

RED BANK SCHOOL DISTRICT

Red Bank, New Jersey
County of Monmouth

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

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INTRODUCTORY SECTION

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Red Bank Borough Public Schools

76 Branch Avenue – Red Bank, New Jersey 07701



November 28, 2016

Honorable President and
Members of the Board of Education
Red Bank Borough Schools
County of Monmouth, New Jersey

Dear Members of the Board of Education:

I am pleased to submit The Comprehensive Annual Financial Report of the Red Bank School District (hereafter the "District") for the fiscal year ending June 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the various funds 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 Auditor's Report, Management Discussion and Analysis (MD&A) and the basic financial statements including the government-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The Statistical section includes selected financial and demographic information 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 (Uniform Guidance)* and New Jersey OMB's *Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board as established by GASB No. 14. All funds of the District are included in this report. The Red Bank Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6.

In the 2015-2016 fiscal year the District's official enrollment was 1421 resident students. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	1421	1.72%
2014-2015	1397	2.12%
2013-2014	1368	3.64%
2012-2013	1320	25.12%
2011-2012	1055	6.03%
2010-2011	995	0.00%
2009-2010	995	1.43%
2008-2009	981	10.72%
2007-2008	886	12.58%

2. ECONOMIC CONDITION AND OUTLOOK: While the economy today is showing some signs of positive economic growth, there are still many uncertainties for the future.

The major funding source for the operating budget continues to be the local tax levy. The local tax levy funded 81.7% of the 2015-2016 final budget. The reliance on the local taxpayers to fund the majority of the District's budget will likely continue under the provisions of the School Funding Reform Act of 2008. According to the NJ Department of Education, Office of School Funding, the District's tax levy exceeds the Local Fair Share and the district's total budget exceeds the "adequacy model" used to calculate state aid.

3. MAJOR INITIATIVES: The major financial initiative of the District include proper curricular materials for students, appropriate staffing, maintenance and improvement of facilities, continued recovery from Super storm Sandy and technology maintenance and improvements required for the PARCC and the operation of the District.

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

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund and 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 items basis. Open encumbrances at year-end either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

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

7. CASH MANAGEMENT: The investment policy of the District is by state statute as detailed in "Notes to the Financial Statements", Note 1. 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. 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

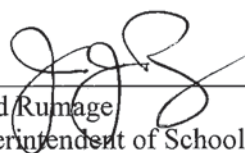
9. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. 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 (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports, related specifically to the single audit are included in the single audit section of this report.

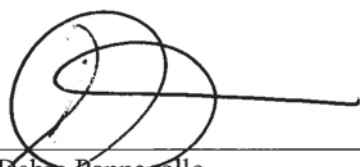
10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Red Bank 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.

Respectfully Submitted,



Jared Ramage
Superintendent of Schools



Debra Pappagallo
Business Administrator/Board Secretary

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Organizational Chart 2015-2016

Red Bank Borough Board of Education

Superintendent of Schools

Secretary to the Superintendent	Business Administrator	Supervisor of PreK Education	Supervisor of Special Education	Supervisor of Curriculum & Instruction/ESL/BIL/WLP	Director of Technology	Middle School Principal	Primary School Principal
	Business Office Support Staff	PreK Master Teacher/Coaches	Child Study Team	ELL Instructional Coach	Visual Technology Coordinator	Middle School Vice Principal	Primary School Vice Principal
	Director of Facilities	PreK Teachers	District Nursing Staff	ELL & WL Teachers	Computer Technology Associates	Climate & Cultural Specialist	PS Teachers
	Assistant Director of Facilities	PreK Instructional Assistants	District Guidance Staff	ELL & WL Instructional Assistants		MS Teachers	PS Instructional Assistants
	Maintenance/Custodial Staff	PreK Support Staff	Special Education Teachers	Curriculum & Instruction Support Staff		MS Instructional Assistants	PS Support Staff
			Special Education Instructional Assistants			MS Support Staff	
			Special Education Services				
			Child Study Team Secretary				

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**RED BANK BOARD OF EDUCATION
RED BANK, NEW JERSEY**

ROSTER OF OFFICIALS

June 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Carrie Ludwikowski, President	2018
Fred Stone, Vice President	2019
Ann Roseman	2019
Fred Stone	2019
Marjorie Lowe	2016
Suzanne Viscomi	2016
Janet Jones	2018
Peter Noble	2018
Michael Ballard	2018

OTHER OFFICIALS

Jared Ramage, Superintendent of Schools

Debra Pappagallo, Business Administrator/Board Secretary

Frank Mason, Treasurer of School Monies

Richard McOmber, Esq., Board Attorney

**RED BANK BOARD OF EDUCATION
RED BANK, NEW JERSEY**

CONSULTANTS AND ADVISORS

June 30, 2016

AUDITOR/AUDIT FIRM

Robert W. Allison, CPA, RMA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

Richard McOmber, Esq.
McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

BOND & SPECIAL COUNSEL

Philip A. Norcross, Esq.
Parker, McCay & Crisuolo, P.A.
Three Greentree Centre
Route 73 and Greentree Road
Marlton, New Jersey 08053

OFFICIAL DEPOSITORIES

PNC Bank (primary depository)
Bank of America
Bank of New York
TD Bank
JP Morgan Chase
State of New Jersey Cash Management Fund

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey 07701

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 Red Bank School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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.

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 Red Bank School District, County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Red Bank School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates 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 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 accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Red Bank School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Bank School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 28, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MONMOUTH COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

Introduction

Red Bank Borough School District ("District") is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through 8. These include general and special education instruction for handicapped students. The District completed the 2015/16 school year with an average daily enrollment of 1421 students, an increase of 1.72% over the prior year's average daily enrollment. An additional 8 District students were in private out-of-district special education placements. The Red Bank Charter School, also operating in Red Bank, had an enrollment of 180 Red Bank resident students at the end of June, 2016. Additional Red Bank residents attended various non-public elementary schools throughout the County.

District schools, while located in an affluent area of Monmouth County, New Jersey, are classified as district factor group "CD." The district factor group is a measure of local wealth and student economics on a scale of "A" (lowest) to "J" (highest), with Red Bank's classification influenced by the high percentage of low-income students as measured by student eligibility for free or reduced-price school meals.

The District continues its staff development and curriculum improvement initiatives, and in 2015/16 continued a curriculum alignment process that ensures focused instruction in grades preschool-8. Academic outcomes have shown improvements attributed, in part, to the success of alignment of standards and curriculum planning.

With the learner as the focus, at the heart of staff development is continuation of a data-driven, comprehensive, and on-going professional development program that targets content, strategies, assessment, and skills identified to be in need of attention.

Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the Red Bank Borough School District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the District's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly-held companies. All of these activities are intended to advance the District's mission as stated at the beginning of this analysis.

The financial statements previously presented in the District's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General, Special Revenue, Proprietary and Debt Service funds. This disclosure has been expanded by the addition of the Statement of Net Position and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another

feature is supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue Funds.

The Statement of Net Position presents the District's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net position represents the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the District's net position and how they have changed year to year, reflecting a variety of influences such as the current change in educational philosophy (resulting in increased purchases of new materials, consultants, etc.), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received.

In 2015/16, the District received \$2,996,370.00 in General Operating Fund State Aid (SFRA). The District was obligated to transfer \$1,670,112.00 to the Red Bank Charter School for their 180 students. In comparing the amount of State Aid the District received, and the amount of funds transferred to the Charter School, clearly the difference of \$1,326,285.00 creates a fiscal challenge.

Financial Highlights

Key financial highlights for 2015/2016 are as follows:

- General revenues accounted for \$19,308,306.59 in revenue or 68.55% of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions, accounted for \$8,858,287.42 or 31.45% of total revenues of \$28,166,594.01.
- The School District had \$27,582,051.29 in expenses; only \$8,858,287.42 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$19,308,306.59 were adequate to provide for these programs.
- The School District had \$25,087,402.82 in General, Special Revenue and Debt Service Fund expenses. Tax levies, state and federal aid, selected grants, and miscellaneous income covered these costs. Of the District's total expenditures in 2015/16, 64.32% was funded by local revenue, with \$15,497,094.00 in local taxes levied for the General Fund and another \$478,775.00 levied for debt service.
- Of the 2015/16 General Fund expenditures, \$1,670,112.00 represented a transfer to the Red Bank Charter School.
- The State contributed Categorical Aid in the amount of \$34,744.00 for transportation.
- The General Fund had \$20,325,746.65 in revenues and \$19,090,193.60 in expenditures and other financing sources and uses. The General Fund's balance increased by \$1,235,553.05 over 2015/16.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2016 compared to June 30, 2015.

Table 1

Net Position

	<u>2016</u>	<u>2015</u>
Assets:		
Current and Other Assets	\$ 5,952,362.56	\$ 3,961,940.95
Capital Assets, Net	<u>14,748,930.41</u>	<u>15,055,353.41</u>
Total Assets	<u>20,701,292.97</u>	<u>19,017,294.36</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	<u>2,327,535.00</u>	<u>1,087,274.00</u>
Total Deferred Outflows related to Resources	<u>2,327,535.00</u>	<u>1,087,274.00</u>
Total Assets and Deferred Outflow of Resources	<u>23,028,827.97</u>	<u>20,104,568.36</u>
Liabilities:		
Long-Term Liabilities	11,410,174.72	9,438,658.26
Other Liabilities	<u>2,018,192.66</u>	<u>1,470,615.51</u>
Total Liabilities	<u>13,428,367.38</u>	<u>10,909,273.77</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	<u>148,302.00</u>	<u>409,703.00</u>
Total Deferred Inflows related to Resources	<u>148,302.00</u>	<u>409,703.00</u>
Total Liabilities and Deferred Inflow of Resources	<u>13,576,669.38</u>	<u>11,318,976.77</u>
Net Position:		
Net Investment in Capital Assets	12,653,930.41	12,590,353.41
Restricted	3,149,721.51	1,637,455.95
Unrestricted	<u>(6,351,493.34)</u>	<u>(5,442,217.77)</u>
Total Net Position	<u>\$ 9,452,158.58</u>	<u>\$ 8,785,591.59</u>

