of \$1,469,917, investment gains in pensions of \$506,969 and the net pension liability of \$31,531,675 offset by the deferred amount on the refunding of \$852,195, changes in pension assumptions of \$3,386,250, changes in proportion in pensions of \$747,370, the difference between expected and actual pension experience of \$752,235 and Governmental Funds assigned fund balances. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

The District has a deficit in unrestricted net position in the Food Service Fund of \$132,442 at June 30, 2016. The District has contracted with a Food Service Management Company to improve operating performance of its cafeteria program.

S. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, a maintenance reserve, the Capital Projects Fund and the Debt Service Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. These revenues are food service sales and community school fees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Deposits:

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

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

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

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	NJ Cash Management Fund	Restricted Cash and Cash Equivalents			Total
			Capital Reserve Account	Maintenance Reserve Account	Emergency Reserve Account	
Checking and Savings Accounts	\$2,855,355		\$4,271,250	\$ 500,000	\$ 350,000	\$ 7,976,605
NJ Cash Management Fund		\$ 28,437				28,437
	<u>\$2,855,355</u>	<u>\$ 28,437</u>	<u>\$4,271,250</u>	<u>\$500,000</u>	<u>\$350,000</u>	<u>\$ 8,005,042</u>



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd):

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$8,005,042 and the bank balance was \$9,591,006. The District had \$28,437 with the State of New Jersey Cash Management Fund that was not insured or registered.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2016, the District transferred \$315,669 to the capital outlay accounts for equipment and therefore did not require approval from the County Superintendent. The District also transferred \$109,616 to the capital outlay account for construction services which required approval of the County Superintendent.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 3,465,955			\$ 3,465,955
Construction in Progress	4,085,758	\$ 1,807,632		5,893,390
Total Capital Assets Not Being Depreciated	<u>7,551,713</u>	<u>1,807,632</u>		<u>9,359,345</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	76,651,327	842,712		77,494,039
Machinery and Equipment	16,691,510	3,211,148	\$ (133,336)	19,769,322
Total Capital Assets Being Depreciated	<u>93,342,837</u>	<u>4,053,860</u>	<u>(133,336)</u>	<u>97,263,361</u>
Governmental Activities Capital Assets	<u>100,894,550</u>	<u>5,861,492</u>	<u>(133,336)</u>	<u>106,622,706</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(33,031,472)	(2,283,819)		(35,315,291)
Machinery and Equipment	(13,508,906)	(690,639)	133,336	(14,066,209)
	<u>(46,540,378)</u>	<u>(2,974,458)</u>	<u>133,336</u>	<u>(49,381,500)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,354,172</u>	<u>\$ 2,887,034</u>	<u>\$ -0-</u>	<u>\$ 57,241,206</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 634,387	\$ 5,776		\$ 640,163
Less Accumulated Depreciation	(451,503)	(4,226)		(455,729)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 182,884</u>	<u>\$ 1,550</u>	<u>\$ -0-</u>	<u>\$ 184,434</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 992,473
Special Education Instruction	245,324
Other Special Instruction	17,350
Other Instruction	81,255
Tuition	115,257
Student and Instruction Related Services	348,640
General Administrative Services	66,173
School Administrative Services	138,089
Central Services	538,976
Operations and Maintenance of Plant	265,404
Student Transportation	165,517
	<hr/>
	<u>\$ 2,974,458</u>

The District had active construction projects totaling \$16,508,781 as of June 30, 2016.

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment, mail equipment and bus garage space under operating leases which expire in 2017 through 2018. Total operating lease payments made during the year ended June 30, 2016 were \$32,480. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 14,695
2018	13,097
	<hr/>
Total Future Minimum Lease Payments	<u>\$ 27,792</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Bonds Payable	\$ 29,015,000		\$ 3,170,000	\$ 25,845,000
Net Pension Liability	26,292,708	\$ 5,238,967		31,531,675
Compensated Absences Payable	823,648	285,195	267,888	840,955
Obligations Under Capital Leases	401,006	2,714,251	557,752	2,557,505
	<u>\$ 56,532,362</u>	<u>\$ 8,238,413</u>	<u>\$ 3,995,640</u>	<u>\$ 60,775,135</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$3,120,000 and the long-term portion is \$22,725,000.

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

Year Ending June 30,	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 3,120,000	\$ 783,769	\$ 3,903,769
2018	3,165,000	703,619	3,868,619
2019	3,230,000	610,987	3,840,987
2020	2,505,000	527,706	3,032,706
2021	1,870,000	467,506	2,337,506
2022-2026	8,955,000	1,325,487	10,280,487
2027-2030	3,000,000	210,000	3,210,000
	<u>\$ 25,845,000</u>	<u>\$ 4,629,074</u>	<u>\$ 30,474,074</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had \$900 of bonds authorized but not issued.

C. Capital Leases Payable:

The District entered into capital leases for technology equipment and buses totaling \$3,330,601. The capital leases are for five years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2016.

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 692,531
2018	692,531
2019	598,101
2020	382,649
2021	<u>276,358</u>
Total Minimum Lease Payables	2,642,170
Less: Amount representing interest	<u>84,665</u>
Present value of net minimum lease payments	<u>\$ 2,557,505</u>

The current portion of capital leases payable is \$667,492 and the long-term portion is \$1,890,013.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds at June 30, 2016 is \$9,319 and is shown separately from the long-term liability balance of compensated absences of \$831,636.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, there was no liability for compensated absences in the Food Service Fund.

Compensated Absences Payable will be liquidated by the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$31,531,675. See Note 8 for further information on the PERS.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,207,626 for fiscal year 2016.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$31,531,675 for its proportionate share of the 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 July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.140%, which was an increase of 0.00002% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,236,731. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	\$ 674,962	
Changes in Assumptions - 2015	2,711,288	
Changes in Proportion - 2014	742,059	
Changes in Proportion - 2015	5,311	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014		\$ 1,175,457
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015		(668,488)
Deifference Between Expected and Actual Experience - 2015	<u>752,235</u>	
	<u>\$ 4,885,855</u>	<u>\$ 506,969</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 661,119
2017	661,119
2018	661,119
2019	1,052,938
2020	595,221
	<u>\$ 3,631,516</u>

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:

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 rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 U.S. 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. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 39,190,014	\$ 31,531,675	\$ 25,110,979

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$2,850,837 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$13,908,011.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$227,779,854. 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 July 1, 2014 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.360%, which was an increase of 0.003% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>227,779,854</u>
Total	\$	<u><u>227,779,854</u></u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$13,908,011 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

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.

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

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	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%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF (Cont'd)

contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1 -percentage-point lower or 1 -percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 270,707,842	\$ 227,779,854	\$ 190,794,823

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$8,409 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$15,270 for the fiscal year ended June 30, 2016.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$3,394,559, \$3,093,058 and \$2,477,571 for 2016, 2015 and 2014, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided by Horizon Blue Cross Blue Shield.

Property and Liability

The District is a member of the School Alliance Insurance Fund (the "Fund") and the Pooled Insurance Program of New Jersey (the "PIP"). These public entity risk management pools provide general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found on Exhibit J-20 in the Statistical section of this Comprehensive Annual Financial Report. The Fund and the PIP are risk-sharing public entity risk pools that are both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the Fund and the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund and the PIP were to be exhausted, members would become responsible for their respective shares of the Fund's and the PIP's liabilities. The Fund and the PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Fund and the PIP as of June 30, 2015 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>Pooled Insurance Program</u>
Total Assets	\$ 35,565,090	\$ 21,712,514
Net Position	\$ 7,171,390	\$ 6,703,267
Total Revenue	\$ 38,073,207	\$ 7,287,919
Total Expenses	\$ 36,335,763	\$ 6,088,877
Change in Net Position	\$ 1,737,444	\$ 1,199,042
Member Dividends	\$ -0-	\$ 1,274,700

Financial statements for the Fund are available at the Administrator's Office.

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550

Financial statements for the PIP are available at the Administrator's Office.

Burton Agency  
44 Bergen Street  
PO Box 270  
Westwood, NJ 07675  
(201) 664-0310



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District remits employee withholdings and employer's share of New Jersey Unemployment Compensation Insurance taxes to the State each pay period. The State makes all unemployment payments to former employees, and the District has no further liability.

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 460,500	\$ 19,146
Special Revenue Fund		120,457
Capital Projects Fund		367,722
Debt Service Fund	163,586	
Enterprise Fund	<u>19,146</u>	<u>135,907</u>
	<u>\$ 643,232</u>	<u>\$ 643,232</u>

The interfund between the General Fund and the Special Revenue Fund is the result of a cash deficit in the Special Revenue Fund due to the funding method for federally funded grants. The General Fund made disbursements throughout the year on behalf of the Food Service Enterprise Fund and the Community School Enterprise Fund. The interfund between the Debt Service Fund and the Capital Projects Fund is the result of unexpended funds of completed projects in the Capital Projects Fund not yet returned.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by Great American Plan Administrators, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plans offered by the District are as follows:

- Equitable
- Lincoln Financial Advisors

The District also offers an Internal Revenue Code Section 457 plan to its employees through MetLife.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in claims and pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 804,103	\$ 44,828	\$ 44,620	\$ 893,551

On the District's Governmental Funds Balance Sheet as of June 30, 2016 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$44,828 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables or an increase in unearned revenue in the Special Revenue Fund. The \$44,620 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$139,898 committed fund balance on a GAAP basis at June 30, 2016 which is \$1,492,431 less on the GAAP basis due to SDA grants which have not been recognized.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2016, if any, is unknown.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 16. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Randolph Township Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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-5.1(d)7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$ 1,270,615	
Interest Earnings	\$ 635		
Deposits:			
Transfer by Board Resolution June 2015	3,000,000		
		3,000,635	
Ending balance, June 30, 2016		\$ 4,271,250	

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects exceeded the balance in the capital reserve account.

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Randolph Township Board of Education. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1<sup>st</sup> and June 30<sup>th</sup>. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$ 350,000	
Ending balance, June 30, 2016		\$ 350,000	

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ -0-
Deposits:	
Transfer by Board Resolution June 2016	<u>500,000</u>
Ending balance, June 30, 2016	<u><u>\$ 500,000</u></u>

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

L-1

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
District's proportion of the net pension liability	0.1348003362%	0.1404319814%	0.1404654329%
District's proportionate share of the net pension liability	\$ 25,763,023	\$ 26,292,708	\$ 31,531,675
District's covered employee payroll	\$ 9,395,315	\$ 9,621,273	\$ 9,755,434
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	274.21%	273.28%	323.22%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 1,015,693	\$ 1,157,701	\$ 1,207,626
Contributions in relation to the contractually required contribution	<u>(1,015,693)</u>	<u>(1,157,701)</u>	<u>(1,207,626)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 9,395,315	\$ 9,621,273	\$ 9,755,434
Contributions as a percentage of covered employee payroll	10.81%	12.03%	12.38%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable to the District	0.3555020767%	0.3571898561%	0.3603868100%
State's proportionate share of the net pension liability attributable to the District	\$ 179,667,953	\$ 190,906,353	\$ 227,779,854
District's covered employee payroll	\$ 35,964,098	\$ 36,242,645	\$ 36,585,109
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	499.58%	526.75%	622.60%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