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 153,515.85	\$ 137,056.41
Operating Grants and Contributions	9,618,842.27	9,128,938.55
General Revenues:		
Property Taxes	15,975,869.00	14,974,647.00
Grants and Entitlements	3,180,458.29	3,611,685.85
Other	152,130.93	32,805.61
	<hr/>	<hr/>
Total Revenues	29,080,816.34	27,885,133.42
	<hr/>	<hr/>
Program Expenses		
Instruction	8,083,736.71	7,844,377.61
Support Services:		
Pupils and Instructional Staff	5,815,900.70	5,629,221.68
General Administration, School Administration		
Business Operations and Maintenance of		
Facilities	2,850,652.60	2,553,256.05
Pupil Transportation	914,614.28	923,755.45
Unallocated Benefits	7,464,213.94	6,062,332.36
Special Schools	150,247.35	148,737.93
Transfer to Charter School	1,670,112.00	1,630,085.00
Food Service	832,198.05	713,208.51
Other	632,573.71	680,358.48
	<hr/>	<hr/>
Total Expenses	28,414,249.34	26,185,333.07
	<hr/>	<hr/>
Increase in Net Position	\$ 666,567.00	\$ 1,699,800.35
	<hr/>	<hr/>

Governmental Activities

Historically, on the third Tuesday in April, the voters of New Jersey get an opportunity to voice their pleasure or displeasure on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process. In January 2012 Governor Christie signed into law a bill that allowed school boards the option to eliminate the annual school budget vote if their annual budgets are within the 2% adjusted cap. Red Bank Board of Education was among the numerous New Jersey school districts who voted to eliminate the annual school budget vote that moves the election of school board members to the November general elections.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Governmental Activities		2015	
	2016			2015
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 8,083,736.71	\$ 6,042,418.43	\$ 7,844,377.61	\$ 5,751,886.65
Support Services:				
Pupils and Instructional Staff	5,815,900.70	2,549,873.83	5,629,221.68	2,157,655.20
General Administration,				
School Administration	1,337,366.56	1,337,366.56	1,129,059.37	1,129,059.37
Operation and Maintenance				
of Facilities	1,513,286.04	1,513,286.04	1,424,196.68	1,424,196.68
Pupil Transportation	914,614.28	914,614.28	923,755.45	887,568.45
Unallocated Benefits	7,464,213.94	3,913,271.67	6,062,332.36	3,245,560.68
Special Schools	150,247.35	150,247.35	148,737.93	148,737.93
Transfer to Charter Schools	1,670,112.00	1,670,112.00	1,630,085.00	1,630,085.00
Other	632,573.71	632,573.71	680,358.48	680,358.48
Total Expenses	<u>\$ 27,582,051.29</u>	<u>\$ 18,723,763.87</u>	<u>\$ 25,472,124.56</u>	<u>\$ 17,055,108.44</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil and these expenses are increasing due to changes in contractual obligations and changes in staff related to inclusion of special education and English language learners.

Governmental Activities

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils including curriculum and staff development. Curriculum and staff development include expenses associated with research, planning, development and evaluation of educational materials and methodology intended to provide "Quality Learning by All...Whatever It Takes."

General administration, school administration and business include expenses associated with administrative and financial supervision of the District including various types of insurance coverage, professional fees for architects, attorneys and auditors, mandated membership in the New Jersey

School Boards Association and other expenses.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment operating efficiently and effectively. The District's in-house staff of custodians and maintenance workers is charged with keeping the District's facilities functioning at peak efficiency at least cost.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law. In the Borough of Red Bank, this includes extensive busing for District students, Board of Education schools, the Charter School and also for those students attending out-of-district schools by either school or parent designation.

Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the District.

Other includes unallocated depreciation.

The School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$26,297,258.06 and expenditures of \$25,120,649.32.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 16,131,499.64	61.68%	\$ 1,124,286.08	7.49%
State Sources	8,635,237.74	33.02%	(492,315.12)	-5.39%
Federal Sources	<u>1,386,231.63</u>	<u>5.30%</u>	<u>(52,490.66)</u>	<u>-3.65%</u>
Total	<u>\$ 26,152,969.01</u>	<u>100.00%</u>	<u>\$ 579,480.30</u>	<u>2.27%</u>

The increase in Local Sources is attributed to an increase in local tax levy.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital and Debt Service Fund expenditures for the fiscal year ended June 30, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$ 8,077,006.71	32.15%	\$ 232,629.10	2.97%
Undistributed Expenditures	14,665,393.00	58.38%	956,596.53	6.98%
Transfer to Charter Schools	1,670,112.00	6.65%	40,027.00	2.46%
Debt Service:				
Principal	370,000.00	1.47%	10,000.00	2.78%
Interest	108,775.00	0.43%	(17,100.00)	-13.58%
Capital Outlay	<u>229,362.61</u>	<u>0.91%</u>	<u>(1,082,305.21)</u>	<u>-82.51%</u>
Total	<u>\$25,120,649.32</u>	<u>100.00%</u>	<u>\$ 139,847.42</u>	<u>-80.92%</u>

The decrease in capital outlay is attributed to the HVAC replacement throughout the building project majority of the expenses and work was completed in the 2014/15 school year.

The decrease in Debt Service principal and decrease in interest is based on the expiration of some of the District's Bonds.

General Fund Budgeting Highlights

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

The District manages its financial reporting of budgets and actual expenses using a real-time accounting system designed to provide comprehensive management and reporting tools. Many of the budgetary changes required during 2015/16 were the result of needs not able to be anticipated at the point of budget development.

During fiscal year 2015/16, final budgetary areas in the General Fund that exceeded the original budget included improvement of instruction services, support services, equipment, and construction. These budgetary overages were offset by reductions in other areas such as regular program instruction, special education, operation and maintenance of plant, and transportation services, where expenses were running under the budgeted amount.

Capital Assets

At the end of the fiscal year 2016, the District's Governmental Activities had \$14,656,333.67 in investments in Land, Construction in Progress, Site Improvements, Buildings and Buildings Improvements, and Machinery and Equipment.

Table 4

Capital Assets (Net of Depreciation) – Governmental Activities at June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 3,514,100.00	\$ 3,514,100.00
Construction in Progress	1,207,098.12	1,173,851.46
Buildings and Improvements	9,517,456.82	9,882,874.54
Machinery & Equipment	<u>417,678.73</u>	<u>419,469.12</u>
Total	<u>\$ 14,656,333.67</u>	<u>\$ 14,990,295.12</u>

Overall capital assets decreased minimally from fiscal year 2015 to fiscal year 2016 as the Middle School renovation was virtually completed. The renovation was a \$11.275 million project of which 40% was funded by the state through the New Jersey Economic Development Authority, with the balance bonded following a public referendum. Increases in Capital Assets were offset by depreciation expense for the year.

The District's curriculum continued to emphasize the use of technology in education during 2015/16. The District is also implementing technology to accommodate the new State mandated PARCC testing requirement. The District continues as a Non-Abbott District for the Preschool Expansion Initiative through the award of a competitive grant. This allows the District to provide full-day preschool education to all Red Bank preschool age children.

Debt Administration

Table 5
Outstanding Debt at June 30,

	<u>2016</u>	<u>2015</u>
2005 Refunding Bonds	\$ 2,095,000.00	\$ 2,465,000.00
Amortization of Bond Premium	71,287.72	85,545.26
Pension Liability	9,223,887.00	6,874,843.00
Compensated Absences Payable	<u>20,000.00</u>	<u>13,270.00</u>
Total	<u>\$ 11,410,174.72</u>	<u>\$ 9,438,658.26</u>

Current Financial Issues and Concerns

As of June 30, 2016, the Red Bank Borough School District has several serious financial concerns. The District continues to be concerned about the financial burden that is created through funding a charter school in such a small community. Unanticipated Special Education costs and services that are driven by student's Individual Education Plan requirements have increased considerably.

The District continues to strive to "do more with less". The design of a prudent budget that is based on a zero-based model, coupled with receiving funds through an aggressive grant submission process, the Red Bank Borough School District continues to focus on the enhancement of student learning.

The Superintendent continues to aggressively seek competitive grants, collaborative partnerships for professional development, and various opportunities that increase student learning for the District that does not impact local budgets. Further cost savings through shared resources with the Borough and neighboring districts includes curriculum writing and professional development that supplement and support the District's needs.

An additional area of concern is the need for increased maintenance and probable renovations at each school. The Primary School was constructed in the early seventies. This building is situated on ecologically-sensitive property on the west side of the Borough. The Borough-owned access roadway has limitations that pose safety concerns, and the main entryway to the building is obscured, allowing no clear view of the building's exterior for student safety purposes. The Board has worked with the Borough to address some of the issues of safety through Borough grants; however, exploring the work is at the very preliminary stages. Budgeting for these projects will be a financial challenge.

In general, the Red Bank Borough Board of Education has consistently committed itself to sound, conservative fiscal management, providing the most efficient and effective education possible given the demands and challenges associated with the need to improve students' academic performance.