BUDGETARY COMPARISON SCHEDULES

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 69,821,601		\$ 69,821,601	\$ 69,821,601	
Tuition from Individuals	20,000		20,000	73,017	\$ 53,017
Tuition from LEA's Within State				7,685	7,685
Transportation Fees from Individuals				20,310	20,310
Transportation Fees from Other LEA's				24,002	24,002
Rents and Royalties	20,000		20,000	60,045	40,045
Interest Earned on Capital Reserve Funds				635	635
Miscellaneous	140,920		140,920	300,537	159,617
Total - Local Sources	<u>70,002,521</u>		<u>70,002,521</u>	<u>70,307,832</u>	<u>305,311</u>
State Sources:					
Transportation Aid	323,179		323,179	323,179	
Equalization Aid	7,895,104		7,895,104	7,895,104	
Categorical Special Education Aid	3,234,926		3,234,926	3,234,926	
Categorical Security Aid	103,893		103,893	103,893	
Adjustment Aid	1,118,636		1,118,636	1,118,636	
Extraordinary Aid	700,000		700,000	991,300	291,300
PARCC Readiness Aid	47,185		47,185	47,185	
Per Pupil Growth Aid	47,185		47,185	47,185	
Other State Aid - Non Public Transportation				31,701	31,701
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,850,837	2,850,837
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,394,559	3,394,559
TPAF Social Security (Reimbursed - Non-Budgeted)				2,743,324	2,743,324
Total State Sources	<u>13,470,108</u>		<u>13,470,108</u>	<u>22,781,829</u>	<u>9,311,721</u>
Federal Sources:					
SEMI (Special Ed Medicaid Initiative)	30,376		30,376	3,174	(27,202)
Total - Federal Sources	<u>30,376</u>		<u>30,376</u>	<u>3,174</u>	<u>(27,202)</u>
Total Revenues	<u>83,503,005</u>		<u>83,503,005</u>	<u>93,092,835</u>	<u>9,589,830</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 971,946	\$ (277,627)	\$ 694,319	\$ 659,731	\$ 34,588
Grades 1-5 - Salaries of Teachers	8,567,360	17,835	8,585,195	8,544,599	40,596
Grades 6-8 - Salaries of Teachers	6,346,774	(411,470)	5,935,304	5,882,454	52,850
Grades 9-12 - Salaries of Teachers	9,372,877	(251,222)	9,121,655	9,082,796	38,859
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	(25,463)	74,537	63,213	11,324
Purchased Professional-Educational Services	36,750	7,905	44,655	37,041	7,614
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	314,398	100,808	415,206	398,445	16,761
Purchased Professional - Educational Services	227,890	87,142	315,032	307,378	7,654
Purchased Technical Services	110,715	(76,113)	34,602	29,540	5,062
Other Purchased Services	286,951	(5,582)	281,369	261,500	19,869
General Supplies	1,451,632	104,090	1,555,722	1,461,275	94,447
Textbooks	82,696	7,171	89,867	82,653	7,214
Other Objects	65,125		65,125	42,070	23,055
Total Regular Programs - Instruction	<u>27,935,114</u>	<u>(722,526)</u>	<u>27,212,588</u>	<u>26,852,695</u>	<u>359,893</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	789,377	(52,818)	736,559	732,022	4,537
Other Salaries for Instruction	347,146	86,775	433,921	428,016	5,905
General Supplies	16,500	4,176	20,676	16,137	4,539
Total Learning and/or Language Disabilities	<u>1,153,023</u>	<u>38,133</u>	<u>1,191,156</u>	<u>1,176,175</u>	<u>14,981</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Auditory Impairments:					
General Supplies	\$ 4,263	\$ 4,315	\$ 8,578	\$ 7,793	\$ 785
Total Auditory Impairments	<u>4,263</u>	<u>4,315</u>	<u>8,578</u>	<u>7,793</u>	<u>785</u>
Behavioral Disabilities:					
Salaries of Teachers	110,169	(74,263)	35,906	35,906	
Other Salaries for Instruction	48,437	(39,887)	8,550	8,550	
General Supplies	6,000	(4,571)	1,429	42	1,387
Total Behavioral Disabilities	<u>164,606</u>	<u>(118,721)</u>	<u>45,885</u>	<u>44,498</u>	<u>1,387</u>
Multiple Disabilities:					
Other Salaries for Instruction	25,267	(25,267)			
General Supplies	9,000	(3,355)	5,645	5,645	
Total Multiple Disabilities	<u>34,267</u>	<u>(28,622)</u>	<u>5,645</u>	<u>5,645</u>	
Resource Room/Resource Center:					
Salaries of Teachers	3,962,465	108,621	4,071,086	4,070,406	680
Other Salaries for Instruction	737,493	(49,807)	687,686	682,667	5,019
Purchased Professional Education Services		864	864	858	6
General Supplies	37,456	(1,844)	35,612	34,155	1,457
Total Resource Room/Resource Center	<u>4,737,414</u>	<u>57,834</u>	<u>4,795,248</u>	<u>4,788,086</u>	<u>7,162</u>
Autism:					
Salaries of Teachers		220,693	220,693	220,693	
Total Autism		<u>220,693</u>	<u>220,693</u>	<u>220,693</u>	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	291,559	37,154	328,713	295,440	33,273
Other Salaries for Instruction	72,102	50,548	122,650	122,650	
General Supplies	5,000	1,010	6,010	6,009	1
Total Preschool Disabilities - Full-Time	<u>368,661</u>	<u>88,712</u>	<u>457,373</u>	<u>424,099</u>	<u>33,274</u>
Total Special Education - Instruction	<u>6,462,234</u>	<u>262,344</u>	<u>6,724,578</u>	<u>6,666,989</u>	<u>57,589</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	204,766	(14,216)	190,550	184,631	5,919
General Supplies	7,550		7,550	6,199	1,351
Total Basic Skills/Remedial - Instruction	<u>212,316</u>	<u>(14,216)</u>	<u>198,100</u>	<u>190,830</u>	<u>7,270</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 220,769	\$ 55,921	\$ 276,690	\$ 276,690	
Other Purchased Services	800	(62)	738	496	\$ 242
General Supplies	1,450		1,450	1,038	412
Textbooks	5,340	(2,865)	2,475	2,449	26
<b>Total Bilingual Education - Instruction</b>	<b>228,359</b>	<b>52,994</b>	<b>281,353</b>	<b>280,673</b>	<b>680</b>
School-Spon. Cocurricular Actvts. - Instruction:					
Salaries	366,245	(13,723)	352,522	344,903	7,619
Supplies and Materials	37,700	(15,634)	22,066	22,066	
Other Objects	40,395	74,323	114,718	29,597	85,121
<b>Total School-Spon. Cocurricular Actvts. - Instruction</b>	<b>444,340</b>	<b>44,966</b>	<b>489,306</b>	<b>396,566</b>	<b>92,740</b>
School-Spon. Athletics - Instruction:					
Salaries	738,513	77,498	816,011	816,011	
Purchased Services	78,298	(8,341)	69,957	69,957	
Supplies and Materials	88,919	1,458	90,377	90,377	
Other Objects	53,760	800	54,560	54,560	
<b>Total School-Spon. Athletics - Instruction</b>	<b>959,490</b>	<b>71,415</b>	<b>1,030,905</b>	<b>1,030,905</b>	
Summer School - Instruction:					
Salaries of Teachers	59,542	22,928	82,470	82,470	
Other Purchased Services	26,656	2,076	28,732	28,732	
General Supplies	1,000	(532)	468	468	
<b>Total Summer School - Instruction</b>	<b>87,198</b>	<b>24,472</b>	<b>111,670</b>	<b>111,670</b>	
Summer School - Support Services:					
Salaries	28,210	10,770	38,980	38,980	
<b>Total Summer School - Support Services</b>	<b>28,210</b>	<b>10,770</b>	<b>38,980</b>	<b>38,980</b>	
<b>Total Instruction</b>	<b>36,357,261</b>	<b>(269,781)</b>	<b>36,087,480</b>	<b>35,569,308</b>	<b>518,172</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	264,704	43,934	308,638	227,707	80,931
Tuition to County Voc. School District - Regular	393,605	15,895	409,500	405,830	3,670
Tuition to County Voc. School District - Special	14,200		14,200	13,000	1,200
Tuition to CSSD & Regional Day Schools	76,039		76,039	62,125	13,914
Tuition to Private Schools for the Handicapped - Within State	2,889,197	(225,478)	2,663,719	2,379,335	284,384
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,637,745</b>	<b>(165,649)</b>	<b>3,472,096</b>	<b>3,087,997</b>	<b>384,099</b>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Health Services:					
Salaries	\$ 783,142	\$ (26,604)	\$ 756,538	\$ 741,365	\$ 15,173
Purchased Professional and Technical Services	11,705	1,485	13,190	6,297	6,893
Other Purchased Services	1,000		1,000		1,000
Supplies and Materials	38,719	(1,999)	36,720	31,671	5,049
Total Undistributed Expenditures - Health Services	<u>834,566</u>	<u>(27,118)</u>	<u>807,448</u>	<u>779,333</u>	<u>28,115</u>
Undist. Expend. - Speech, OT, PT, Related Services:					
Salaries	1,071,558	(126,265)	945,293	913,489	31,804
Purchased Professional - Educational Services	302,600	25,000	327,600	261,043	66,557
Supplies and Materials	7,500	(765)	6,735	5,424	1,311
Total Undist. Expend. - Speech, OT, PT, Related Services	<u>1,381,658</u>	<u>(102,030)</u>	<u>1,279,628</u>	<u>1,179,956</u>	<u>99,672</u>
Undist. Expend. - Other Supp. Serv. Students-Extraordinary:					
Salaries	695,897	163,137	859,034	852,666	6,368
Purchased Professional - Educational Services	370,143	42,000	412,143	395,675	16,468
Total Undist. Expend. - Other Supp. Serv. Students-Extraordinary	<u>1,066,040</u>	<u>205,137</u>	<u>1,271,177</u>	<u>1,248,341</u>	<u>22,836</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	1,240,320	(139,852)	1,100,468	1,093,965	6,503
Salaries of Secretarial and Clerical Assistants	236,410	577	236,987	236,987	
Other Purchased Prof. and Tech. Services	15,747	250	15,997	13,215	2,782
Other Purchased Services	4,200		4,200	1,750	2,450
Supplies and Materials	16,030	(1,554)	14,476	7,902	6,574
Total Undist. Expend. - Guidance	<u>1,512,707</u>	<u>(140,579)</u>	<u>1,372,128</u>	<u>1,353,819</u>	<u>18,309</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	\$ 1,755,975	\$ 52,978	\$ 1,808,953	\$ 1,798,775	\$ 10,178
Salaries of Secretarial and Clerical Assistants	160,566	2,693	163,259	163,259	
Purchased Professional - Educational Services	660,029	(16,760)	643,269	456,634	186,635
Other Purchased Prof. and Tech. Services	2,000	(1,078)	922	696	226
Miscellaneous Purchased Services (400-500 series)	10,000		10,000	1,824	8,176
Supplies and Materials	25,255	40,354	65,609	26,724	38,885
Other Objects	1,000		1,000	275	725
Total Undist. Expend. - Child Study Team	<u>2,614,825</u>	<u>78,187</u>	<u>2,693,012</u>	<u>2,448,187</u>	<u>244,825</u>
Undist. Expend. - Improvement of Inst. Serv.:					
Salaries of Supervisor of Instruction	1,122,928	102,790	1,225,718	1,225,718	
Salaries of Other Professional Staff	119,310		119,310	108,056	11,254
Salaries of Secretarial and Clerical Assistants	52,396	4,216	56,612	56,612	
Unused Vacation Payment to Terminated/Retired Staff		47,483	47,483	24,835	22,648
Purchased Professional - Educational Services	250,341	(60,932)	189,409	162,427	26,982
Other Purchased Prof. and Tech. Services	9,928	4,143	14,071	9,445	4,626
Other Purchased Services	1,759	(1,759)			
Supplies and Materials	35,425	49,202	84,627	78,029	6,598
Other Objects	16,336	(14,791)	1,545	1,518	27
Total Undist. Expend. - Improvement of Inst. Serv.	<u>1,608,423</u>	<u>130,352</u>	<u>1,738,775</u>	<u>1,666,640</u>	<u>72,135</u>
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	421,214	8,606	429,820	429,345	475
Purchased Professional Educational Services		21,038	21,038	20,963	75
Supplies and Materials	143,527	(48,764)	94,763	85,066	9,697
Other Objects	2,000		2,000	1,995	5
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>566,741</u>	<u>(19,120)</u>	<u>547,621</u>	<u>537,369</u>	<u>10,252</u>
Undist. Expend. - Instructional Staff Training Serv.:					
Salaries of Supervisors of Instruction	56,759	(56,759)			
Other Salaries	5,408		5,408		5,408
Purchased Professional - Educational Services	275,105	(115,216)	159,889	42,680	117,209
Other Purchased Services (400-500 series)	22,222	3,638	25,860	13,673	12,187
Total Undist. Expend. - Instructional Staff Training Serv.	<u>359,494</u>	<u>(168,337)</u>	<u>191,157</u>	<u>56,353</u>	<u>134,804</u>



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.:					
Salaries	\$ 657,023	\$ (50,371)	\$ 606,652	\$ 585,833	\$ 20,819
Unused Vacation Payment to Terminated/Retired Staff		19,071	19,071	12,136	6,935
Legal Services	290,220	(1,500)	288,720	246,366	42,354
Audit Fees	112,220		112,220	82,500	29,720
Other Purchased Professional Services	70,363	180,152	250,515	228,647	21,868
Purchased Technical Services	35,750	2,150	37,900	12,157	25,743
Communications/Telephone	7,625	2,000	9,625	2,700	6,925
Other Purchased Services (400-500 series)	671,650	(115,631)	556,019	501,506	54,513
BOE Membership Dues and Fees	27,365		27,365	26,663	702
General Supplies	36,295	4,171	40,466	28,895	11,571
Judgments Against the School District	48,100		48,100		48,100
Miscellaneous Expenditures	22,657	1,500	24,157	17,803	6,354
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,979,268</u>	<u>41,542</u>	<u>2,020,810</u>	<u>1,745,206</u>	<u>275,604</u>
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	1,922,529	(34,669)	1,887,860	1,855,939	31,921
Salaries of Secretarial and Clerical Assistants	981,095	(7,217)	973,878	950,612	23,266
Unused Vacation Payment to Terminate/Retired Staff		52,671	52,671	31,887	20,784
Purchased Professional and Technical Services	4,610	12,378	16,988	12,118	4,870
Other Purchased Services	6,650	760	7,410	706	6,704
Supplies and Materials	49,610	4,213	53,823	48,272	5,551
Other Objects	20,050	(1,474)	18,576	15,872	2,704
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,984,544</u>	<u>26,662</u>	<u>3,011,206</u>	<u>2,915,406</u>	<u>95,800</u>
Undist. Expend. - Central Services:					
Salaries	716,234	19,070	735,304	718,295	17,009
Unused Vacation Payment to Terminated/Retired Staff		14,352	14,352	8,052	6,300
Purchased Technical Services	23,300		23,300	6,735	16,565
Misc. Purchased Services	51,056	6,288	57,344	48,686	8,658
Supplies and Materials	20,611	9,883	30,494	19,888	10,606
Other Objects	8,100	10,000	18,100	14,016	4,084
Total Undist. Expend. - Central Services	<u>819,301</u>	<u>59,593</u>	<u>878,894</u>	<u>815,672</u>	<u>63,222</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Tech.					
Salaries	\$ 730,417	\$ 7,323	\$ 737,740	\$ 737,740	
Unused Vacation Payment to Terminated/Retired Staff		2,126	2,126	2,126	
Purchased Professional Services	358,800	18,347	377,147	375,992	\$ 1,155
Other Purchased Services	174,565	(7,150)	167,415	154,849	12,566
Total Undist. Expend. - Admin. Info. Tech.	<u>1,263,782</u>	<u>20,646</u>	<u>1,284,428</u>	<u>1,270,707</u>	<u>13,721</u>
Undist. Expend. - Required Maintenance for Sch. Facilities:					
Salaries	518,676	(18,753)	499,923	495,154	4,769
Cleaning, Repair and Maintenance Services	736,829	(47,914)	688,915	625,484	63,431
General Supplies	200,465	10,947	211,412	170,263	41,149
Total Undist. Expend. - Required Maintenance for Sch. Facil.	<u>1,455,970</u>	<u>(55,720)</u>	<u>1,400,250</u>	<u>1,290,901</u>	<u>109,349</u>
Undist. Expend. - Custodial Services:					
Salaries	2,254,197	13,903	2,268,100	2,245,457	22,643
Salaries of Non-Instructional Aides	167,244	17,201	184,445	177,515	6,930
Unused Vacation Payment to Terminated/Retired Staff		8,557	8,557	8,557	
Purchased Professional and Technical Services	19,000	3,000	22,000	18,135	3,865
Cleaning, Repair and Maintenance Services	166,516	(28,632)	137,884	118,857	19,027
Rental of Land and Bldg. Other than Lease Purchase Agreement	79,000	(4,182)	74,818	74,059	759
Other Purchased Property Services	193,096		193,096	172,343	20,753
Insurance	67,217	175,017	242,234	242,234	
General Supplies	194,500	59,000	253,500	227,211	26,289
Energy (Natural Gas)	500,000		500,000	307,696	192,304
Energy (Electricity)	871,000		871,000	580,690	290,310
Energy (Oil)	4,800		4,800	1,132	3,668
Total Undist. Expend. - Custodial Services	<u>4,516,570</u>	<u>243,864</u>	<u>4,760,434</u>	<u>4,173,886</u>	<u>586,548</u>
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	475,545	24,388	499,933	482,101	17,832
Cleaning, Repair, and Maintenance Services	142,006	(9,300)	132,706	102,677	30,029
General Supplies	75,395	7,900	83,295	67,330	15,965
Total Undist. Expend. - Care and Upkeep of Grounds	<u>692,946</u>	<u>22,988</u>	<u>715,934</u>	<u>652,108</u>	<u>63,826</u>
Undist. Expend. - Security:					
Salaries	211,390	7,150	218,540	218,540	
Purchased Professional and Technical Services	6,500	(4,550)	1,950	1,950	
Cleaning, Repair, and Maintenance Services	5,624	(26)	5,598	2,391	3,207
General Supplies	45,892	(2,474)	43,418	42,592	826
Total Undist. Expend. - Security	<u>269,406</u>	<u>100</u>	<u>269,506</u>	<u>265,473</u>	<u>4,033</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation (Bet. Home & Sch) - Reg	\$ 1,886,639	\$ 296,923	\$ 2,183,562	\$ 2,183,562	
Salaries for Pupil Transportation (Other than Bet. Home & Sch)	261,391	(17,916)	243,475	204,255	\$ 39,220
Other Purchased Professional and Technical Services	55,356	(17,773)	37,583	37,358	225
Cleaning, Repair and Maintenance Services	35,000	(5,000)	30,000	500	29,500
Contract Services - (Bet. Home and School) - Joint Agreements	1,282,872	(1,159,965)	122,907	122,907	
Contract Services - (Regular Students) - ESCs & CTAs	123,442	1,311,537	1,434,979	1,410,483	24,496
Contract Services - (Other than Bet. Home & School) - Vendors	1,000	134,047	135,047	135,047	
Miscellaneous Purchased Services	82,734	(28,600)	54,134	54,134	
General Supplies	434,349	(105,453)	328,896	224,369	104,527
Misc. Expenditures	8,950	8,495	17,445	14,959	2,486
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>4,171,733</b>	<b>416,295</b>	<b>4,588,028</b>	<b>4,387,574</b>	<b>200,454</b>
Unallocated Benefits:					
Social Security Contributions	1,219,720	731	1,220,451	1,154,606	65,845
Other Retirement Contributions - PERS	1,446,487	(37,000)	1,409,487	1,316,035	93,452
Unemployment Compensation	178,084	9,100	187,184	186,717	467
Workmen's Compensation	436,781	40,668	477,449	373,672	103,777
Health Benefits	11,882,988	(703,432)	11,179,556	9,997,391	1,182,165
Tuition Reimbursement	192,000		192,000	173,515	18,485
Other Employee Benefits	193,000	(79,940)	113,060	53,782	59,278
Unused Sick Payment to Terminated/Retired Staff		96,891	96,891	66,133	30,758
<b>Total Unallocated Benefits</b>	<b>15,549,060</b>	<b>(672,982)</b>	<b>14,876,078</b>	<b>13,321,851</b>	<b>1,554,227</b>
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,850,837	(2,850,837)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,394,559	(3,394,559)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,743,324	(2,743,324)
<b>Total On-Behalf Contributions</b>				<b>8,988,720</b>	<b>(8,988,720)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>15,549,060</b>	<b>(672,982)</b>	<b>14,876,078</b>	<b>22,310,571</b>	<b>(7,434,493)</b>
<b>Total Undistributed Expenditures</b>	<b>47,284,779</b>	<b>(106,169)</b>	<b>47,178,610</b>	<b>52,185,499</b>	<b>(5,006,889)</b>
<b>Total Current Expense</b>	<b>83,642,039</b>	<b>(375,949)</b>	<b>83,266,090</b>	<b>87,754,807</b>	<b>(4,488,717)</b>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction		\$ 2,300	\$ 2,300	\$ 2,300	
Support Services - Related and Extra.	\$ 4,054	10,191	14,245	4,053	\$ 10,192
Support Services - Inst. Staff		63,869	63,869	63,869	
Administration Info. Tech.	150,000	241,292	391,292	391,292	
Required Maint. of Plant Serv.	95,980	1,671	97,651	68,375	29,276
Security	6,000	6,000	12,000	10,179	1,821
School Buses - Regular	104,000	(9,654)	94,346	94,336	10
Total Equipment	360,034	315,669	675,703	634,404	41,299
Facilities Acquisition and Construction Services:					
Construction Services	847,430	100,616	948,046	770,090	177,956
Assessment for Debt Service on SDA Funding	64,340		64,340	64,340	
Total Facilities Acquisition and Construction Services	911,770	100,616	1,012,386	834,430	177,956
Assets Acquired Under Capital Leases (non-budgeted):					
Regular Programs - Instruction				222,203	(222,203)
Undistributed Expenditures:					
Admin. Info. Tech.				1,743,600	(1,743,600)
Student Transportation-School Buses				748,448	(748,448)
Assets Acquired Under Capital Leases (non-budgeted)				2,714,251	(2,714,251)
Total Capital Outlay	1,271,804	416,285	1,688,089	4,183,085	(2,494,996)
Transfer of Funds to Charter Schools	78,078	60,280	138,358	138,358	
Total Expenditures	84,991,921	100,616	85,092,537	92,076,250	(6,983,713)

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,488,916)	\$ (100,616)	\$ (1,589,532)	\$ 1,016,585	\$ 2,606,117
Other Financing Source/(Uses):					
Capital Leases (non-budgeted)				2,714,251	2,714,251
Total Other Financing Sources/(Uses)				2,714,251	2,714,251
Excess/(Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,488,916)	(100,616)	(1,589,532)	3,730,836	5,320,368
Fund Balance, July 1	5,601,905		5,601,905	5,601,905	
Fund Balance, June 30	\$ 4,112,989	\$ (100,616)	\$ 4,012,373	\$ 9,332,741	\$ 5,320,368
Recapitulation:					
Restricted:					
Capital Reserve				\$ 4,271,250	
Maintenance Reserve				500,000	
Emergency Reserve				350,000	
Excess Surplus				682,147	
Excess Surplus - Designated for Subsequent Year's Expenditures				687,238	
Assigned:					
Year End Encumbrances				804,103	
Designated for Subsequent Year's Expenditures				107,536	
Unassigned				1,930,467	
				9,332,741	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,268,680)	
Fund Balance per Governmental Funds (GAAP)				\$ 8,064,061	

Exhibit C-2

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
State Sources		\$ 112,116	\$ 112,116	\$ 108,042	\$ (4,074)
Federal Sources	1,078,624	225,105	1,303,729	1,302,501	(1,228)
Local Sources	134,297	2,870	137,167	66,345	(70,822)
Total Revenue	1,212,921	340,091	1,553,012	1,476,888	(76,124)
Expenditures:					
Instruction:					
Salaries of Teachers	92,366	10,312	102,678	102,338	340
Purchased Professional/ Technical Services	78,897	(67,813)	11,084	11,084	
Other Purchased Services	870,326	(28,151)	842,175	842,175	
General Supplies	37,035	161,544	198,579	154,426	44,153
Textbooks	10,904	(1,082)	9,822	8,965	857
Other Objects		1,287	1,287	1,287	
Total Instruction	1,089,528	76,097	1,165,625	1,120,275	45,350
Support Services:					
Salaries of Other Professional Staff		8,313	8,313	8,313	
Purchased Professional and Educational Services	123,393	(4,820)	118,573	91,245	27,328
Purchased Professional and Technical Services		216,664	216,664	216,251	413
Personal Services - Employee Benefits		9,083	9,083	8,913	170
Other Purchased Professional Services		10,697	10,697	10,318	379
Supplies and Materials		16,107	16,107	15,166	941
Other Objects		6,660	6,660	6,407	253
Total Support Services	123,393	262,704	386,097	356,613	29,484
Facilities Acquisition:					
Non Instructional Equipment		1,290	1,290		1,290
Total Facilities Acquisition		1,290	1,290		1,290
Total Expenditures	1,212,921	340,091	1,553,012	1,476,888	76,124
Excess (Deficiency) of Revenue Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 93,092,835	\$ 1,476,888
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(29,629)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,267,530	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,268,680)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 93,091,685	 \$ 1,447,259
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 92,076,250	\$ 1,476,888
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(29,629)
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 92,076,250	 \$ 1,447,259

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.



SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	NCLB					IDEA Part B,
	Title I 2015-16	Title I 2014-15	Title IIA 2015-16	Title III 2015-16	Title III Immigrant 2015-16	Basic Regular 2015-16
<b>REVENUE:</b>						
State Sources						
Federal Sources	\$ 114,696	\$ 547	\$ 91,619	\$ 19,571	\$ 23,491	\$ 1,008,517
Local Sources						
<b>Total Revenue</b>	<b>114,696</b>	<b>547</b>	<b>91,619</b>	<b>19,571</b>	<b>23,491</b>	<b>1,008,517</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	77,625			3,903	19,509	
Purchased Professional/Technical Services						11,084
Other Purchased Services						798,115
General Supplies	26,366			6,142	327	64,472
Textbooks						
Other Objects						1,287
<b>Total Instruction</b>	<b>103,991</b>			<b>10,045</b>	<b>19,836</b>	<b>874,958</b>
<b>Support Services:</b>						
Salaries of Other Professional Staff						8,313
Purchased Professional/Educational Services						
Purchased Professional/Technical Services			87,086	7,500		112,994
Personal Services - Employee Benefits	5,938	547		299	1,493	636
Other Purchased Professional Services				400		9,918
Supplies and Materials	1,095		4,533	754		1,698
Other Objects	3,672			573	2,162	
<b>Total Support Services</b>	<b>10,705</b>	<b>547</b>	<b>91,619</b>	<b>9,526</b>	<b>3,655</b>	<b>133,559</b>
<b>Total Expenditures</b>	<b>\$ 114,696</b>	<b>\$ 547</b>	<b>\$ 91,619</b>	<b>\$ 19,571</b>	<b>\$ 23,491</b>	<b>\$ 1,008,517</b>

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

	IDEA Part B, Preschool 2015-16	Non-Public				Supplemental Instruction
		Chapter 192		Examination/ Classification	Chapter 193 Corrective Speech	
		Compensatory Education	ESL			
REVENUE:						
State Sources		\$ 21,912	\$ 1,553	\$ 18,755	\$ 15,885	\$ 19,010
Federal Sources	\$ 44,060					
Local Sources						
Total Revenue	44,060	21,912	1,553	18,755	15,885	19,010
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional/Technical Services						
Other Purchased Services	44,060					
General Supplies						
Textbooks						
Other Objects						
Total Instruction	44,060					
Support Services:						
Salaries of Other Professional Staff						
Purchased Professional/Educational Services		21,912	1,553	18,755	15,885	19,010
Purchased Professional/Technical Services						
Personal Services - Employee Benefits						
Other Purchased Professional Services						
Supplies and Materials						
Other Objects						
Total Support Services		21,912	1,553	18,755	15,885	19,010
Total Expenditures	\$ 44,060	\$ 21,912	\$ 1,553	\$ 18,755	\$ 15,885	\$ 19,010