Contacting the School District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions on this report or need additional financial information, please contact Debra Pappagallo, School Business Administrator/Board Secretary at Red Bank Borough Board of Education, 76 Branch Avenue, Red Bank, NJ 07701.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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RED BANK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>	<u>TOTALS</u>
Assets:			
Cash and Cash Equivalents	\$ 4,726,717.96	\$ 226,822.64	\$ 4,953,540.60
Receivables, Net	924,513.75	64,663.45	989,177.20
Inventory	-	9,644.76	9,644.76
Capital Assets, Net (Note 5)	14,656,333.77	92,596.64	14,748,930.41
Total Assets	20,307,565.48	393,727.49	20,701,292.97
Deferred Outflow of Resources:			
Deferred Outflow Related to Pension	2,327,535.00	-	2,327,535.00
Total Deferred Outflow related to Resources	2,327,535.00	-	2,327,535.00
Total Assets and Deferred Outflow of Resources	22,635,100.48	393,727.49	23,028,827.97
Liabilities:			
Accrued Interest	15,354.18	-	15,354.18
Accounts Payable	36,918.48	692.51	37,610.99
Unearned Revenue	869,796.69	-	869,796.69
Other Liabilities	1,095,430.80	-	1,095,430.80
Noncurrent Liabilities (Note 7):			
Due Within One Year	424,257.54	-	424,257.54
Due Beyond One Year	10,985,917.18	-	10,985,917.18
Total Liabilities	13,427,674.87	692.51	13,428,367.38
Deferred Inflow of Resources:			
Deferred Inflow Related to Pension	148,302.00	-	148,302.00
Total Deferred Outflow related to Resources	148,302.00	-	148,302.00
Total Liabilities and Deferred Inflow of Resources	13,575,976.87	692.51	13,576,669.38
Net Position:			
Net Investment in Capital Assets	12,561,333.77	92,596.64	12,653,930.41
Restricted for:			
Capital Projects	1,136,134.60	-	1,136,134.60
Debt Service	(15,355.97)	-	(15,355.97)
Other Purposes	2,028,942.89	-	2,028,942.89
Unrestricted	(6,651,931.68)	300,438.34	(6,351,493.34)
Total Net Position	\$ 9,059,123.61	\$ 393,034.98	\$ 9,452,158.59

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

**RED BANK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			TOTALS
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	\$ 5,854,064.59	\$ 16,950.00	\$ 2,024,368.28	\$ (3,812,746.31)	\$ -	\$	(3,812,746.31)
Special Education	1,024,997.15	-	-	(1,024,997.15)	-		(1,024,997.15)
Other Special Instruction	1,204,673.29	-	-	(1,204,673.29)	-		(1,204,673.29)
Other Instruction	1.68	-	-	(1.68)	-		(1.68)
Support Services:							
Tuition	690,059.78	-	-	(690,059.78)	-		(690,059.78)
Student and Instruction Related Services	5,125,840.92	-	3,266,026.87	(1,859,814.05)	-		(1,859,814.05)
General Administration	427,438.14	-	-	(427,438.14)	-		(427,438.14)
School Administrative Services	433,106.02	-	-	(433,106.02)	-		(433,106.02)
Central Services	246,353.08	-	-	(246,353.08)	-		(246,353.08)
Administrative Information Technology	230,469.32	-	-	(230,469.32)	-		(230,469.32)
Plant Operations and Maintenance	1,513,286.04	-	-	(1,513,286.04)	-		(1,513,286.04)
Pupil Transportation	914,614.28	-	-	(914,614.28)	-		(914,614.28)
Unallocated Benefits	7,464,213.94	-	3,550,942.27	(3,913,271.67)	-		(3,913,271.67)
Special Schools	150,247.35	-	-	(150,247.35)	-		(150,247.35)
Transfer To Charter School	1,670,112.00	-	-	(1,670,112.00)	-		(1,670,112.00)
Interest and Charges on Long-Term Debt	145,742.46	-	-	(145,742.46)	-		(145,742.46)
Unallocated Depreciation/Amortization	486,831.25	-	-	(486,831.25)	-		(486,831.25)
Total Government Activities	27,582,051.29	16,950.00	8,841,337.42	(18,723,763.87)	-		(18,723,763.87)
BUSINESS-TYPE ACTIVITIES							
Food Service	832,198.05	136,565.85	777,504.85	-	81,872.65		81,872.65

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

**RED BANK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	TOTALS
Total Business-Type Activities	832,198.05	136,565.85	777,504.85	-	81,872.65	81,872.65
Total Primary Government	\$ 28,414,249.34	\$ 153,515.85	\$ 9,618,842.27	\$ (18,723,763.87)	\$ 81,872.65	\$ (18,641,891.22)
GENERAL REVENUES:						
Property Taxes Levied for:						
Property Taxes, Levied for General Purposes,		\$ 15,497,094.00	\$ -	\$ -	\$ -	\$ 15,497,094.00
Net Taxes Levied for Debt Service		478,775.00	-	-	-	478,775.00
Federal and State Aid Not Restricted		3,180,458.29	-	-	-	3,180,458.29
Federal and State Aid Restricted		13,298.67	-	13,298.67	-	13,298.67
Investment Earnings		24.34	-	24.34	151.62	175.96
Miscellaneous		138,656.30	-	138,656.30	-	138,656.30
Total General Revenues		19,308,306.60	151.62	151.62	19,308,458.22	19,308,458.22
Change in Net Position		584,542.73	82,024.27	82,024.27	666,567.00	666,567.00
Net Position - Beginning		8,474,580.88	311,010.71	311,010.71	8,785,591.59	8,785,591.59
Net Position - Ending		\$ 9,059,123.61	\$ 393,034.98	\$ 393,034.98	\$ 9,452,158.59	\$ 9,452,158.59

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B. Fund Financial Statements

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Governmental Funds

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**RED BANK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 2,781,796.92	\$ 342,438.59	\$ -	\$ -	\$ 3,124,235.51
Interfunds Receivables	116,453.77	-	-	-	116,453.77
Receivables From Other Governments:					
State	170,244.00	-	482,839.25	-	653,083.25
Federal	151.56	262,696.50	-	-	262,848.06
Other Receivables	4,591.56	3,990.88	-	-	8,582.44
Restricted Cash	2,009,095.10	-	-	-	2,009,095.10
Total Assets	5,082,332.91	609,125.97	482,839.25	-	6,174,298.13
Liabilities and Fund Balances:					
Liabilities:					
Cash Deficit	-	-	406,610.86	1.79	406,612.65
Accounts Payable	25,352.47	1,226.06	-	-	26,578.53
Interfunds Payable	-	116,453.77	-	-	116,453.77
Other Liabilities	1,095,430.80	-	-	-	1,095,430.80
Payable To State Government	-	10,339.95	-	-	10,339.95
Unearned Revenue	-	869,796.69	-	-	869,796.69
Total Liabilities	1,120,783.27	997,816.47	406,610.86	1.79	2,525,212.39
Fund Balances:					
Restricted:					
Reserved Excess Surplus:					
Designated for Subsequent Year's Expenditures	408,317.05	-	-	-	408,317.05
Current Year Excess Surplus	671,436.95	-	-	-	671,436.95
Capital Reserve	1,059,906.21	-	-	-	1,059,906.21
Maintenance Reserve	949,188.89	-	-	-	949,188.89
Debt Service Fund	-	-	-	(1.79)	(1.79)
Capital Projects Fund	-	-	76,228.39	-	76,228.39
Assigned:					
Year-End Encumbrances Designated by the BOE for Subsequent Year's Expenditures	688,197.72	-	-	-	688,197.72
Unassigned	138,967.03	(388,690.50)	-	-	(249,723.47)
Total Fund Balances	3,961,549.64	(388,690.50)	76,228.39	(1.79)	3,649,085.74
Total Liabilities and Fund Balances	\$ 5,082,332.91	\$ 609,125.97	\$ 482,839.25	\$ -	

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 governmental funds. The cost of the assets is \$22,957,463.69 and the accumulated depreciation is \$8,301,130.02 (See Note 5). 14,656,333.77

Deferred outflows and inflows of resources related to pension and deferred charges and/or credits on debt refunding are applicable to future reporting periods, and therefore, are not reported in the funds. 2,179,233.00

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 7). (11,410,174.72)

Accrued interest on long-term liabilities is not reported as a liability in the Fund. (15,354.18)

Net Position of Governmental Activities \$ 9,059,123.61

RED BANK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	Debt Service <u>Fund</u>	Totals Governmental <u>Funds</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 15,497,094.00	\$ -	\$ -	\$ 478,775.00	\$ 15,975,869.00
Tuition	16,950.00	-	-	-	16,950.00
Interest Earned on Capital Reserve	24.34	-	-	-	24.34
Miscellaneous	93,902.75	44,753.55	-	-	138,656.30
Total - Local Sources	15,607,971.09	44,753.55	-	478,775.00	16,131,499.64
State Sources	4,703,133.77	3,918,805.31	13,298.67	-	8,635,237.75
Federal Sources	14,641.79	1,371,589.84	-	-	1,386,231.63
Total Revenues	20,325,746.65	5,335,148.70	13,298.67	478,775.00	26,152,969.02
Expenditures:					
Current:					
Regular Instruction	3,822,966.31	2,024,368.28	-	-	5,847,334.59
Special Education Instruction	1,024,997.15	-	-	-	1,024,997.15
Other Special Instruction	1,204,673.29	-	-	-	1,204,673.29
Other Instruction	1.68	-	-	-	1.68
Support Services and Undistributed Costs:					
Tuition	690,059.78	-	-	-	690,059.78
Student and Instruction Related Services	1,341,066.50	3,784,774.42	-	-	5,125,840.92
General Administration	427,438.14	-	-	-	427,438.14
School Administrative Services	433,106.02	-	-	-	433,106.02
Central Services	246,353.08	-	-	-	246,353.08
Administrative Information Technology	221,177.80	-	-	-	221,177.80
Plant Operations and Maintenance	1,500,084.85	-	-	-	1,500,084.85
Pupil Transportation	914,614.28	-	-	-	914,614.28
Employee Benefits	4,956,470.94	-	-	-	4,956,470.94
Special Schools	150,247.35	-	-	-	150,247.35
Transfer To Charter School	1,670,112.00	-	-	-	1,670,112.00
Debt Service:					
Principal	-	-	-	370,000.00	370,000.00
Interest and Other Charges	-	-	-	108,775.00	108,775.00
Capital Outlay	186,824.43	9,291.52	33,246.66	-	229,362.61
Total Expenditures	18,790,193.60	5,818,434.22	33,246.66	478,775.00	25,120,649.48
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,535,553.05	(483,285.52)	(19,947.99)	-	1,032,319.54
Other Financing Sources/(Uses):					
General Fund Contribution to Preschool	(300,000.00)	300,000.00	-	-	-
Total Other Financing Sources/(Uses)	(300,000.00)	300,000.00	-	-	-
Net Change in Fund Balances	1,235,553.05	(183,285.52)	(19,947.99)	-	1,032,319.54
Fund Balance - July 1	2,725,996.59	(205,404.98)	96,176.37	(1.79)	2,616,766.19
Fund Balance - June 30	\$ 3,961,549.64	\$ (388,690.50)	\$ 76,228.38	\$ (1.79)	\$ 3,649,085.73

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

RED BANK SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,032,319.54
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and donated assets exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	(486,831.25)	
Disposal of Fixed Asset	(13,201.19)	
Capital Outlay	<u>166,071.09</u>	(333,961.35)
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
Pension Expense - PERS District Contribution - 2016	353,264.00	
Unfunded TPAF Pension Expense	2,013,625.00	
State Share of Unfunded TPAF Pension Expense	(2,013,625.00)	
Pension Expense	<u>(847,382.00)</u>	(494,118.00)
<p>Repayment of bond, loans and capital lease 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.</p>		
		370,000.00
<p>Bond premiums are amortized over the lives of the bonds in the Statement of Activities. The net effect of the amortization is an increase to the reconciliation</p>		
		14,257.54
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
Prior Year	13,270.00	
Current Year	<u>(20,000.00)</u>	(6,730.00)
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest over the previous year is a reduction in the reconciliation.</p>		
Prior Year	18,129.17	
Current Year	<u>(15,354.17)</u>	<u>2,775.00</u>
Change in Net Position of Governmental Activities		<u>\$ 584,542.73</u>

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

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Proprietary Funds

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RED BANK SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 226,822.64
Intergovernmental Receivables:	
Federal	59,648.81
State	880.24
Accounts Receivable - Other	4,134.40
Inventories	<u>9,644.76</u>
Total - Current Assets	<u>301,130.85</u>
Noncurrent Assets:	
Building Improvements	85,770.00
Furniture, Machinery and Equipment	164,880.39
Less:	
Accumulated Depreciation	<u>(158,053.75)</u>
Total - Noncurrent Assets	<u>92,596.64</u>
Total Assets	<u><u>\$ 393,727.49</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	<u>692.51</u>
Total Liabilities	<u><u>692.51</u></u>
Net Position:	
Net Investment in Capital Assets	\$ 92,596.64
Unrestricted	<u>300,438.34</u>
Total Net Position	<u><u>\$ 393,034.98</u></u>

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

RED BANK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 33,738.27
Daily Sales - Non-Reimbursable Programs	51,371.28
Special Functions	<u>51,456.30</u>
Total Operating Revenues	<u>136,565.85</u>
Operating Expenses:	
Purchased Professional/Technical Services	406,814.69
Purchased Property Services	39,692.23
Supplies and Materials	16,984.70
Depreciation	12,153.88
Cost of Sales	<u>356,552.55</u>
Total Operating Expenses	<u>832,198.05</u>
Operating Income/(Loss)	<u>(695,632.20)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	10,323.75
Federal Sources:	
National School Lunch Program	565,013.06
National School Breakfast Program	124,832.13
After School Snacks	1,921.92
Food Distribution Program	75,413.99
Interest and Investment Income	<u>151.62</u>
Total Nonoperating Revenues	<u>777,656.47</u>
Change in Net Position	82,024.27
Total Net Position - Beginning	<u>311,010.71</u>
Total Net Position - Ending	<u><u>\$ 393,034.98</u></u>

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

**RED BANK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 141,858.70
Payments To Suppliers	<u>(744,969.45)</u>
Net Cash Provided by/(used in) Operating Activities	<u>(603,110.75)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	10,672.62
Federal Sources	<u>692,274.62</u>
Net Cash Provided By Noncapital Financing Activities	<u>702,947.24</u>
Cash Flows From Capital and Related Financing Activities:	
Purchases of Capital Assets	<u>(39,692.23)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(39,692.23)</u>
Cash Flows From Investing Activities:	
Interest	<u>151.62</u>
Net Cash Provided By Investing Activities	<u>151.62</u>
Net Increase in Cash and Cash Equivalents	60,295.88
Balance - Beginning of Year	<u>166,526.76</u>
Balance - End of Year	<u><u>\$ 226,822.64</u></u>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Loss:	\$ (695,632.20)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
(Increase)/Decrease in Accounts Receivable	5,292.85
Depreciation Expense	12,153.88
Food Distribution Program	75,413.99
(Increase)/Decrease in Inventories	<u>(1,031.78)</u>
Total Adjustments	<u>92,521.45</u>
Net Cash Provided by/(used in) Operating Activities	<u><u>\$ (603,110.75)</u></u>

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

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Fiduciary Fund

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RED BANK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 19,727.82
Total Assets	\$ 19,727.82
Liabilities:	
Due To Student Groups	\$ 14,340.00
Payroll Deductions and Withholdings	5,387.82
Total Liabilities	\$ 19,727.82

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

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RED BANK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Red Bank School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

A. Reporting Entity

The Red Bank School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board consists of appointed officials by the County Freeholders 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. The District provides a full range of educational services appropriate to grade levels PreK through 8. The Red Bank School District has an approximate enrollment at June 30, 2016 of 1,260 students.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

C. Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

E. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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

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

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

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility

requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

H. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

I. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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.

J. Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 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 public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

K. Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

L. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

M. 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. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

N. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

O. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

P. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Q. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

S. Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

T. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

U. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

V. Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

W. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

X. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Y. Pensions Section

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value.

Z. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 28, 2016, which is the date the financial statements were available to be issued.

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District’s bank balance of \$5,865,933.79 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	250,000.00
Collateralized by securities held by Pledging financial institution		5,347,940.20
Uninsured and uncollateralized		267,993.59
 Total	 \$	 <u><u>5,865,933.79</u></u>

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 2. Cash Deposits and Investments (continued):

Concentrations - The District places no limit in the amount the District may invest in any one issuer. The District did not hold any investments at June 30, 2016.

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Red Bank School District by inclusion of \$110 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Ending Balance, June 30, 2015	\$ 59,881.87
Amount approved June Resolution	<u>1,000,000.00</u>
Ending Balance, June 30, 2016	<u><u>\$ 1,059,881.87</u></u>

B. Maintenance Reserve Account

The Red Bank School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance 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.

The activity of the maintenance reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Balance, June 30, 2016 & 2015	<u><u>\$ 949,188.89</u></u>
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RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 170,244.00	\$ -	\$ 482,839.24	\$ 880.24	\$ 653,963.48
Federal Aid	151.56	262,696.50	-	59,648.81	322,496.87
Other	4,591.56	10,340.88	-	4,134.40	19,066.84
Total	\$ 174,987.12	\$ 273,037.38	\$ 482,839.24	\$ 64,663.45	\$ 995,527.19

Note 5. Capital Assets

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

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,514,100.00	\$ -	\$ -	\$ 3,514,100.00
Construction in Progress	1,173,851.46	33,246.66	-	1,207,098.12
Total capital assets not being depreciated	4,687,951.46	33,246.66	-	4,721,198.12
Capital Assets being depreciated:				
Buildings	17,066,649.64	-	-	17,066,649.64
Machinery & Equipment	1,049,992.79	132,824.43	(13,201.19)	1,169,616.03
Total capital assets being depreciated	18,116,642.43	132,824.43	(13,201.19)	18,236,265.67
Less: accumulated depreciation:				
Buildings	(7,183,775.10)	(365,417.61)	-	(7,549,192.71)
Machinery & Equipment	(630,523.67)	(121,413.64)	-	(751,937.31)
Total accumulated depreciation	(7,814,298.77)	(486,831.25)	-	(8,301,130.02)
Total capital assets being depreciated, net	10,302,343.66	(354,006.82)	(13,201.19)	9,935,135.65
Total Governmental Activities capital assets, net	\$ 14,990,295.12	\$ (320,760.16)	\$ (13,201.19)	\$ 14,656,333.77

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 5. Capital Assets (continued):

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 85,770.00	\$ -	\$ -	\$ 85,770.00
Machinery & Equipment	125,188.17	39,692.23	-	164,880.40
Total capital assets being depreciated	<u>210,958.17</u>	<u>39,692.23</u>	<u>-</u>	<u>250,650.40</u>
Less: accumulated depreciation:				
Buildings and improvements	(56,334.58)	(3,656.25)	-	(59,990.83)
Machinery & Equipment	(89,565.30)	(8,497.63)	-	(98,062.93)
Total accumulated depreciation	<u>(145,899.88)</u>	<u>(12,153.88)</u>	<u>-</u>	<u>(158,053.76)</u>
Total capital assets being depreciated, net	<u>65,058.29</u>	<u>27,538.35</u>	<u>-</u>	<u>92,596.64</u>
Total Business-type activities capital assets, net	<u>\$ 65,058.29</u>	<u>\$ 27,538.35</u>	<u>\$ -</u>	<u>\$ 92,596.64</u>

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Unallocated	<u>\$ 486,831.25</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 486,831.25</u></u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 116,453.77	\$ -
Special Revenue Fund	<u>-</u>	<u>116,453.77</u>
	<u>\$ 116,453.77</u>	<u>\$ 116,453.77</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 6. Interfund Receivables, Payables and Transfers (continued):

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 19,855.00
Special Revenue Fund	19,855.00	-
	\$ 19,855.00	\$ 19,855.00

The purpose of interfunds transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 7. Long-Term Obligations

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term obligations:

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 2,465,000.00	\$ -	\$ (370,000.00)	\$ 2,095,000.00	\$ 410,000.00
Amortization of Bond Premium	85,545.26	-	(14,257.54)	71,287.72	14,257.54
Compensated Absences	13,270.00	6,730.00	-	20,000.00	-
Net Pension Liability	6,874,843.00	2,349,044.00	-	9,223,887.00	-
Total	\$ 9,438,658.26	\$ 2,355,774.00	\$ (384,257.54)	\$ 11,410,174.72	\$ 424,257.54

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences are liquidated by the general fund.

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

On July 20, 2005, the District issued General Obligation Bonds totaling \$4,690,000.00 for the purpose of renovations to the schools. The Bonds bear interest of 4.00%-4.500% per annum payable semi-annually on the first day of November and May of each year, until maturity. The principal is due annually on the first day of May through 2021, installments range from \$410,000.00 to \$430,000.00.

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 7. Long-Term Obligations (continued):

Debt Service requirements on serial bonds payable at June 30, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	410,000.00	92,125.00	502,125.00
2018	410,000.00	73,675.00	483,675.00
2019	405,000.00	55,225.00	460,225.00
2020	440,000.00	37,000.00	477,000.00
2021	430,000.00	17,200.00	447,200.00
	<u>\$ 2,095,000.00</u>	<u>\$ 275,225.00</u>	<u>\$ 2,370,225.00</u>

B. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

C. Capital Leases

As of June 30, 2016, the District had no capital leases.