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

	<u>Non-Public Security</u>	<u>Non-Public Technology</u>	<u>Non-Public Textbooks</u>	<u>Non-Public Nursing</u>	<u>Various Local Grants</u>	<u>Totals June 30, 2016</u>
REVENUE:						
State Sources	\$ 3,750	\$ 4,082	\$ 8,965	\$ 14,130		\$ 108,042
Federal Sources						1,302,501
Local Sources					\$ 66,345	66,345
Total Revenue	<u>3,750</u>	<u>4,082</u>	<u>8,965</u>	<u>14,130</u>	<u>66,345</u>	<u>1,476,888</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers					1,301	102,338
Purchased Professional/Technical Services						11,084
Other Purchased Services						842,175
General Supplies					57,119	154,426
Textbooks			8,965			8,965
Other Objects						1,287
Total Instruction			<u>8,965</u>		<u>58,420</u>	<u>1,120,275</u>
Support Services:						
Salaries of Other Professional Staff						8,313
Purchased Professional/Educational Services				14,130		91,245
Purchased Professional/Technical Services	3,750	4,082			839	216,251
Personal Services - Employee Benefits						8,913
Other Purchased Professional Services						10,318
Supplies and Materials					7,086	15,166
Other Objects						6,407
Total Support Services	<u>3,750</u>	<u>4,082</u>		<u>14,130</u>	<u>7,925</u>	<u>356,613</u>
Total Expenditures	<u>\$ 3,750</u>	<u>\$ 4,082</u>	<u>\$ 8,965</u>	<u>\$ 14,130</u>	<u>\$ 66,345</u>	<u>\$ 1,476,888</u>

CAPITAL PROJECTS FUND

Exhibit F-1

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Expenditures and Other Financing Uses:	
Construction Services	<u>\$ 1,807,632</u>
Total expenditures and other financing uses	<u>1,807,632</u>
Excess/(deficit) of other financing sources over/(under) expenditures and other financing uses	(1,807,632)
Fund balance - beginning of year	<u>2,633,742</u>
Fund balance - end of year	<u><u>\$ 826,110</u></u>
Recapitulation:	
Restricted	\$ 620,315
Committed	<u>205,795</u>
	826,110
Reconciliation to Governmental Fund Statements (GAAP):	
SDA grant receivables not recognized on GAAP basis	<u>(65,897)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 760,213</u></u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOL BUILDING IMPROVEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods (Restated)</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond proceeds	\$ 11,667,000		\$ 11,667,000	\$ 11,667,900
Total revenue and other financing sources	<u>11,667,000</u>		<u>11,667,000</u>	<u>11,667,900</u>
Expenditures:				
Purchased professional and technical services	836,632		836,632	808,691
Construction services	10,210,053		10,210,053	10,859,209
Total expenditures	<u>11,046,685</u>		<u>11,046,685</u>	<u>11,667,900</u>
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	<u>\$ 620,315</u>	<u>\$ -0-</u>	<u>\$ 620,315</u>	<u>\$ -0-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	2/8/12			
Bonds Authorized	\$ 11,667,900			
Bonds Issued	11,667,000			
Original Authorized Cost	11,667,900			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	95%			
Original target completion date	11/30/2013			
Revised target completion date	6/30/2017			



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
FERNBROOK ELEMENTARY SCHOOL - ROOF AND WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - ROD Grant	\$ 342,344		\$ 342,344	\$ 417,700
Transfer from capital reserve	469,386		469,386	469,386
Transfer from capital outlay	85,183		85,183	157,164
<b>Total revenue and other financing sources</b>	<b>896,913</b>		<b>896,913</b>	<b>1,044,250</b>
Expenditures:				
Purchased professional and technical services	74,810		74,810	200,000
Facilities acquisition and construction services	780,896	\$ 155	781,051	844,250
<b>Total expenditures</b>	<b>855,706</b>	<b>155</b>	<b>855,861</b>	<b>1,044,250</b>
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	<u>\$ 41,207</u>	<u>\$ (155)</u>	<u>\$ 41,052</u>	<u>\$ -0-</u>

Additional project information:

Project Number	4330-065-14-1003
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,044,250
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	82%
Original target completion date	12/31/2014
Revised target completion date	8/31/2015

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
RANDOLPH HIGH SCHOOL - NEW LOBBY AND ROOF AND WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - ROD Grant	\$ 689,660		\$ 689,660	\$ 689,660
Transfer from capital outlay	1,106,471		1,106,471	1,106,471
Total revenue and other financing sources	1,796,131		1,796,131	1,796,131
Expenditures:				
Purchased professional and technical services	128,800		128,800	150,000
Facilities acquisition and construction services	1,651,511	\$ 557	1,652,068	1,646,131
Total expenditures	1,780,311	557	1,780,868	1,796,131
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 15,820	\$ (557)	\$ 15,263	\$ -0-

Additional project information:

Project Number	4330-050-14-1001
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,724,150
Revised Authorized Cost	1,796,131
Percentage Increase over Original Authorized Cost	4%
Percentage Completion	99%
Original target completion date	12/31/2014
Revised target completion date	9/30/2015

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
RANDOLPH MIDDLE SCHOOL - ROOF REFURBISHMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - ROD Grant	\$ 259,800		\$ 259,800	\$ 259,800
Transfer from capital reserve	389,700		389,700	389,700
	649,500		649,500	649,500
Total revenue and other financing sources				
Expenditures:				
Facilities acquisition and construction services	17,640	\$ 617,860	635,500	649,500
	17,640	617,860	635,500	649,500
Total expenditures				
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 631,860	\$ (617,860)	\$ 14,000	\$ -0-
Additional project information:				
Project Number	4330-075-14-1005			
Grant Date	2/24/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 649,500			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage Completion	98%			
Original target completion date	10/31/2015			
Revised target completion date	10/31/2015			

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
SHONGUM ELEMENTARY SCHOOL - ROOF AND WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - ROD Grant	\$ 540,400		\$ 540,400	\$ 540,400
Transfer from capital reserve	810,600		810,600	810,600
Total revenue and other financing sources	<u>1,351,000</u>		<u>1,351,000</u>	<u>1,351,000</u>
Expenditures:				
Facilities acquisition and construction services	<u>26,460</u>	<u>\$ 1,189,060</u>	<u>1,215,520</u>	<u>1,351,000</u>
Total expenditures	<u>26,460</u>	<u>1,189,060</u>	<u>1,215,520</u>	<u>1,351,000</u>
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	<u>\$ 1,324,540</u>	<u>\$ (1,189,060)</u>	<u>\$ 135,480</u>	<u>\$ -0-</u>

Additional project information:

Project Number	4330-080-14-1006
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,351,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	90%
Original target completion date	3/31/2016
Revised target completion date	10/31/2016

PROPRIETARY FUNDS

Exhibit G-1

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	Major Funds		Total
	Community School	Food Service	
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ 680,456	\$ 55,470	\$ 735,926
Accounts receivable:			
State		539	539
Federal		12,239	12,239
Interfund receivable	19,146		19,146
Inventories		11,602	11,602
Total current assets	<u>699,602</u>	<u>79,850</u>	<u>779,452</u>
Non-current assets:			
Machinery and Equipment		640,163	640,163
Accumulated depreciation		(455,729)	(455,729)
Total non-current assets		<u>184,434</u>	<u>184,434</u>
Total assets	<u>699,602</u>	<u>264,284</u>	<u>963,886</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable - Vendors		20,518	20,518
Interfund payable		135,907	135,907
Unearned revenue	284,269	55,867	340,136
Total Liabilities	<u>284,269</u>	<u>212,292</u>	<u>496,561</u>
<u>NET POSITION:</u>			
Net Investment in capital assets		184,434	184,434
Unrestricted/(Deficit)	415,333	(132,442)	282,891
Total net position	<u>\$ 415,333</u>	<u>\$ 51,992</u>	<u>\$ 467,325</u>

Exhibit G-2

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Funds		Total
	Community School	Food Service	
Operating revenue:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch program		\$ 221,175	\$ 221,175
Daily sales - non-reimbursable programs		722,535	722,535
Community School - regular programs	\$ 1,043,328		1,043,328
Community School - summer programs	93,759		93,759
Total operating revenue	1,137,087	943,710	2,080,797
Operating expenses:			
Cost of sales (Reimbursable) Programs		268,569	268,569
Cost of sales (Non-Reimbursable) Programs		240,889	240,889
Salaries	667,458	388,833	1,056,291
Employee benefits	133,370	92,933	226,303
Purchased professional/technical services	41,584	33,687	75,271
Other purchased services	105,022	35,973	140,995
Supplies and materials	34,721		34,721
Miscellaneous	20,951	64,804	85,755
Depreciation		4,226	4,226
Total operating expenses	1,003,106	1,129,914	2,133,020
Operating income/(loss)	133,981	(186,204)	(52,223)
Non-operating revenue:			
State sources:			
State school lunch program		8,379	8,379
Federal sources:			
National school lunch program		191,213	191,213
Food distribution program		36,974	36,974
Local sources:			
Interest income	925		925
Total non-operating revenue	925	236,566	237,491
Change in net position	134,906	50,362	185,268
Net position - beginning of year	280,427	1,630	282,057
Net position - end of year	\$ 415,333	\$ 51,992	\$ 467,325

Exhibit G-3

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Funds		Total
	Community School	Food Service	
Cash flows from operating activities:			
Receipts from customers	\$ 1,148,811	\$ 942,944	\$ 2,091,755
Payments to employees	(800,828)	(493,339)	(1,294,167)
Payments to suppliers	(184,450)	(349,132)	(533,582)
Net cash provided by / (used for) operating activities	<u>163,533</u>	<u>100,473</u>	<u>264,006</u>
Cash flows from investing activities:			
Interest income	925		925
Net cash provided by investing activities	<u>925</u>		<u>925</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(5,776)	(5,776)
Net cash used for capital and related financing activities		<u>(5,776)</u>	<u>(5,776)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements		201,662	201,662
Net cash provided by / (used for) noncapital financing activities		<u>201,662</u>	<u>201,662</u>
Net increase in cash and cash equivalents	164,458	296,359	460,817
Cash and cash equivalents, July 1	<u>515,998</u>		<u>515,998</u>
Cash and cash equivalents, June 30	<u>\$ 680,456</u>	<u>\$ 296,359</u>	<u>\$ 976,815</u>
Reconciliation of operating income/(loss) to net cash provided by / (used for) operating activities:			
Operating income/(loss)	\$ 133,981	\$ (186,204)	\$ (52,223)
Adjustment to reconcile operating income/(loss) to cash provided by / (used for) operating activities:			
Depreciation		4,226	4,226
Federal food distribution program		36,974	36,974
Changes in assets and liabilities:			
(Increase) in inventory		(3,591)	(3,591)
Decrease in prepaid expenses	18,785		18,785
Increase/(decrease) in accounts payable	(957)	20,518	19,561
Increase/(decrease) in unearned revenue	11,724	(766)	10,958
(Decrease) in compensated absences payable		(11,573)	(11,573)
Net cash provided by / (used for) operating activities	<u>\$ 163,533</u>	<u>\$ (140,416)</u>	<u>\$ 23,117</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$34,432 and utilized \$36,974 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2016.



FIDUCIARY FUNDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Student Activities</u>	<u>Agency Payroll</u>	<u>Total Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 354,130	\$ 36,227	\$ 390,357	\$ 49,542	\$ 9,375
Total assets	<u>354,130</u>	<u>36,227</u>	<u>390,357</u>	<u>49,542</u>	<u>9,375</u>
<u>LIABILITIES:</u>					
Payroll deductions and withholdings		36,227	36,227		
Due to student groups	<u>354,130</u>		<u>354,130</u>		
Total liabilities	<u>354,130</u>	<u>36,227</u>	<u>390,357</u>		
<u>NET POSITION:</u>					
Held in Trust for:					
Scholarships				49,542	
Flexible Spending Claims					<u>9,375</u>
Total net position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 49,542</u>	<u>\$ 9,375</u>

Exhibit H-2

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGE IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<b>Additions:</b>		
Contributions:		
Donations	\$ 17,267	
Plan member/Employer		\$ 94,867
Total Contributions	<u>17,267</u>	<u>94,867</u>
Investment earnings:		
Interest	<u>72</u>	
Total Additions	<u>17,339</u>	<u>94,867</u>
<b>Deductions:</b>		
Scholarships awarded	13,036	
Flexible Spending Claims		93,146
Total Deductions	<u>13,036</u>	<u>93,146</u>
Change in net position	4,303	1,721
Net position—beginning of the year	<u>45,239</u>	<u>7,654</u>
Net position—end of the year	<u>\$ 49,542</u>	<u>\$ 9,375</u>

Exhibit H-3

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 270,731	\$ 870,622	\$ 787,223	\$ 354,130
Total assets	<u>\$ 270,731</u>	<u>\$ 870,622</u>	<u>\$ 787,223</u>	<u>\$ 354,130</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to student groups	\$ 270,731	\$ 870,622	\$ 787,223	\$ 354,130
Total liabilities	<u>\$ 270,731</u>	<u>\$ 870,622</u>	<u>\$ 787,223</u>	<u>\$ 354,130</u>

Exhibit H-4

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary schools:				
Center Grove	\$ 2,502	\$ 27,222	\$ 26,347	\$ 3,377
Fernbrook	3,813	21,591	16,082	9,322
Ironia	5,708	24,243	20,827	9,124
Shongum	8,190	33,425	31,610	10,005
Total Elementary schools	<u>20,213</u>	<u>106,481</u>	<u>94,866</u>	<u>31,828</u>
Middle school:				
Randolph Middle School	<u>52,277</u>	<u>163,960</u>	<u>146,480</u>	<u>69,757</u>
High school:				
Randolph High School	<u>190,084</u>	<u>481,603</u>	<u>427,950</u>	<u>243,737</u>
Athletic Account:				
Athletics	<u>8,157</u>	<u>118,578</u>	<u>117,927</u>	<u>8,808</u>
Total All Schools	<u>\$ 270,731</u>	<u>\$ 870,622</u>	<u>\$ 787,223</u>	<u>\$ 354,130</u>

Exhibit H-5

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 491,821	\$ 27,094,383	\$ 27,549,977	\$ 36,227
Total assets	<u>\$ 491,821</u>	<u>\$ 27,094,383</u>	<u>\$ 27,549,977</u>	<u>\$ 36,227</u>
 <u>LIABILITIES:</u>				
Payroll deductions and withholdings	\$ 491,821	\$ 27,094,383	\$ 27,549,977	\$ 36,227
Total liabilities	<u>\$ 491,821</u>	<u>\$ 27,094,383</u>	<u>\$ 27,549,977</u>	<u>\$ 36,227</u>

LONG-TERM DEBT

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance July 1, 2015	Matured	Balance June 30, 2016
			Date	Amount				
Advance Refunding of School Bonds	03/01/2005	\$ 16,800,000			5.00%	\$ 1,710,000	\$ 1,710,000	
Various School Building Improvements	02/08/2012	11,667,000	02/01/2017	\$ 450,000	2.000%	10,650,000	425,000	\$ 10,225,000
			02/01/2018	475,000	2.000%			
			02/01/2019	500,000	2.000%			
			02/01/2020	700,000	2.000%			
			02/01/2021	825,000	2.000%			
			02/01/2022	825,000	2.125%			
			02/01/2023	825,000	2.250%			
			02/01/2024	825,000	2.375%			
			02/01/2025	825,000	2.375%			
			02/01/2026	975,000	2.500%			
			02/01/2027	1,000,000	3.000%			
02/01/2028	1,000,000	3.000%						
02/01/2029	1,000,000	4.000%						



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016		Int. Rate	Balance July 1, 2015	Matured	Balance June 30, 2016
			Date	Amount				
Advance Refunding of School Bonds	01/23/2013	\$ 10,425,000	02/01/2017	\$ 910,000	3.000%	\$ 10,425,000	\$ 880,000	\$ 9,545,000
			02/01/2018	940,000	3.000%			
			02/01/2019	965,000	4.000%			
			02/01/2020	1,005,000	4.000%			
			02/01/2021	1,045,000	4.000%			
			02/01/2022	1,090,000	5.000%			
			02/01/2023	1,145,000	5.000%			
			02/01/2024	1,210,000	4.000%			
			02/01/2025	1,235,000	4.000%			
Advance Refunding of 2005 School Bonds	05/27/2015	6,230,000	08/01/2016	1,760,000	2.000%	6,230,000	155,000	6,075,000
			08/01/2017	1,750,000	3.000%			
			08/01/2018	1,765,000	3.250%			
			08/01/2019	800,000	1.500%			
					<u>\$ 29,015,000</u>	<u>\$ 3,170,000</u>	<u>\$ 25,845,000</u>	

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2016</u>
Technology Equipment	4.41%	\$ 453,124	\$ 271,796		\$ 88,722	\$ 183,074
Buses	2.10%	163,226	129,210		31,303	97,907
Buses and Textbooks	1.42%	516,751		\$ 516,751	106,291	410,460
Technology	1.24%	862,500		862,500	331,436	531,064
Buses and Technology	1.49%	1,335,000		1,335,000		1,335,000
			<u>\$ 401,006</u>	<u>\$ 2,714,251</u>	<u>\$ 557,752</u>	<u>\$ 2,557,505</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 3,735,257		\$ 3,735,257	\$ 3,735,257	
State Sources:					
Debt Service Aid Type II	267,400		267,400	267,400	
Total Revenue	<u>4,002,657</u>		<u>4,002,657</u>	<u>4,002,657</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	987,657	\$ (155,000)	832,657	828,520	\$ 4,137
Redemption of Principal	3,015,000	155,000	3,170,000	3,170,000	
Total Regular Debt Service	<u>4,002,657</u>		<u>4,002,657</u>	<u>3,998,520</u>	<u>4,137</u>
Total Expenditures	<u>4,002,657</u>		<u>4,002,657</u>	<u>3,998,520</u>	<u>4,137</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures				4,137	4,137
Fund Balance, July 1	163,586		163,586	163,586	-0-
Fund Balance, June 30	<u>\$ 163,586</u>	<u>\$ -0-</u>	<u>\$ 163,586</u>	<u>\$ 167,723</u>	<u>4,137</u>
<u>Recapitulation:</u>					
Restricted				<u>\$ 167,723</u>	

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the 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 District's overall financial health.

**Contents**

**Financial Trends**

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

**Exhibit**  
  
J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities/(Deficit):										
Net Investment in Capital Assets	\$ 3,085,722	\$ 7,783,521	\$ 9,314,492	\$ 10,958,139	\$ 13,509,486	\$ 4,602,376	\$ 14,806,909	\$ 21,304,920	\$ 24,938,166	\$ 28,838,701
Restricted	(1,526,812)	631,886	1,022,647	404,663	171,548	11,569,771	5,180,874	2,337,580	3,091,754	7,278,673
Unrestricted	(819,195)	(951,380)	(2,610,228)	(2,090,023)	2,195,011	2,144,137	1,193,886	989,899	(25,495,859)	(27,232,046)
<b>Total Governmental Activities Net Position</b>	<b>\$ 739,715</b>	<b>\$ 7,464,027</b>	<b>\$ 7,726,911</b>	<b>\$ 9,272,779</b>	<b>\$ 15,876,045</b>	<b>\$ 18,316,284</b>	<b>\$ 21,181,669</b>	<b>\$ 24,632,399</b>	<b>\$ 2,534,061</b>	<b>\$ 8,885,328</b>
Business-Type Activities/(Deficit):										
Net Investment in Capital Assets	\$ 66,557	\$ 66,084	\$ 82,876	\$ 131,075	\$ 256,143	\$ 253,607	\$ 255,800	\$ 218,029	\$ 182,884	\$ 184,434
Unrestricted	77,366	9,949	(74,063)	(252,489)	(280,662)	(38,654)	(128,277)	(121,106)	99,173	282,891
<b>Total Business-Type Activities Net Position</b>	<b>\$ 143,923</b>	<b>\$ 76,033</b>	<b>\$ 8,813</b>	<b>\$ (121,414)</b>	<b>\$ (24,519)</b>	<b>\$ 214,953</b>	<b>\$ 127,523</b>	<b>\$ 96,923</b>	<b>\$ 282,057</b>	<b>\$ 467,325</b>
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 3,152,279	\$ 7,849,605	\$ 9,397,368	\$ 11,089,214	\$ 13,765,629	\$ 4,855,983	\$ 15,062,709	\$ 21,522,949	\$ 25,121,050	\$ 29,023,135
Restricted	(1,526,812)	631,886	1,022,647	404,663	171,548	11,569,771	5,180,874	2,337,580	3,091,754	7,278,673
Unrestricted	(741,829)	(941,431)	(2,684,291)	(2,342,512)	1,914,349	2,105,483	1,065,609	868,793	(25,396,686)	(26,949,155)
<b>Total District Net Position</b>	<b>\$ 883,638</b>	<b>\$ 7,540,060</b>	<b>\$ 7,735,724</b>	<b>\$ 9,151,365</b>	<b>\$ 15,851,526</b>	<b>\$ 18,531,237</b>	<b>\$ 21,309,192</b>	<b>\$ 24,729,322</b>	<b>\$ 2,816,118</b>	<b>\$ 9,352,653</b>

Source: School District Financial Reports

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
Instruction	\$ 43,843,219	\$ 44,662,293	\$ 47,774,382	\$ 49,839,296	\$ 46,046,755	\$ 50,683,119	\$ 51,450,418	\$ 50,316,817	\$ 57,734,945	\$ 59,841,609
<b>Support Services:</b>										
Tuition	2,165,330	2,171,968	2,611,349	2,558,779	3,323,275	2,936,686	3,351,439	2,956,830	3,098,614	3,203,254
Student and Instruction Related Services	9,898,659	10,212,710	10,133,597	10,743,710	9,416,367	11,755,089	11,609,882	12,944,340	14,107,962	14,981,637
General Administrative Services	2,190,612	2,219,913	2,219,544	2,500,200	2,172,630	2,133,859	2,099,006	2,006,284	2,307,620	2,203,248
School Administrative Services	3,736,985	4,106,108	3,930,306	3,724,553	3,754,154	3,950,690	4,173,926	4,042,276	4,606,622	4,907,706
Plant Operations and Maintenance	6,749,269	7,078,896	6,683,231	7,283,583	7,062,793	7,662,951	7,812,140	8,498,204	8,711,530	9,070,455
Pupil Transportation	4,248,334	4,257,130	4,290,482	4,549,327	4,467,227	4,949,338	5,396,970	5,244,313	5,511,833	6,060,369
Central Services	1,649,652	1,794,866	1,230,464	1,645,451	2,077,475	2,190,233	2,407,754	2,805,224	1,750,958	1,830,671
Administrative Information Technology									1,642,192	1,764,253
Capital Outlay		414,787	199,918	75,444	80,615	46,882				
Charter Schools	95,621	67,052	46,907	48,347	30,752	65,270	79,867	77,337	78,078	138,358
Interest on Long-Term Debt	1,773,553	1,663,168	1,475,850	1,427,539	1,315,793	1,210,539	1,456,974	933,891	1,073,055	738,379
Unallocated Depreciation	31,586									
<b>Total Governmental Activities Expenses</b>	<b>76,382,820</b>	<b>78,648,891</b>	<b>80,596,030</b>	<b>84,396,229</b>	<b>79,747,836</b>	<b>87,584,656</b>	<b>89,838,376</b>	<b>89,825,516</b>	<b>100,623,409</b>	<b>104,739,939</b>
<b>Business-Type Activities:</b>										
Food Service	1,540,530	1,464,972	1,483,794	1,444,205	1,537,117	1,521,402	1,435,661	1,262,229	1,114,686	1,129,914
Community School	1,544,240	1,563,481	1,643,096	1,522,775	1,360,603	1,396,969	1,399,385	1,421,136	1,346,504	1,003,106
<b>Total Business-Type Activities Expense</b>	<b>3,084,770</b>	<b>3,028,453</b>	<b>3,126,890</b>	<b>2,966,980</b>	<b>2,897,720</b>	<b>2,918,371</b>	<b>2,835,046</b>	<b>2,683,365</b>	<b>2,461,190</b>	<b>2,133,020</b>
<b>Total District Expenses</b>	<b>79,467,590</b>	<b>81,677,344</b>	<b>83,722,920</b>	<b>87,363,209</b>	<b>82,645,556</b>	<b>90,503,027</b>	<b>92,673,422</b>	<b>92,508,881</b>	<b>103,084,599</b>	<b>106,872,959</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Tuition	15,829	23,022	43,055	85,362	23,314	157,684	146,116	93,274	115,096	80,702
Operating Grants and Contributions	19,634,054	20,122,333	19,588,071	22,655,873	18,978,032	21,681,395	23,065,711	22,070,185	31,352,818	35,555,686
Capital Grants and Contributions	140,904	6,325,089	404,810	41,091	1,522				273,876	1,492,431
<b>Total Governmental Activities Program Revenues</b>	<b>19,790,787</b>	<b>26,470,444</b>	<b>20,035,936</b>	<b>22,782,326</b>	<b>19,002,868</b>	<b>21,839,079</b>	<b>23,211,827</b>	<b>22,163,459</b>	<b>31,741,790</b>	<b>37,128,819</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	1,224,439	1,177,843	1,143,844	1,048,230	1,038,877	1,061,742	969,860	924,316	883,319	943,710
Community School	1,582,307	1,594,334	1,580,070	1,519,585	1,438,630	1,484,930	1,311,139	1,398,216	1,543,180	1,137,087
Operating Grants and Contributions	145,954	169,725	150,737	166,976	140,595	217,911	197,754	243,439	232,571	236,566
<b>Total Business-Type Activities Program Revenues</b>	<b>2,952,700</b>	<b>2,941,902</b>	<b>2,874,651</b>	<b>2,734,791</b>	<b>2,618,102</b>	<b>2,764,583</b>	<b>2,478,753</b>	<b>2,565,971</b>	<b>2,659,070</b>	<b>2,317,363</b>
<b>Total District Program Revenues</b>	<b>22,743,487</b>	<b>29,412,346</b>	<b>22,910,587</b>	<b>25,517,117</b>	<b>21,620,970</b>	<b>24,603,662</b>	<b>25,690,580</b>	<b>24,729,430</b>	<b>34,400,860</b>	<b>39,446,182</b>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED  
(CONTINUED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
Net (Expense)/Revenue:										
Governmental Activities	\$ (56,592,033)	\$ (52,178,447)	\$ (60,560,094)	\$ (61,613,903)	\$ (60,744,968)	\$ (65,745,577)	\$ (66,626,549)	\$ (67,662,057)	\$ (68,881,619)	\$ (67,611,120)
Business-Type Activities	(132,070)	(86,551)	(252,239)	(232,189)	(279,618)	(153,788)	(356,293)	(117,394)	197,880	184,343
<b>Total District-Wide Net Expense</b>	<b>(56,724,103)</b>	<b>(52,264,998)</b>	<b>(60,812,333)</b>	<b>(61,846,092)</b>	<b>(61,024,586)</b>	<b>(65,899,365)</b>	<b>(66,982,842)</b>	<b>(67,779,451)</b>	<b>(68,683,739)</b>	<b>(67,426,777)</b>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	52,784,496	54,895,876	57,091,711	59,375,379	63,239,577	64,504,368	65,794,455	67,110,344	68,452,559	69,821,601
Taxes Levied for Debt Service	3,622,250	3,733,731	3,744,312	3,646,025	3,804,598	3,806,736	3,800,473	3,773,292	3,780,553	3,735,257
Investment Earnings	598,960	100,997	28,945	13,959	6,599	47,147	25,764	13,699	11,435	13,712
Miscellaneous Income	57,308	172,155	136,773	224,408	297,460	319,424	34,209	289,378	301,757	391,817
Transfers			(178,763)	(100,000)		(250,126)	(162,967)	(73,926)		
<b>Total Governmental Activities</b>	<b>57,063,014</b>	<b>58,902,759</b>	<b>60,822,978</b>	<b>63,159,771</b>	<b>67,348,234</b>	<b>68,427,549</b>	<b>69,491,934</b>	<b>71,112,787</b>	<b>72,546,304</b>	<b>73,962,387</b>
Business-Type Activities:										
Investment Earnings	40,297	18,661	6,256	1,962	617	1,600	816	763	1,452	925
Transfers & Other Special Items			178,763	100,000	525,896	391,660	268,047	86,031	(14,198)	
<b>Total Business-Type Activities</b>	<b>40,297</b>	<b>18,661</b>	<b>185,019</b>	<b>101,962</b>	<b>526,513</b>	<b>393,260</b>	<b>268,863</b>	<b>86,794</b>	<b>(12,746)</b>	<b>925</b>
<b>Total District-Wide</b>	<b>57,103,311</b>	<b>58,921,420</b>	<b>61,007,997</b>	<b>63,261,733</b>	<b>67,874,747</b>	<b>68,820,809</b>	<b>69,760,797</b>	<b>71,199,581</b>	<b>72,533,558</b>	<b>73,963,312</b>
Change in Net Position:										
Governmental Activities	470,981	6,724,312	262,884	1,545,868	6,603,266	2,681,972	2,865,385	3,450,730	3,664,685	6,351,267
Business-Type Activities	(91,773)	(67,890)	(67,220)	(130,227)	246,895	239,472	(87,430)	(30,600)	185,134	185,268
<b>Total District</b>	<b>\$ 379,208</b>	<b>\$ 6,656,422</b>	<b>\$ 195,664</b>	<b>\$ 1,415,641</b>	<b>\$ 6,850,161</b>	<b>\$ 2,921,444</b>	<b>\$ 2,777,955</b>	<b>\$ 3,420,130</b>	<b>\$ 3,849,819</b>	<b>\$ 6,536,535</b>