Note 8. Pension Plans

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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:

<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 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 member 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 55 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. 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 includes 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 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. 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 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.

Three-Year Trend Information for PERS

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 353,264	100%	\$ 9,223,887
6/30/2015	304,379	100%	6,874,843
6/30/2014	252,504	100%	6,404,756

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$9,223,877 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.04109% percent, which was an increase of 0.00437% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
	July 1, 2015	July 1, 2014
Actuarial valuation date		
Deferred Outflows of Resources	\$ 2,327,535	\$ 1,087,274
Deferred Inflows of Resources	148,302	409,703
Net Pension Liability	9,223,887	6,874,843
District's portion of the Plan's total net pension Liability	0.04109%	0.03672%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$847,382. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 220,050	\$ -
Changes of assumptions	990,572	-
Net difference between projected and actual earnings on pension plan investments	-	148,302
Changes in proportion and differences between District contributions and proportionate share of contributions	1,116,913	-
Total	\$ 2,327,535	\$ 148,302

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The \$2,327,535 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	457,202
2018	457,202
2019	559,628
2020	396,310
2021	559,628
Thereafter	-

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and 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 1 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.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 8: Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on 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 method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 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 US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(4.39%)</u>	<u>Discount</u> <u>(5.39%)</u>	<u>Increase</u> <u>(6.39%)</u>
District's proportionate share of the net pension liability	\$ 11,464,156	\$ 9,223,887	\$ 7,345,652

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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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:

<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 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 member 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.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. 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 includes 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 actuarial determined amount.

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

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 1,035,648	100%	-
6/30/2015	901,269	100%	-
6/30/2014	703,075	100%	-

Teachers Pensions and Annuity Fund (TPAF) - 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 Teachers Pension and Annuity Fund (TPAF)

**RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on 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 method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 8: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging 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%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on 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.

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

Defined Contribution Retirement Plan (DCRP) – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 8: Pension Obligations (continued):

Defined Contribution Retirement Plan (DCRP) (continued):

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 9. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method".

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 11. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 12. Economic Dependency

The District 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, could have an effect on the District’s programs and activities.

Note 13. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable	MetLife
VALIC	

Note 14. 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 school personnel policy. Upon termination, employees are paid for accrued vacation. The district’s school’s policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the district school for the unused sick leave in accordance with district’s agreements with various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 14. Compensated Absences (continued):

separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$20,000.00.

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 no liability existed for compensated absences in the proprietary fund types.

Note 15. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$671,436.95.

Note 16. Fund Balance

General Fund – Of the \$3,961,549.64 General Fund fund balance at June 30, 2016, \$1,059,906.21 has been reserved in the Capital Reserve Account; \$949,188.89 has been reserved in the Maintenance Reserve Account; \$453,852.84 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$671,436.95 is restricted for current year excess surplus; \$688,197.72 has been reserved for encumbrances; and \$138,967.03 is unassigned.

Capital Projects Fund – Of the \$76,228.38 Capital Projects Fund fund balance at June 30, 2016, \$76,228.38 is restricted for current capital projects approved by the District and the Department of Education.

Note 17. Deficit in Fund Balance

The District has a deficit fund balance of \$(388,690.50) in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments 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 payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(388,690.50) is the amount expended for Preschool Education fund that cannot be recognized due to last state aid payment for Preschool Education aid.

RED BANK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 17. Deficit in Fund Balance (continued)

Debt Service Fund – Of the \$1.79 Debt Service Fund fund balance at June 30, 2016, \$(1.79) has been is restricted for future debt service payments.

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$(15,355.97) at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$(6,651,931.68) at June 30, 2016. The deficit is caused by GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2016.

Note 19. Subsequent Event

On July 20, 2016 the School District’s general obligation bonds remaining of \$2,145,000.00 were recalled and refunding bonds were issued. The bonds bear an interest rate of 1.570% per annum payable semi-annually on the first date of November and May each year, until maturity. The principal is due annually on the first day of May through 2021, installments range from 415,000.00 to 470,000.00.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES						
Local Sources:						
Local Tax Levy	10-1210	\$ 15,497,094.00	\$ -	\$ 15,497,094.00	\$ 15,497,094.00	-
Tuition	10-1320	22,000.00		22,000.00	16,950.00	(5,050.00)
Interest Earned on Capital Reserve Funds	10-15XX	20.00	-	20.00	24.34	4.34
Unrestricted Miscellaneous Revenues	10-19XX	20,000.00	-	20,000.00	93,902.75	73,902.75
Total Local Sources		15,539,114.00	-	15,539,114.00	15,607,971.09	68,857.09
State Sources:						
Extraordinary Aid	10-3131	90,000.00	-	90,000.00	167,982.00	77,982.00
Categorical Special Education Aid	10-3132	665,749.00	-	665,749.00	665,749.00	-
Equalization Aid	10-3176	1,399,215.00	-	1,399,215.00	1,399,215.00	-
Categorical Security Aid	10-3177	156,711.00	-	156,711.00	156,711.00	-
Categorical Transportation Aid	10-3121	34,744.00	-	34,744.00	34,744.00	-
Under Adequacy Aid	10-3121	339,219.00	-	339,219.00	339,219.00	-
Supplemental Enrollment Growth Aid	10-3197	373,912.00	-	373,912.00	373,912.00	-
PARCC Readiness Aid	10-3190	13,410.00	-	13,410.00	13,410.00	-
Per Pupil Growth Aid	10-3190	13,410.00	-	13,410.00	13,410.00	-
Non Public Transportation Aid					2,262.00	2,262.00
TPAF Contributions (On-Behalf - Non-Budgeted)		-	-	-	472,743.00	472,743.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	562,905.00	562,905.00
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	501,669.27	501,669.27
Total State Sources		3,086,370.00	-	3,086,370.00	4,703,931.27	1,617,561.27
Federal Sources:						
Medicaid Reimbursement	10-4200	17,201.00	-	17,201.00	14,641.79	(2,559.21)
Total Federal Sources		17,201.00	-	17,201.00	14,641.79	(2,559.21)
Total Revenues		18,642,685.00	-	18,642,685.00	20,326,544.15	1,683,859.15
EXPENDITURES						
Current Expense:						
Regular Programs - Instruction:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	226,861.00	83,495.85	310,356.85	309,273.05	1,083.80
Grades 1-5	11-120-100-101	1,830,585.00	(261,685.85)	1,568,899.15	1,523,645.99	45,253.16
Grades 6-8	11-130-100-101	1,020,172.00	(75,534.00)	944,638.00	886,329.57	58,308.43
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	15,000.00	(1,300.00)	13,700.00	3,847.75	9,852.25
Purchased Professional - Educational Services	11-150-100-320	3,000.00	5,406.67	8,406.67	5,387.92	3,018.75
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	312,425.00	108,020.00	420,445.00	383,119.87	37,325.13
Purchased Professional - Educational Services	11-190-100-320	48,118.00	(10,468.00)	37,650.00	35,422.50	2,227.50
Purchased Technical Services	11-190-100-340	27,700.00	700.00	28,400.00	24,235.00	4,165.00
Other Purchased Services (400 - 500 series)	11-190-100-500	69,645.00	-	69,645.00	25,124.09	44,520.91
General Supplies	11-190-100-610	323,948.00	451,094.97	775,042.97	616,953.70	158,089.27
Textbooks	11-190-100-640	12,000.00	5,573.60	17,573.60	9,626.87	7,946.73
Other Objects	11-190-100-800	3,000.00	-	3,000.00	-	3,000.00
Total Regular Programs - Instruction		3,892,454.00	305,303.24	4,197,757.24	3,822,966.31	374,790.93
Special Education - Instruction:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	238,960.00	7,598.90	246,558.90	236,751.40	9,807.50
Other Salaries for Instruction	11-204-100-106	84,065.00	53,899.50	137,964.50	129,601.17	8,363.33
General Supplies	11-204-100-610	5,821.00	8,491.08	14,312.08	14,307.86	4.22
Total Learning and/or Language Disabilities		328,846.00	69,989.48	398,835.48	380,660.43	18,175.05
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	136,035.00	(3,075.00)	132,960.00	132,935.00	25.00
Other Salaries for Instruction	11-212-100-106	227,000.00	(30,380.00)	196,620.00	169,243.10	27,376.90
General Supplies	11-212-100-610	2,587.00	12,054.72	14,641.72	14,031.56	610.16
Total Multiple Disabilities		365,622.00	(21,400.28)	344,221.72	316,209.66	28,012.06

**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	272,380.00	(31,921.00)	240,459.00	240,409.00	50.00
Other Salaries for Instruction	11-213-100-106	-	45,513.00	45,513.00	41,486.73	4,026.27
General Supplies	11-213-100-610	3,066.00	-	3,066.00	3,008.48	57.52
Total Resource Room/Resource Center		275,446.00	13,592.00	289,038.00	284,904.21	4,133.79
Preschool Disabilities - Full-Time:						
Other Salaries for Instruction	11-216-100-106	115,740.00	(66,729.25)	49,010.75	43,222.85	5,787.90
Total Preschool Disabilities - Full-Time		115,740.00	(66,729.25)	49,010.75	43,222.85	5,787.90
Total Special Education - Instruction		1,085,654.00	(4,548.05)	1,081,105.95	1,024,997.15	56,108.80
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	-	53,190.00	53,190.00	53,170.00	20.00
		-	53,190.00	53,190.00	53,170.00	20.00
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	1,057,079.00	(49,463.34)	1,007,615.66	998,675.56	8,940.10
Other Salaries for Instruction	11-240-100-106	29,210.00	(4,517.00)	24,693.00	18,414.85	6,278.15
Purchased Services (300-500 series)	11-240-100-500	420.00	-	420.00	60.00	360.00
General Supplies	11-240-100-610	45,705.00	37,734.13	83,439.13	78,611.47	4,827.66
Total Bilingual Education - Instruction		1,132,414.00	(16,246.21)	1,116,167.79	1,095,761.88	20,405.91
School Sponsored Co/Extra-Curricular Activities - Instruction:						
Salaries	11-401-100-100	2,868.00	1,032.00	3,900.00	1,500.00	2,400.00
Total School Sponsored Co/Extra-Curricular Activities - Instruction		2,868.00	1,032.00	3,900.00	1,500.00	2,400.00
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	28,184.00	5,104.00	33,288.00	32,690.00	598.00
Purchased Services (300-500 series)	11-402-100-500	11,885.00	(1,973.97)	9,911.03	8,459.69	1,451.34
Supplies and Materials	11-402-100-600	6,400.00	6,837.97	13,237.97	13,091.72	146.25
Total School Sponsored Athletics - Instruction		46,469.00	9,968.00	56,437.00	54,241.41	2,195.59
Community Serv. Programs/Operations:						
Salaries	11-800-330-100	2,500.00	683.00	3,183.00	2,295.60	887.40
Purchased Services	11-800-330-500	6,500.00	(683.00)	5,817.00	(2,293.92)	8,110.92
Total - Community Serv. Programs/Operations		9,000.00	-	9,000.00	1.68	8,998.32
Total - Instruction		6,168,859.00	348,698.98	6,517,557.98	6,052,638.43	464,919.55
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Special	11-000-100-562	115,000.00	(64,787.98)	50,212.02	30,665.50	19,546.52
Tuition To Private Schools for the Disabled Within State	11-000-100-566	758,500.00	110,234.68	868,734.68	659,394.28	209,340.40
Total Undist. Expend. - Instruction		873,500.00	45,446.70	918,946.70	690,059.78	228,886.92
Undist. Expend. - Health Services:						
Salaries	11-000-213-100	109,654.00	688.70	110,342.70	104,898.12	5,444.58
Purchased Professional and Technical Services	11-000-213-300	143,500.00	(108,010.58)	35,489.42	12,063.50	23,425.92
Supplies and Materials	11-000-213-600	4,383.00	12,264.68	16,647.68	7,479.17	9,168.51
Other Objects	11-000-213-800	200.00	-	200.00	95.00	105.00
Total Undist. Expend. - Health Services		257,737.00	(95,057.20)	162,679.80	124,535.79	38,144.01
Undist. Expend. - Speech, OT, PT & Related Svc:						
Salaries	11-000-216-100	140,461.00	(4,595.50)	135,865.50	129,414.60	6,450.90
Purchased Professional - Educational Services	11-000-216-320	89,500.00	(22,750.00)	66,750.00	64,040.78	2,709.22
Supplies and Materials	11-000-216-600	5,000.00	(4,700.00)	300.00	14.84	285.16
Other Objects	11-000-216-800	300.00	18,847.40	19,147.40	18,868.36	279.04
Total Undist. Expend. - Speech, OT, PT & Related Svc.		235,261.00	(13,198.10)	222,062.90	212,338.58	9,724.32
Undist. Expend. - Other Support Serv. Students - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	128,775.00	-	128,775.00	115,954.00	12,821.00
Supplies and Materials	11-000-218-600	3,513.00	1,885.00	5,398.00	4,324.56	1,073.44
Total Undist. - Guidance		132,288.00	1,885.00	134,173.00	120,278.56	13,894.44

**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Undist. Expend. - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	221,222.00	5,000.00	226,222.00	223,881.92	2,340.08
Salaries of Secretarial and Clerical Assistants	11-000-219-105	48,904.00	2,037.25	50,941.25	50,941.25	-
Purchased Professional - Educational Services	11-000-219-320	46,850.00	(2,890.00)	43,960.00	36,612.50	7,347.50
Other Purchased Prof. and Tech. Services	11-000-219-390	300.00	-	300.00	100.00	200.00
Misc Purchased Services (400 - 500 series Other Than Resid. Costs)	11-000-219-592	3,100.00	-	3,100.00	2,389.56	710.44
Supplies and Materials	11-000-219-600	6,000.00	12,105.72	18,105.72	16,463.05	1,642.67
			-			
Total Undist. Expend. - Child Study Teams		326,376.00	16,252.97	342,628.97	330,388.28	12,240.69
Undist. Expend. - Improvement of Instructional Services:						
Salaries of Supervisors of Instruction	11-000-221-102	239,080.00	2,147.01	241,227.01	240,601.63	625.38
Salaries of Secretarial and Clerical Assistants	11-000-221-105	39,487.00	(2,147.01)	37,339.99	33,358.08	3,981.91
Other Salaries	11-000-221-110	26,056.00	6,000.00	32,056.00	7,131.54	24,924.46
Purchased Professional - Educational Services	11-000-221-320	17,367.00	1,065.00	18,432.00	13,220.59	5,211.41
Supplies and Materials	11-000-221-600	1,850.00	19,229.97	21,079.97	20,201.85	878.12
Other Objects	11-000-221-800	7,162.00	(98.45)	7,063.55	6,152.22	911.33
Total Undist. Expend. - Improvement of Instructional Services		331,002.00	26,196.52	357,198.52	320,665.91	36,532.61
Undist. Expend. - Educational Media/School Library:						
Salaries of Technology Coordinators	11-000-222-177	231,660.00	1,800.00	233,460.00	228,234.69	5,225.31
Supplies and Materials	11-000-222-600	600.00	-	600.00	524.69	75.31
Total Undist. Expend. - Educational Media/School Library		232,260.00	1,800.00	234,060.00	228,759.38	5,300.62
Undist. Expend. - Instructional Staff Training Services:						
Salaries of Secretarial and Clerical Assistants	11-000-223-105	4,198.00	-	4,198.00	4,000.00	198.00
Other Purchased Services (400 - 500 series)	11-000-223-500	1,000.00	-	1,000.00	100.00	900.00
Total Undist. Expend. - Instructional Staff Training Services		5,198.00	-	5,198.00	4,100.00	1,098.00
Undist. Expend. - Support Services - General Administration:						
Salaries	11-000-230-100	241,350.00	5,000.00	246,350.00	242,483.14	3,866.86
Legal Services	11-000-230-331	50,000.00	14,348.06	64,348.06	56,140.47	8,207.59
Audit Fees	11-000-230-332	36,000.00	-	36,000.00	33,945.00	2,055.00
Architectural/Engineering Services	11-000-230-334	20,000.00	35,248.00	55,248.00	24,099.20	31,148.80
Other Purchased Professional Services	11-000-230-339	27,000.00	7,500.00	34,500.00	16,149.58	18,350.42
Purchased Tech. Services	11-000-230-340	5,500.00	1,500.00	7,000.00	-	7,000.00
Communications/Telephone	11-000-230-530	75,300.00	(28,055.53)	47,244.47	9,671.77	37,572.70
BOE Other Purchased Services	11-000-230-585	12,500.00	3,000.00	15,500.00	10,056.22	5,443.78
Miscellaneous Purchased Services	11-000-230-590	5,000.00	1,500.00	6,500.00	4,795.01	1,704.99
General Supplies	11-000-230-610	6,500.00	16,984.46	23,484.46	17,210.26	6,274.20
Miscellaneous Expenditures	11-000-230-890	5,500.00	4,200.00	9,700.00	6,086.10	3,613.90
BOE Membership and Dues	11-000-230-895	9,000.00	1,000.00	10,000.00	6,801.39	3,198.61
Total Undist. Expend. - Support Services - General Administration		493,650.00	62,224.99	555,874.99	427,438.14	128,436.85
Undist. Expend. - Support Services - School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	271,375.00	(825.00)	270,550.00	261,624.71	8,925.29
Salaries of Secretarial and Clerical Assistants	11-000-240-105	146,052.00	6,028.28	152,080.28	152,080.28	-
Other Purchased Services (400 - 500 series)	11-000-240-500	2,500.00	(1,684.84)	815.16	311.54	503.62
Supplies and Materials	11-000-240-600	4,626.00	15,494.06	20,120.06	19,089.49	1,030.57
Other Objects	11-000-240-800	90.00	-	90.00	-	90.00
Total Undist. Expend. - Support Services - School Administration		424,643.00	19,012.50	443,655.50	433,106.02	10,549.48
Undist. Expend. - Central Services:						
Salaries	11-000-251-100	235,563.00	(5,652.15)	229,910.85	222,479.16	7,431.69
Misc. Purchased Services (400 - 500 series)	11-000-251-592	2,500.00	5,950.00	8,450.00	5,338.95	3,111.05
Supplies and Materials	11-000-251-600	12,000.00	6,930.30	18,930.30	15,458.45	3,471.85
Miscellaneous Expenditures	11-000-251-890	2,300.00	2,700.00	5,000.00	3,076.52	1,923.48
Total Undist. Expend. - Central Services		252,363.00	9,928.15	262,291.15	246,353.08	15,938.07
Undist. Expend. - Admin. Info. Technology:						
Purchased Technical Services	11-000-252-340	196,685.00	8,588.00	205,273.00	201,033.85	4,239.15
Supplies and Materials	11-000-252-600	8,400.00	11,583.74	19,983.74	19,342.92	640.82
Other Objects	11-000-252-800	800.00	1,100.00	1,900.00	801.03	1,098.97
Total Undist. Expend. - Admin. Info. Technology		205,885.00	21,271.74	227,156.74	221,177.80	5,978.94