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Restricted/Reserved	\$ 826,251	\$ 138,933	\$ 95,194	\$ 230,833		\$ 525,000	\$ 895,000	\$ 1,817,247	\$ 2,307,853	\$ 6,490,635
Unreserved/(Deficit)	817,824	738,858	(270,427)	(165,693)						
Assigned					\$ 2,160,281	2,246,929	2,209,265	1,672,916	1,488,916	911,639
Unassigned					1,347,082	1,240,715	1,172,632	473,247	537,606	661,787
<b>Total General Fund</b>	<b>\$ 1,644,075</b>	<b>\$ 877,791</b>	<b>\$ (175,233)</b>	<b>\$ 65,140</b>	<b>\$ 3,507,363</b>	<b>\$ 4,012,644</b>	<b>\$ 4,276,897</b>	<b>\$ 3,963,410</b>	<b>\$ 4,334,375</b>	<b>\$ 8,064,061</b>
All Other Governmental Funds:										
Restricted/Reserved for:										
Capital Projects Fund	\$ 3,166,267	\$ 53,875	\$ 593,700		\$ 7,148	\$ 11,044,771	\$ 4,280,004	\$ 627,463	\$ 620,315	\$ 620,315
Debt Service Fund					1		5,870	5,870	163,586	167,723
Committed for:										
Capital Projects Fund					164,399	164,399	164,399	633,785	455,099	139,898
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	(5,556,773)	401,229	227,187	\$ 173,830						
Debt Service Fund	37,443	37,849	106,566							
<b>Total All Other Governmental Funds</b>	<b>\$ (2,353,063)</b>	<b>\$ 492,953</b>	<b>\$ 927,453</b>	<b>\$ 173,830</b>	<b>\$ 171,548</b>	<b>\$ 11,209,170</b>	<b>\$ 4,450,273</b>	<b>\$ 1,267,118</b>	<b>\$ 1,239,000</b>	<b>\$ 927,936</b>



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Tax Levy	\$ 56,406,746	\$ 58,629,607	\$ 60,836,023	\$ 63,021,404	\$ 67,044,175	\$ 68,311,104	\$ 69,594,928	\$ 70,883,636	\$ 72,233,112	\$ 73,556,858
Tuition Charges	15,829	23,022	43,055	85,362	23,314	157,684	146,116	93,274	115,096	80,702
Interest Earned on Capital Reserve Funds	25	17	29					2,725	3,668	635
Miscellaneous	703,279	305,593	210,102	329,034	409,248	398,551	256,365	385,640	416,128	475,780
State Sources	18,464,721	25,277,985	18,713,866	18,829,116	17,496,596	19,477,887	21,839,353	20,631,743	21,935,667	24,648,552
Federal Sources	1,263,201	1,136,979	1,234,602	3,777,181	1,377,769	2,171,528	1,167,365	1,353,154	1,260,253	1,271,505
<b>Total Revenue</b>	<b>76,853,801</b>	<b>85,373,203</b>	<b>81,037,677</b>	<b>86,042,097</b>	<b>86,351,102</b>	<b>90,516,754</b>	<b>93,004,127</b>	<b>93,350,172</b>	<b>95,963,924</b>	<b>100,034,032</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	24,911,995	25,186,760	28,281,416	27,449,984	26,597,621	27,012,498	28,012,692	26,657,433	26,959,447	27,058,070
Special Education Instruction	4,934,660	4,946,791	5,531,215	6,510,113	5,756,026	6,248,423	6,298,927	6,735,639	7,355,460	7,677,704
Other Special Instruction	992,071	897,530	702,569	698,217	671,541	616,479	608,576	521,113	447,351	471,503
Other Instruction	1,408,648	1,481,680	1,631,390	1,586,346	1,541,783	1,547,740	1,347,313	1,436,012	1,581,357	1,578,121
<b>Support Services:</b>										
Tuition	2,121,027	2,126,973	2,529,036	2,496,680	3,231,651	2,855,776	3,267,823	2,874,772	2,985,625	3,087,997
Student and Instruction Related Services	7,331,340	7,475,165	7,683,133	7,721,997	6,997,647	8,480,059	8,878,110	9,436,182	9,315,987	9,501,167
General Administrative Services	1,854,438	1,836,357	1,846,915	2,073,012	1,830,914	1,714,163	1,765,298	1,637,379	1,832,393	1,745,206
School Administrative Services	2,697,116	2,943,809	2,941,527	2,652,850	2,706,734	2,607,238	2,798,957	2,774,016	2,804,146	2,915,406
Plant Operations and Maintenance	5,595,077	5,707,597	5,610,151	5,948,755	5,701,673	6,020,953	6,293,030	6,694,656	6,269,627	6,382,368
Pupil Transportation	3,287,891	3,399,933	3,430,930	3,668,382	3,706,773	3,915,569	4,256,804	4,212,495	4,062,684	4,387,574
Central Services & Administrative IT	1,141,184	1,226,764	936,795	988,146	1,298,687	1,283,635	1,462,388	1,843,607	1,948,440	2,086,379
Unallocated Benefits	16,398,965	17,637,524	15,169,648	18,971,810	17,540,874	21,773,619	21,254,637	21,586,383	22,196,694	22,310,571
Charter Schools	95,621	67,052	46,907	48,347	30,752	65,270	79,867	77,337	78,078	138,358
<b>Debt Service:</b>										
Principal	2,235,000	2,330,000	2,455,000	2,615,000	2,755,000	2,880,000	2,732,000	2,825,000	2,940,000	3,170,000
Interest and Other Charges	1,795,323	1,686,730	1,504,083	1,451,975	1,341,416	1,221,580	1,355,929	1,229,321	1,115,206	828,520
Capital Outlay	16,730,049	4,889,544	2,181,767	2,355,743	1,525,576	2,147,723	8,923,453	6,684,667	3,891,808	5,990,717
<b>Total Expenditures</b>	<b>93,530,405</b>	<b>83,840,209</b>	<b>82,482,482</b>	<b>87,237,357</b>	<b>83,234,668</b>	<b>90,390,725</b>	<b>99,335,804</b>	<b>97,226,012</b>	<b>95,784,303</b>	<b>99,329,661</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(16,676,604)	1,532,994	(1,444,805)	(1,195,260)	3,116,434	126,029	(6,331,677)	(3,875,840)	179,621	704,371

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED  
(CONTINUED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Refunding Bonds Issued							\$ 10,425,000		\$ 6,230,000	
School Bonds Defeased							(11,047,000)		(6,205,000)	
Premium on Refunding Bonds							1,591,671		213,367	
Costs of Refunding Bond Issue							(137,399)		(102,707)	
Deferred Bond interest							(832,272)		(135,660)	
Bond Proceeds						\$ 11,667,000				
Capital Leases (Non-Budgeted)	\$ 1,098,598	\$ 546,738	\$ 1,005,044	\$ 782,010	\$ 323,507			\$ 453,124	\$ 163,226	\$ 2,714,251
Transfers In	378,984	6,717		77,751			5,870	469,386	2,563,501	
Transfers Out	(378,984)	(6,717)	(178,763)	(177,751)		(250,126)	(168,837)	(543,312)	(2,563,501)	
Total Other Financing Sources (Uses)	<u>1,098,598</u>	<u>546,738</u>	<u>826,281</u>	<u>682,010</u>	<u>323,507</u>	<u>11,416,874</u>	<u>(162,967)</u>	<u>379,198</u>	<u>163,226</u>	<u>2,714,251</u>
Net Change in Fund Balances	<u>\$ (15,578,006)</u>	<u>\$ 2,079,732</u>	<u>\$ (618,524)</u>	<u>\$ (513,250)</u>	<u>\$ 3,439,941</u>	<u>\$ 11,542,903</u>	<u>\$ (6,494,644)</u>	<u>\$ (3,496,642)</u>	<u>\$ 342,847</u>	<u>\$ 3,418,622</u>
Debt Service as a Percentage of Noncapital Expenditure	5.54 %	5.36 %	5.19 %	5.03 %	5.28 %	4.87 %	4.74 %	4.69 %	4.62 %	4.48 %

Source: School District Financial Reports

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals</u>	<u>Athletic</u> <u>Participation Fees</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Total</u>
2006	\$ 151,506	\$ 58,885		\$ 258,079	\$ 26,416	\$ 494,886
2007	219,976	53,160		3,155	15,829	292,120
2008	98,874	87,573		84,582	23,022	294,051
2009	28,945	73,707		63,066	43,055	208,773
2010	13,959	68,944	\$ 81,700	73,764	85,362	323,729
2011	6,599	61,752	132,050	103,658	23,314	327,373
2012	47,147	56,721	136,192	126,511	157,684	524,255
2013	25,764	28,230		137,508	146,116	337,618
2014	13,874	77,745		211,458	93,274	396,351
2015	11,435	58,479		243,278	115,096	428,288
2016	13,712	60,045		331,772	80,702	486,231

Source: School District Records

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2006	\$ 39,774,500	\$ 2,380,007,700	\$ 9,263,400	\$ 205,200	\$ 228,373,900	\$ 113,050,800	\$ 107,453,700	\$ 2,878,129,200	\$ 4,814,438	\$ 2,882,943,638	\$ 194,252,300	\$ 1.92	\$ 4,363,111,829
2007	35,793,800	2,400,450,300	5,550,800	185,300	238,233,900	114,961,900	105,816,400	2,900,992,400	3,761,823	2,904,754,223	194,458,300	1.98	4,861,407,324
2008	34,523,800	2,409,164,000	5,292,200	196,500	239,003,200	116,292,300	101,600,500	2,906,072,500	4,230,749	2,910,303,249	197,103,100	2.05	4,998,429,107
2009	33,401,100	2,423,455,200	5,298,600	196,500	237,509,600	115,139,900	79,140,500	2,894,141,400	4,285,157	2,898,426,557	197,132,900	2.12	4,948,783,802
2010	32,851,000	2,430,132,000	5,046,600	176,900	239,564,700	116,094,500	95,858,800	2,919,724,500	5,966,882	2,925,691,382	199,358,800	2.22	4,791,410,430
2011	35,249,000	2,423,641,500	5,046,600	176,900	238,822,100	116,094,500	95,894,000	2,914,924,600	6,225,463	2,921,150,063	200,090,100	2.32	4,585,087,652
2012	36,267,600	2,417,902,900	5,072,500	176,900	238,095,600	115,600,100	94,295,000	2,907,410,600	5,143,748	2,912,554,348	201,392,000	2.37	4,433,621,393
2013	35,168,100	2,415,061,300	5,072,500	177,400	235,543,200	113,465,500	93,539,900	2,898,027,900	4,985,453	2,903,013,353	202,514,300	2.42	4,269,940,784
2014	31,354,900	2,418,508,300	5,072,500	168,100	233,408,600	113,226,000	93,539,900	2,895,278,300	4,132,679	2,899,410,979	203,726,300	2.47	4,221,259,506
2015	29,795,600	2,427,224,200	4,719,600	168,100	232,632,500	112,101,700	96,019,900	2,902,661,600	4,128,427	2,906,790,027	203,840,100	2.51	4,343,879,678

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

Source: Municipal Tax Assessor

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(RATE PER \$100 OF ASSESSED VALUE)  
UNAUDITED

Year Ended December 31,	Township of Randolph School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Randolph	Morris County	
2006	\$ 1.79	\$ 0.12	\$ 1.92	\$ 0.53	\$ 0.38	\$ 2.83
2007	1.85	0.13	1.98	0.56	0.40	2.94
2008	1.92	0.13	2.05	0.59	0.40	3.04
2009	2.00	0.12	2.12	0.93	0.38	3.43
2010	2.09	0.13	2.22	0.63	0.37	3.22
2011	2.19	0.13	2.32	0.66	0.37	3.35
2012	2.24	0.13	2.37	0.68	0.37	3.42
2013	2.29	0.13	2.42	0.70	0.37	3.49
2014	2.34	0.13	2.47	0.72	0.37	3.56
2015	2.38	0.13	2.51	0.73	0.37	3.62

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy . The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Exhibit J-8

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Center Grove Associate	\$ 46,880,000	1.62 %
Pal-Pike	23,911,200	0.82 %
Brightview Randolph, LLC	15,000,000	0.52 %
Beta Realty	12,598,800	0.43 %
Randolph Grocery	12,289,900	0.42 %
Randolph Village	10,540,000	0.36 %
Progressive Properties	10,120,000	0.35 %
Canfield Mews	9,942,000	0.34 %
Carco Development	8,861,500	0.31 %
Canfield Business Park	7,540,000	0.26 %
Total	<u>\$ 157,683,400</u>	<u>5.44 %</u>

Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
Center Grove Associate	\$ 50,161,700	1.74 %
Beta Realty	31,384,600	1.09 %
Pal-Pike	28,143,000	0.98 %
Canfield Business Park	14,700,000	0.51 %
Randolph Village	13,000,000	0.45 %
A&P Food Stores	12,200,000	0.42 %
Hamilton Apartments	10,619,300	0.37 %
Progressive Property	10,120,000	0.35 %
Canfield Mews	9,942,000	0.34 %
MAL Brothers	7,400,000	0.26 %
Total	<u>\$ 187,670,600</u>	<u>6.51 %</u>

Source: Municipal Tax Assessor

Exhibit J-9

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied for</u> <u>the Fiscal Year</u>	<u>Collected within the Fiscal Year</u> <u>of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of</u> <u>Levy</u>	
2007	\$ 56,406,746	\$ 56,406,746	100.00 %	-0-
2008	58,629,607	58,629,607	100.00 %	-0-
2009	60,836,023	60,836,023	100.00 %	-0-
2010	63,021,404	63,021,404	100.00 %	-0-
2011	67,044,175	67,044,175	100.00 %	-0-
2012	68,311,104	68,311,104	100.00 %	-0-
2013	69,594,928	69,594,928	100.00 %	-0-
2014	70,883,636	70,883,636	100.00 %	-0-
2015	72,233,112	72,233,112	100.00 %	-0-
2016	73,556,858	73,556,858	100.00 %	-0-

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

Exhibit J-10

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2007	\$ 39,477,000	\$ 662,063	\$ 40,139,063	2.25 %	\$ 1,600
2008	37,147,000	743,178	37,890,178	2.04 %	1,511
2009	34,692,000	1,145,135	35,837,135	2.11 %	1,429
2010	32,077,000	1,316,317	33,393,317	1.86 %	1,297
2011	29,322,000		29,322,000	1.58 %	1,133
2012	38,109,000		38,109,000	1.99 %	1,471
2013	34,755,000		34,755,000	1.78 %	1,338
2014	31,930,000	358,694	32,288,694	1.50 %	1,244
2015	29,015,000	401,006	29,416,006	1.37 %	1,133
2016	25,845,000	2,557,505	28,402,505	1.32 %	1,094

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

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

Source: School District Financial Reports



Exhibit J-11

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 39,477,000	-0-	\$ 39,477,000	1.37 %	\$ 1,573
2008	37,147,000	-0-	37,147,000	1.28 %	1,482
2009	34,692,000	-0-	34,692,000	1.19 %	1,383
2010	32,077,000	-0-	32,077,000	1.11 %	1,245
2011	29,322,000	-0-	29,322,000	1.00 %	1,133
2012	38,109,000	-0-	38,109,000	1.30 %	1,471
2013	34,755,000	-0-	34,755,000	1.19 %	1,338
2014	31,930,000	-0-	31,930,000	1.10 %	1,230
2015	29,015,000	-0-	29,015,000	1.00 %	1,118
2016	25,845,000	-0-	25,845,000	0.89 %	996

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Exhibit J-12

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Randolph	\$ 20,118,613	100.00 %	\$ 20,118,613
County of Morris General Obligation Debt	226,745,317	4.79 %	<u>10,858,139</u>
Subtotal, Overlapping Debt			30,976,752
Township of Randolph School District Direct Debt (b)			<u>25,845,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 56,821,752</u></u>

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

<sup>b</sup> The District has \$900 of bonds authorized but not issued.

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

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

Exhibit J-13

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis
2015	\$ 4,281,211,799
2014	4,318,103,119
2013	4,215,313,309
	\$ 12,814,628,227
Average Equalized Valuation of Taxable Property	\$ 4,271,542,742
Debt Limit (4% of Average Equalization Value)	\$ 170,861,710 <sup>a</sup>
Net Bonded School Debt Issued and Unissued	25,845,000
Legal Debt Margin	\$ 145,016,710

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 183,634,440	\$ 177,026,307	\$ 172,212,209	\$ 170,711,585	\$ 170,861,710
Total Net Debt Applicable to Limit	38,110,537	34,756,537	31,931,537	29,015,900	25,845,000
Legal Debt Margin	\$ 145,523,903	\$ 142,269,770	\$ 140,280,672	\$ 141,695,685	\$ 145,016,710
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.75 %	19.63 %	18.54 %	17.00 %	15.13 %

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$ 172,781,042	\$ 187,862,227	\$ 196,038,410	\$ 192,677,793	\$ 185,577,384
Total Net Debt Applicable to Limit	39,477,637	37,147,637	34,692,637	32,077,637	29,322,637
Legal Debt Margin	\$ 133,303,405	\$ 150,714,590	\$ 161,345,773	\$ 160,600,156	\$ 156,254,747
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.85 %	19.77 %	17.70 %	16.65 %	15.80 %

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation

Exhibit J-14

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	25,089	\$ 71,191	1,786,110,999	2.70 %
2008	25,070	74,025	1,855,806,750	3.60 %
2009	25,087	67,614	1,696,232,418	6.60%
2010	25,756	69,811	1,798,052,116	6.90%
2011	25,877	71,730	1,856,157,210	6.50%
2012	25,913	74,057	1,919,039,041	6.80%
2013	25,982	75,054	1,950,053,028	6.10%
2014	25,964	82,810	2,150,078,840	4.60%
2015	25,957	82,810 *	2,149,499,170	4.00%
2016	25,957 **	82,810 *	2,149,499,170 ***	N/A

N/A - Not Available

\* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

\*\* - Latest population data available (2015) was used for calculation purposes.

\*\*\* - Latest personal income available (2015) was used for calculation purposes.

Source: <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development  
<sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.  
<sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented  
<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2015		Employer	2006	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
US Army Armament Research and Development	6,000	2.33%	Novartis Corporation	5,000	N/A
Atlantic Health System	5,171	2.01%	Atlantic Health System	4,045	N/A
Novartis Corporation	4,622	1.80%	US Army Armament Research and Development	3,412	N/A
Bayer Healthcare, LLC	2,800	1.09%	County of Morris	2,170	N/A
County of Morris	1,757	0.68%	Lucent Technology	1,983	N/A
Wyndham Worldwide Coporation	1,626	0.63%	United Parcel Service	1,941	N/A
Accenture	1,561	0.61%	Wyndham Worldwide Coporation	1,371	N/A
St. Clare's	1,504	0.59%	Greystone Psychiatric	1,296	N/A
BASF Corporation	1,500	0.58%	Tiffany & Company	1,200	N/A
Pricewaterhouse Coopers	1,360	0.53%	Accenture	1,200	N/A
<b>Total</b>	<b>27,901</b>	<b>10.86%</b>	<b>Total</b>	<b>23,618</b>	
<b>Total Employment *</b>	<b>257,024</b>				

\* - Employment data provided by the NJ Department of Labor and Workforce Development

N/A - Not Available

Source: Morris County Treasurer's Office

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	375	393	387	370	341	348	357	360	325	331
Special education	86	88	89	89	98	106	112	117	147	138
Support Services:										
Student & instruction related services	122	115	113	114	104	108	101	101	99	93
School administrative services	34	35	32	30	30	30	32	32	27	26
General and business administrative services	24	24	20	19	21	23	26	26	41	63
Plant operations and maintenance	57	56	56	53	64	58	53	53	52	53
Pupil transportation	45	45	46	47	45	45	46	47	46	48
Total	<u>743</u>	<u>756</u>	<u>743</u>	<u>722</u>	<u>703</u>	<u>718</u>	<u>727</u>	<u>736</u>	<u>737</u>	<u>752</u>

Source: District Personnel Records

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment <sup>d</sup>	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2007	5,549	\$ 72,770,033	\$ 13,114	4.93%	514	11.9	11.1	11.5	5,549	5,297	0.20%	95.46%
2008	5,571	74,933,935	13,451	2.57%	513	10.5	10.9	11.4	5,571	5,299	0.40%	95.12%
2009	5,514	76,341,632	13,845	2.93%	539	9.9	10.1	10.9	5,514	5,238	-1.02%	94.99%
2010	5,417	80,814,639	14,919	7.75%	539	9.6	9.8	10.9	5,417	5,162	-1.76%	95.29%
2011	5,294	77,612,676	14,660	-1.73%	504	10.4	10.1	11.1	5,294	5,050	-2.27%	95.39%
2012	5,210	84,141,422	16,150	10.16%	504	10.3	10.2	11.1	5,210	4,979	-1.59%	95.57%
2013	5,038	86,324,422	17,135	6.10%	501	10.5	9.8	9.7	5,038	4,811	-3.30%	95.49%
2014	4,919	86,487,024	17,582	2.61%	477	10.3	9.8	9.7	4,919	4,691	-2.36%	95.36%
2015	4,819	87,837,289	18,227	3.67%	472	13.1	11.8	12.4	4,819	4,607	-2.03%	95.60%
2016	4,797	89,340,424	18,624	2.18%	469	12.5	11.0	12.0	4,797	4,603	-0.46%	95.96%

- <sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.
- <sup>b</sup> The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost per Pupil may be different from other Cost per Pupil calculations.
- <sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.
- <sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October district count.