**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Undist. Expend. - Required Maintenance for School Facilities:						
Salaries	11-000-261-100	249,961.00	938.36	250,899.36	250,899.36	-
Cleaning, Repair and Maintenance Services	11-000-261-420	102,779.00	241,115.54	343,894.54	120,447.11	223,447.43
General Supplies	11-000-261-610	28,465.00	(7,658.11)	20,806.89	20,806.89	-
Other Objects	11-000-261-800	2,210.00	(960.00)	1,250.00	1,250.00	-
Total Undist. Expend. - Required Maintenance for School Facilities		383,415.00	233,435.79	616,850.79	393,403.36	223,447.43
Undist. Expend. - Custodial Services:						
Salaries	11-000-262-100	402,812.00	(41,127.17)	361,684.83	354,126.74	7,558.09
Salaries of Non-Instructional Aids	11-000-262-107	49,500.00	(25,002.66)	24,497.34	24,329.34	168.00
Purchased Professional and Technical Services	11-000-262-300	750.00	12,584.00	13,334.00	13,334.00	-
Cleaning, Repair and Maintenance Services	11-000-262-420	14,800.00	64,457.00	79,257.00	44,548.00	34,709.00
Rental of Land & Building Other Than Lease Purchase Agrmt	11-000-262-441	750.00	(750.00)	-	-	-
Other Purchased Property Services	11-000-262-490	43,000.00	1,884.44	44,884.44	44,884.44	-
Insurance	11-000-262-520	181,000.00	(24,079.44)	156,920.56	156,920.56	-
Miscellaneous Purchased Services	11-000-262-590	-	5,005.00	5,005.00	5,005.00	-
General Supplies	11-000-262-610	46,635.00	54,316.67	100,951.67	93,663.73	7,287.94
Energy (Natural Gas)	11-000-262-621	50,000.00	(13,866.45)	36,133.55	34,255.72	1,877.83
Energy (Electricity)	11-000-262-622	250,000.00	23,540.10	273,540.10	253,627.91	19,912.19
Total Undist. Expend. - Custodial Services		1,039,247.00	56,961.49	1,096,208.49	1,024,695.44	71,513.05
Undist. Expend. - Care & Upkeep of Grounds:						
Cleaning, Repair and Maintenance Services	11-000-263-420	23,499.00	(3,202.70)	20,296.30	17,976.30	2,320.00
Total Care & Upkeep of Grounds		23,499.00	(3,202.70)	20,296.30	17,976.30	2,320.00
Undist. Expend. - Security:						
Salaries	11-000-266-100	20,091.00	(5,696.20)	14,394.80	14,394.80	-
Cleaning, Repair, and Maintenance Services	11-000-266-420	39,623.00	8,487.81	48,110.81	41,997.48	6,113.33
General Supplies	11-000-266-610	4,230.00	3,387.47	7,617.47	7,617.47	-
Total Security		63,944.00	6,179.08	70,123.08	64,009.75	6,113.33
Total Undist. Expend. - Operations & Maintenance of Plant		1,510,105.00	293,373.66	1,803,478.66	1,500,084.85	303,393.81
Undist. Expend. - Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	45,750.00	-	45,750.00	37,440.33	8,309.67
Salaries for Pupil Transp. (Bet. Home & School) - Regular	11-000-270-160	25,170.00	-	25,170.00	20,783.68	4,386.32
Salaries for Pupil Transp. (Bet. Home & School) - Spec. Ed.	11-000-270-161	34,420.00	-	34,420.00	29,773.31	4,646.69
Contracted Services (Bet. Home & School) - Vendors	11-000-270-511	10,608.00	884.00	11,492.00	11,492.00	-
Contracted Services (Other Than Bet. Home & School) - Vendors	11-000-270-512	602,733.00	971.00	603,704.00	504,779.79	98,924.21
Contracted Services (Bet. Home & School) - Joint Agrmnts	11-000-270-513	400.00	2,320.00	2,720.00	1,983.00	737.00
Contracted Services (Special Ed. Students) - ESCs & CTSAs	11-000-270-518	40,500.00	(984.20)	39,515.80	39,515.80	-
Contracted Services - Aid in Lieu of Payments - NonPublic Sch.	11-000-270-503	318,813.00	-	318,813.00	268,846.37	49,966.63
Total Undist. Expend. - Student Transportation Services		1,078,394.00	3,190.80	1,081,584.80	914,614.28	166,970.52
Regular Programs - Instruction - Employee Benefits:						
Health Benefits	11-1XX-100-270	11,430.00	(11,430.00)	-	-	-
Tuition Reimbursement	11-1XX-100-280	50,000.00	(50,000.00)	-	-	-
Total Regular Programs - Instruction - Employee Benefits		61,430.00	(61,430.00)	-	-	-
Special Programs - Instruction - Employee Benefits:						
Health Benefits	11-2XX-100-270	25,000.00	(25,000.00)	-	-	-
Total Special Programs - Instruction		25,000.00	(25,000.00)	-	-	-
Other Support Services - Children						
Tuition Reimbursement	11-000-210-280	6,000.00	(6,000.00)	-	-	-
Total Support Services - Central Services - Employee Benefits		6,000.00	(6,000.00)	-	-	-
Support Services - Central Services - Employee Benefits:						
Tuition Reimbursement	11-000-251-280	1,039.00	(1,039.00)	-	-	-
Total Support Services - Central Services - Employee Benefits		1,039.00	(1,039.00)	-	-	-
Total Allocated Benefits		93,469.00	(87,469.00)	-	-	-

**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	315,000.00	(100,000.00)	215,000.00	190,741.15	24,258.85
Other Retirement Contributions - Regular	11-000-291-241	420,000.00	(3,000.00)	417,000.00	353,264.00	63,736.00
Other Retirement Contributions - ERIP	11-000-291-242	-	14,400.00	14,400.00	6,067.65	8,332.35
Unemployment Compensation	11-000-291-250	60,000.00	14,513.27	74,513.27	63,076.89	11,436.38
Workmen's Compensation	11-000-291-260	120,000.00	-	120,000.00	115,512.18	4,487.82
Health Benefits	11-000-291-270	3,145,570.00	(108,877.22)	3,036,692.78	2,531,392.28	505,300.50
Tuition Reimbursement	11-000-291-280	156,000.00	(98,492.25)	57,507.75	22,439.00	35,068.75
Other Employee Benefits	11-000-291-290	6,400.00	148,667.23	155,067.23	136,660.52	18,406.71
Total Unallocated Benefits		4,222,970.00	(132,788.97)	4,090,181.03	3,419,153.67	671,027.36
TPAF Contributions (On-Behalf - Non-Budgeted)		-	-	-	472,743.00	(472,743.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	562,905.00	(562,905.00)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	501,669.27	(501,669.27)
Total On-Behalf Contributions		-	-	-	1,537,317.27	(1,537,317.27)
Total Personal Services - Employee Benefits		4,316,439.00	(220,257.97)	4,090,181.03	4,956,470.94	(866,289.91)
Total Undistributed Expenditures		10,675,101.00	172,069.76	10,841,170.76	10,730,371.39	110,799.37
Total Expenditures - Current Expense		16,843,960.00	520,768.74	17,358,728.74	16,783,009.82	575,718.92
CAPITAL OUTLAY:						
Interest Deposit To Capital Reserve	10-604	20.00	(20.00)	-	-	-
Equipment:						
Grades 1-5	12-120-100-730	-	89,373.02	89,373.02	89,073.02	300.00
Undistributed Expenditures:						
Required Maintenance for School Facilities	12-000-261-730	-	132,645.51	132,645.51	43,751.41	88,894.10
Construction Services	12-000-400-450	-	39,963.00	39,963.00	-	39,963.00
Total Equipment		-	261,981.53	261,981.53	132,824.43	129,157.10
Facilities Acquisition and Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	54,000.00	-	54,000.00	54,000.00	-
Total Facilities Acquisition and Construction Services		54,000.00	-	54,000.00	54,000.00	-
Total Capital Outlay		54,020.00	261,961.53	315,981.53	186,824.43	129,157.10
SPECIAL SCHOOLS:						
Summer School - Instruction						
Salaries of Teachers	13-422-100-101	33,600.00	2,200.00	35,800.00	28,594.50	7,205.50
Other Salaries for Instruction	13-422-100-106	33,000.00	-	33,000.00	24,090.77	8,909.23
Purchased Professional and Technical Services	13-422-100-300	44,450.00	(21,500.00)	22,950.00	22,675.00	275.00
General Supplies	13-422-100-610	1,900.00	7,636.19	9,536.19	8,916.62	619.57
Total Summer School - Instruction		112,950.00	(11,663.81)	101,286.19	84,276.89	17,009.30
Summer School - Support Services:						
Salaries	13-422-200-100	28,560.00	-	28,560.00	23,346.26	5,213.74
Other Purchased Services (400 - 500 series)	13-422-200-500	56,000.00	-	56,000.00	42,624.20	13,375.80
Total Summer School - Support Services		84,560.00	-	84,560.00	65,970.46	18,589.54
Total Summer School		197,510.00	(11,663.81)	185,846.19	150,247.35	35,598.84
Total Special Schools		197,510.00	(11,663.81)	185,846.19	150,247.35	35,598.84
Transfer of Funds to Charter School	10-000-100-56X	1,557,838.00	112,274.00	1,670,112.00	1,670,112.00	-
Total Expenditures		18,653,328.00	883,340.46	19,530,668.46	18,790,193.60	740,474.86
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(10,643.00)	(883,340.46)	(887,983.46)	1,536,350.55	2,424,334.01
Other Financing Sources/(Uses):						
Operating Transfers In/(Out):						
Local Contribution - Transfer to Special Revenue Regular	11-105-100-935	(300,000.00)	-	(300,000.00)	(300,000.00)	-
Total Other Financing Sources/(Uses)		(300,000.00)	-	(300,000.00)	(300,000.00)	-

**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>		<u>Final To</u>
					<u>Actual</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under)					
Expenditures and Other Financing Uses	(310,643.00)	(877,340.46)	(1,187,983.46)	1,236,350.55	2,424,334.01
Fund Balances, July 1	3,017,533.59	-	3,017,533.59	3,017,533.59	-
	<hr/>				
Fund Balances, June 30	\$ 2,706,890.59	\$ (877,340.46)	\$ 1,829,550.13	\$ 4,253,884.14	\$ 2,424,334.01
	<hr/>				

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	<hr/>	877,340.46	
Total Transfers	<hr/>	\$ 877,340.46	
	<hr/>		

RECAPITULATION OF FUND BALANCE

Restricted:		
Reserved Excess Surplus:		
Designated for Subsequent Year's Expenditures		\$ 408,317.05
Current Excess Surplus		671,436.95
Capital Reserve		1,059,906.21
Maintenance Reserve		949,188.89
Assigned:		
Year-End Encumbrances		688,197.72
ARRA/SEMI Funds		12,440.84
Designated for Subsequent Year's Expenditures		33,094.95
Unassigned		<hr/>
		431,301.53
		4,253,884.14
Reconciliation To Governmental Funds Statements (GAAP):		
Last State Aid Payment Not Recognized on GAAP Basis		<hr/>
		(292,334.50)
Fund Balance per Governmental Funds (GAAP)		<hr/>
		\$ 3,961,549.64
	<hr/>	