Source: School District records

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Buildings</u>										
Center Grove School										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	608	608	608	608	608	608	608	608	608	608
Enrollment	595	546	560	515	494	502	501	550	479	484
Fernbrook School										
Square Feet	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569
Capacity (students)	567	567	567	567	567	567	567	567	567	567
Enrollment	631	631	627	611	641	581	576	570	555	541
Ironia School										
Square Feet	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764
Capacity (students)	643	643	643	643	643	643	643	643	643	643
Enrollment	626	632	637	629	602	529	496	482	448	448
Shongum School										
Square Feet	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283
Capacity (students)	567	567	567	567	567	567	567	567	567	567
Enrollment	647	668	634	652	676	655	624	541	510	476
Middle School										
Square Feet	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243
Capacity (students)	893	893	893	893	893	893	893	893	893	893
Enrollment	1,341	1,317	1,297	1,275	1,227	1,263	1,222	1,271	1,230	1,239
High School										
Square Feet	220,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337
Capacity (students)	950	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877
Enrollment	1,709	1,777	1,765	1,721	1,677	1,635	1,639	1,573	1,620	1,610

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



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities  
Account # 11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Center Grove</u> <u>School</u>	<u>Fernbrook</u> <u>School</u>	<u>Ironia</u> <u>School</u>	<u>Shongum</u> <u>School</u>	<u>Middle</u> <u>School</u>	<u>High</u> <u>School</u>	<u>Total</u>
2007	\$ 107,634	\$ 111,358	\$ 103,955	\$ 101,864	\$ 187,990	\$ 294,517	\$ 907,318
2008	97,411	96,265	90,751	94,083	191,113	297,708	867,331
2009	79,776	97,020	81,373	86,770	183,882	271,162	799,983
2010	96,560	100,793	85,770	92,893	189,792	287,862	853,670
2011	120,047	103,257	92,620	98,525	217,646	328,719	960,814
2012	172,412	122,322	87,492	97,443	221,727	404,762	1,106,158
2013	128,042	232,294	114,382	133,452	252,899	638,733	1,499,802
2014	236,486	220,917	176,640	193,086	213,299	494,440	1,534,868
2015	154,266	178,357	134,519	156,214	239,693	397,367	1,260,416
2016	207,294	237,654	151,057	156,096	171,991	366,809	1,290,901

Source: School District records.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - SAIF		
Property - Blanket Building and Contents	\$ 153,152,047	\$ 2,500
Comprehensive Boiler and Machinery	50,000,000	2,500
Business Interruption/Extra Expense	5,000,000	2,500
Comprehensive General Liability - Per Occurrence	5,000,000	None
School Board Legal Liability - Per Occurrence	5,000,000	10,000
Employee Benefits Liability - Per Occurrence	1,000,000	1,000
Comprehensive Crime Coverage	100,000	500
Computers and Scheduled Equipment - SAIF		
Data Processing Equipment	2,500,000	5,000
Miscellaneous School Equipment	500,000	1,000
Umbrella Liability Policy - SAIF		
Umbrella Policy	50,000,000	10,000
Excess Liability - Fireman's Fund Insurance Co.	50,000,000	10,000
Pooled Insurance Program of New Jersey:		
Workers' Compensation	First 350,000	of each claim
Public Official Bonds - Utica		
Business Administrator	400,000	None
Assistant Business Administrator	400,000	None
Comprehensive Automobile Liability - SAIF	5,000,000	
Comprehensive Deductible		1,000
Collision Deductible		1,000

Source: School District records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Randolph Township School District  
 County of Morris, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Randolph Township School District, in the County of Morris (the "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, and have issued our report thereon dated September 23, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the 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.

The Honorable President and Members  
of the Board of Education  
Randolph Township School District  
Page 2

### Compliance and Other Matters

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

### Purpose of this Report

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

September 23, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



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Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Randolph Township School District  
 County of Morris, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Randolph Township's School District (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

The Honorable President and Members  
of the Board of Education  
Randolph Township School District  
Page 2

### Report on Internal Control Over Compliance

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


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

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

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

September 23, 2016  
Mount Arlington, New Jersey

  
NISIVOCIA LLP

  
Francis L. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expendi- tures	Cancellation of Prior Years' Accounts Payable/ Encumbrances	Balance at June 30, 2016	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Budgetary Unearned Revenue	Budgetary Accounts Receivable
<u>U.S. Department of Agriculture:</u>											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 39,174			\$ 39,174	\$ (35,542)		\$ 3,632	
Federal Food Distribution Program	10.555	N/A	7/1/14-6/30/15	34,432	\$ 1,432			(1,432)			
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	191,213			178,974	(191,213)			\$ (12,239)
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	189,292	(14,243)		14,243				
Total Child Nutrition Cluster					(12,811)		232,391	(228,187)		3,632	(12,239)
Total U.S. Department of Agriculture					(12,811)		232,391	(228,187)		3,632	(12,239)
<u>U.S. Department of Health and Human Services:</u>											
General Fund:											
Medical Assistance Program	93.778	N/A	7/1/15-6/30/16	3,174			3,174	(3,174)			
Total General Fund							3,174	(3,174)			
<u>U.S. Department of Education:</u>											
Passed-through State Department of Education:											
Special Revenue Fund:											
NCLB Consolidated:											
Title I	84.010	NCLB-0820-16	7/1/15-6/30/16	115,359				(114,696)			(114,696)
Title I	84.010	NCLB-0820-15	7/1/14-6/30/15	110,268	(57,413)		57,960	(547)			
Total Title I					(57,413)		57,960	(115,243)			(114,696)
Title IIA	84.367	NCLB-0820-16	7/1/15-6/30/16	91,811				(91,619)			(91,619)
Title IIA	84.367	NCLB-0820-15	7/1/14-6/30/15	92,820	(53,342)		53,342				
Total Title IIA					(53,342)		53,342	(91,619)			(91,619)
Title III	84.365	NCLB-0820-16	7/1/15-6/30/16	19,571				(19,571)			(19,571)
Title III	84.365	NCLB-0820-15	7/1/14-6/30/15	15,606	(15,606)		15,606				(19,571)
Total Title III					(15,606)		15,606	(19,571)			(19,571)
Title III Immigrant	84.365	NCLB-0820-16	7/1/15-6/30/16	23,744				(23,491)			(23,491)
Title III Immigrant	84.365	NCLB-0820-15	7/1/14-6/30/15	27,451	(15,754)		15,754				
Total Title III Immigrant					(15,754)		15,754	(23,491)			(23,491)
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	FT-0820-16	7/1/15-6/30/16	1,009,376			1,008,997	(1,008,517)		480	
I.D.E.A. Part B, Basic Regular	84.027	FT-0820-15	7/1/14-6/30/15	980,905	(16,699)		16,320		\$ 379		
I.D.E.A. Part B, Preschool	84.173	PS-0820-16	7/1/15-6/30/16	44,060			44,060	(44,060)			
Total Special Education Cluster					(16,699)		1,069,377	(1,052,577)	379	480	
Total Special Revenue Fund					(158,814)		1,212,039	(1,302,501)	379	480	(249,377)
Total U.S. Department of Education					(158,814)		1,212,039	(1,302,501)	379	480	(249,377)
Total Federal Awards					\$ (171,625)	\$ -0-	\$ 1,447,604	\$ (1,533,862)	\$ 379	\$ 4,112	\$ (261,616)

N/A - Not Available/Applicable



RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2016		Memo	
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
<u>General Fund:</u>												
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 7,895,104			\$ 7,110,744	\$ (7,895,104)			\$ (784,360)		\$ 7,895,104
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	7,895,104	\$ (783,649)		783,649						7,895,104
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	323,179			291,072	(323,179)				(32,107)	323,179
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	323,179	(32,078)		32,078						323,179
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	3,234,926			2,913,544	(3,234,926)				(321,382)	3,234,926
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	3,234,926	(321,091)		321,091						3,234,926
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	103,893			93,572	(103,893)				(10,321)	103,893
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	103,893	(10,313)		10,313						103,893
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1,118,636			1,007,502	(1,118,636)				(111,134)	1,118,636
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1,118,636	(111,033)		111,033						1,118,636
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	47,185			42,497	(47,185)				(4,688)	47,185
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	47,185	(4,683)		4,683						47,185
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	47,185			42,497	(47,185)				(4,688)	47,185
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	47,185	(4,683)		4,683						47,185
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	991,300				(991,300)		\$ (991,300)		(991,300)	991,300
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	827,523	(827,523)		827,523						827,523
Other State Aid - Non Public Transportation	16-495-034-5120-014	7/1/15-6/30/16	31,701				(31,701)		(31,701)		(31,701)	31,701
Other State Aid - Non Public Transportation	15-495-034-5120-014	7/1/14-6/30/15	34,855	(34,855)		34,855						34,855
				(2,129,908)		13,631,336	(13,793,109)		(1,023,001)		(2,291,681)	27,425,595
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,743,324			2,610,902	(2,743,324)		(132,422)		(132,422)	2,743,324
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	2,617,787	(126,840)		126,840						2,617,787
Subtotal - General Fund				(2,256,748)		16,369,078	(16,536,433)		(1,155,423)		(2,424,103)	32,786,706
<u>Special Revenue Fund:</u>												
<u>NJ Nonpublic Aid:</u>												
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	9,822			9,822	(8,965)			\$ 857		8,965
Technology Initiative Aid	16-100-034-5120-373	7/1/15-6/30/16	4,472			4,472	(4,082)			390		4,082
<u>Auxiliary Services:</u>												
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	1,553			1,553	(1,553)					1,553
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	914		\$ 1			\$ 1				913
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	21,912			21,912	(21,912)					21,912
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	22,395		8,062			8,062				14,333
<u>Handicapped Services:</u>												
Examination & Classification	16-100-034-5120-066	7/1/15-6/30/16	29,485			29,485	(18,755)			10,730		18,755
Examination & Classification	15-100-034-5120-066	7/1/14-6/30/15	25,941		2,704			2,704				23,237
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	23,410			23,410	(15,885)			7,525		15,885
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	27,389		9,100			9,100				18,289
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	26,733			26,733	(19,010)			7,723		19,010
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	23,541		1,805			1,805				21,736
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	15,480			15,480	(14,130)			1,350		14,130
Security	N/A	7/1/15-6/30/16	4,300			4,300	(3,750)			550		3,750
Subtotal - Special Revenue Fund					21,672	137,167	(108,042)	21,672		29,125		186,550

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2016		Memo	
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Capital Projects Fund:												
NJ School Development Authority:												
Educational Facilities Construction & Financing Act:												
Fernbrook Elementary School	4330-065-14-1003	7/1/14-6/30/16	\$ 342,344				\$ (68,468)		\$ (68,468)		\$ 68,468	\$ 342,344
Shongum Elementary School	4330-080-14-1006	7/1/14-6/30/16	540,400			\$ 54,040	(486,208)		(432,168)		486,360	486,208
Randolph Middle School	4330-075-14-1005	7/1/14-6/30/16	259,800			241,490	(254,200)		(12,710)		18,310	254,200
Randolph High School	4330-050-09-1001	7/1/14-6/30/16	689,660			68,966	(683,555)		(614,589)		620,694	683,555
Subtotal - Capital Projects Fund						364,496	(1,492,431)		(1,127,935)		1,193,832	1,766,307
Debt Service Fund:												
Debt Service Aid II	16-100-034-5120-125	7/1/15-6/30/16	267,400			267,400	(267,400)					267,400
Subtotal - Debt Service Fund						267,400	(267,400)					267,400
Enterprise Fund:												
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	8,394	\$ (605)		605						8,394
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	8,379			7,840	(8,379)		\$ (539)		(539)	8,379
Subtotal - Enterprise Fund				(605)		8,445	(8,379)		(539)		(539)	16,773
Total State Awards				\$ (2,257,353)	\$ 21,672	\$ 17,146,586	\$ (18,412,685)	\$ 21,672	\$ (2,283,897)	\$ 29,125	\$ (1,230,810)	\$ 35,023,736

N/A - Not Available/Applicable

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Randolph Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,150) for the general fund and (\$29,629) for the special revenue fund (of which \$4,541 applies to encumbrances of local grants) and \$1,492,431 for the capital projects fund. See Note 1 D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, the special revenue and the capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$2,850,837 and \$3,394,559, respectively.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,174	\$ 22,780,679	\$22,783,853
Special Revenue Fund	1,268,331	108,042	1,376,373
Capital Projects Fund		1,492,431	1,492,431
Debt Service Fund		267,400	267,400
Food Service Fund	228,187	8,379	236,566
Total Financial Assistance	<u>\$ 1,499,692</u>	<u>\$24,656,931</u>	<u>\$26,156,623</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District received grants in the amount of \$1,832,204 in connection with capital projects for various window and roof replacement projects at the High School, Middle School, Fernbrook Elementary School and Shongum Elementary School. During the fiscal year ended June 30, 2016 the District submitted reimbursement requests and realized revenue on the GAAP basis in the amount of \$1,492,431. At June 30, 2016, the District has a \$1,193,832 receivable on the budgetary basis and \$1,127,935 on the GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for each of the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Extraordinary Aid Reimbursed TPAF Social Security Contributions	16-495-034-5120-044	7/1/15-6/30/16	\$ 991,300	\$ 991,300
Educational Facilities Construction & Financing:				
Fernbrook Elementary School	4330-065-14-1003	7/1/14-6/30/16	342,344	68,468
Shongum Elementary School	4330-080-14-1006	7/1/14-6/30/17	540,400	486,208
Randolph Middle School	4330-075-14-1005	7/1/14-6/30/16	259,800	254,200
Randolph High School	4330-050-09-1001	7/1/14-6/30/16	689,660	683,555
<u>Federal:</u>				
Special Education Cluster:				
IDEA Part B, Basic Regular	84.027	7/1/15-6/30/16	1,009,376	1,008,517
IDEA Part B Preschool	84.173	7/1/15-6/30/16	44,060	44,060

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Summary of Auditors' Results (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

RANDOLPH TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year findings.