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final To <u>Actual</u>
REVENUES:					
Local Sources	\$ -	\$ 97,949.22	\$ 97,949.22	\$ 51,103.55	\$ (46,845.67)
State Sources	4,183,080.00	349,761.60	4,532,841.60	3,965,507.81	(567,333.79)
Federal Sources	962,452.00	587,574.00	1,550,026.00	1,358,931.68	(191,094.32)
Total Revenues	5,145,532.00	1,035,284.82	6,180,816.82	5,375,543.04	(805,273.78)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	882,822.00	180,645.38	1,063,467.38	954,049.41	109,417.97
Other Salaries for Instruction	595,401.00	84,397.05	679,798.05	630,910.80	48,887.25
Purchased Services	208,068.00	(98,648.50)	109,419.50	96,346.60	13,072.90
Other Purchased Services	302,560.00	22,940.74	325,500.74	312,768.56	12,732.18
General Supplies	45,990.00	43,290.62	89,280.62	51,756.88	37,523.74
Textbooks	-	-	-	-	-
Other Objects	3,780.00	-	3,780.00	2,730.63	1,049.37
Total Instruction	2,038,621.00	232,625.29	2,271,246.29	2,048,562.88	222,683.41
Support Services:					
Salaries	25,700.00	7,946.00	33,646.00	29,600.00	4,046.00
Salaries of Supervisors of Instruction	111,900.00	5,619.92	117,519.92	117,099.92	420.00
Salaries of Program Directors	12,058.00	-	12,058.00	12,057.36	0.64
Salaries of Other Professional Staff	144,979.00	1,668.03	146,647.03	146,298.66	348.37
Salaries of Secr. And Clerical Assistants	51,764.00	8,000.00	59,764.00	51,430.80	8,333.20
Other Salaries	77,355.00	(9,600.95)	67,754.05	67,754.05	-
Salaries of Community Parent Involvement Spec.	50,226.00	11,600.00	61,826.00	55,449.57	6,376.43
Salaries of Masters Teachers	124,800.00	-	124,800.00	120,623.39	4,176.61
Personal Services - Employee Benefits	708,179.00	27,111.32	735,290.32	616,390.93	118,899.39
Professional and Technical Services	28,400.00	173,263.00	201,663.00	143,713.21	57,949.79
Purchased Educ. Services - Contracted Pre-K	1,594,395.00	260,922.96	1,855,317.96	1,575,227.76	280,090.20
Purchased Professional - Educational Services	256,630.00	176,932.00	433,562.00	430,145.33	3,416.67
Other Purchased Professional Services	20,000.00	(2,879.00)	17,121.00	-	17,121.00
Cleaning, Repair, & Maintenance Services	5,000.00	7,010.15	12,010.15	6,350.00	5,660.15
Rentals	93,500.00	8,119.44	101,619.44	97,382.14	4,237.30
Contracted Transportation Serv. (Bet. Home & Sch)	65,000.00	13,327.18	78,327.18	69,419.33	8,907.85
Contracted Transportation Serv. (Field Trips)	3,000.00	-	3,000.00	-	3,000.00
Contracts	-	44,013.00	44,013.00	19,774.49	24,238.51
Travel	2,500.00	-	2,500.00	660.79	1,839.21
Supplies and Materials	16,500.00	45,773.21	62,273.21	33,708.64	28,564.57
Other Objects	7,525.00	17,077.27	24,602.27	24,602.27	-
Total Support Services	3,399,411.00	795,903.53	4,195,314.53	3,617,688.64	577,625.89
Facilities Acquisition and Construction Services:					
Instructional Equipment	7,500.00	6,756.00	14,256.00	9,291.52	4,964.48
Total Facilities Acquisition and Construction Services	7,500.00	6,756.00	14,256.00	9,291.52	4,964.48
Total Expenditures	5,445,532.00	1,035,284.82	6,480,816.82	5,675,543.04	805,273.78
Total Outflows	5,445,532.00	1,035,284.82	6,480,816.82	5,675,543.04	805,273.78
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(300,000.00)	-	(300,000.00)	(300,000.00)	-
Other Financing Sources/(Uses):					
Transfer from Operating Budget - PreK	300,000.00	-	300,000.00	300,000.00	-
Total Other Financing Sources/(Uses)	300,000.00	-	300,000.00	300,000.00	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**RED BANK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General <u>Fund</u>	Special Revenue <u>Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 20,326,544.15	\$ 5,675,543.04
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Less: Current Year Encumbrances	-	(211,573.92)
Add: Prior Year Encumbrances	-	354,465.10
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	291,537.00	205,404.98
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(292,334.50)</u>	<u>(388,690.50)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 20,325,746.65</u>	<u>\$ 5,635,148.70</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 18,790,193.60	\$ 5,675,543.04
Difference - 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:		
Less: Current Year Encumbrances	-	(211,573.92)
Add: Prior Year Encumbrances	-	354,465.10
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 18,790,193.60</u>	<u>\$ 5,818,434.22</u>

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**RED BANK BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.03672%	0.03672%	0.034%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,223,887	\$ 6,874,843	\$ 6,404,756	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,963,675	\$ 2,666,057	\$ 2,646,705	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	311.23%	257.87%	241.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**RED BANK BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 375,517	\$ 353,264	302,708	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	353,264	304,379	252,504	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ 22,253	\$ 48,885	\$ 50,204	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 2,963,675	\$ 2,666,057	2,646,705	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	12.67%	13.25%	11.44%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**RED BANK BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.06443%	0.06296%	0.064%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 40,720,739	\$ 33,651,085	\$ 32,546,084	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 6,672,503	\$ 6,010,130	\$ 5,728,550	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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RED BANK SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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.

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and 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 1 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.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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RED BANK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
For the fiscal year ending June 30, 2016

	N.J. Nonpublic									
	Textbooks Aid	Nursing Aid	Technology Aid	Security Aid	Compensatory Education	Exam. and Classification	Handicapped Services Ch. 193 Corrective Speech	Supplementary Instruction	Rutgers Formative Assessment Grant	Preschool Education Aid
Revenues										
Local Sources	\$ 19,868.46	\$ 32,025.70	\$ 9,176.52	\$ 8,900.00	\$ 61,759.83	\$ 40,563.60	\$ 20,611.26	\$ 29,986.49	\$ 17,545.00	\$ 3,594,819.32
State Sources										
Federal Sources										
Total Revenues	\$ 19,868.46	\$ 32,025.70	\$ 9,176.52	\$ 8,900.00	\$ 61,759.83	\$ 40,563.60	\$ 20,611.26	\$ 29,986.49	\$ 17,545.00	\$ 3,594,819.32
Expenditures										
Instruction:										
Salaries of Teachers										\$ 360,353.35
Other Salaries for Instruction										\$ 412,657.80
Purchased Services										\$ 399.00
Other Purchased Services										\$ 242,455.31
General Supplies										\$ 44,475.33
Other Objects										\$ 2,730.63
Total Instruction										\$ 1,063,071.42
Support Services:										
Salaries									\$ 16,298.00	
Salaries of Supervisors of Instruction										\$ 115,519.92
Salaries of Program Directors										\$ 12,057.36
Salaries of Other Professional Staff										\$ 132,424.02
Salaries of Secr. And Clerical Assistants										\$ 51,430.80
Other Salaries										\$ 67,754.05
Salaries of Community Parent Involvement Spec.										\$ 55,449.57
Salaries of Masters Teachers										\$ 120,161.89
Personal Services - Employee Benefits									\$ 1,247.00	
Professional and Technical Services										
Purchased Educ. Services - Contracted Pre-K										\$ 1,575,227.76
Purchased Professional - Educational Services										\$ 225,329.99
Cleaning, Repair, & Maintenance Services										
Rentals										
Contracts										\$ 97,382.14
Contracted Transportation Serv. (Bet. Home & Sch)										
Travel										\$ 69,419.33
Supplies and Materials										\$ 660.79
Other Objects										\$ 9,452.14
Total Support Services	\$ 19,868.46	\$ 32,025.70	\$ 9,176.52	\$ 8,900.00	\$ 61,759.83	\$ 40,563.60	\$ 20,611.26	\$ 29,986.49	\$ 17,545.00	\$ 2,831,747.90
Facilities Acquisition and Construction Services:										
Instructional Equipment			\$ 9,176.52							
Total Facilities Acquisition and Construction Services			\$ 9,176.52							
Total Expenditures	\$ 19,868.46	\$ 32,025.70	\$ 9,176.52	\$ 8,900.00	\$ 61,759.83	\$ 40,563.60	\$ 20,611.26	\$ 29,986.49	\$ 17,545.00	\$ 3,894,819.32
Excess(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000.00)
Other Financing Sources/(Uses):										
Transfer from Operating Budget - PreK										\$ 300,000.00
Total Other Financing Sources/(Uses)										\$ 300,000.00
Excess(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RED BANK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
For the fiscal year ending June 30, 2016

Revenues	Preschool Education Aid FY2015 Carryover	I.D.E.A. Part B		Local Programs	No Child Left Behind			Totals
		Basic	Preschool		Title I	Part A	Title III	
Local Sources	\$ 147,796.63	\$ -	\$ -	\$ 51,103.55	\$ -	\$ -	\$ -	\$ 51,103.55
State Sources	-	-	-	-	-	-	-	3,965,507.81
Federal Sources	-	393,162.71	12,529.00	-	777,290.59	61,684.38	96,720.00	1,358,931.68
Total Revenues	\$ 147,796.63	\$ 393,162.71	\$ 12,529.00	\$ 51,103.55	\$ 777,290.59	\$ 61,684.38	\$ 96,720.00	\$ 5,375,543.04
Expenditures								
Instruction:								
Salaries of Teachers	\$ 147,796.63	\$ -	\$ -	\$ 14,088.50	\$ 363,737.93	\$ -	\$ 68,073.00	\$ 954,049.41
Other Salaries for Instruction	-	117,646.50	11,639.00	-	88,967.50	-	-	630,910.80
Purchased Services	-	59,448.60	-	13,960.00	22,539.00	-	-	96,346.60
Other Purchased Services	-	59,347.00	-	2,450.00	8,516.25	-	518.00	312,768.56
General Supplies	-	-	-	6,763.55	-	-	-	51,756.88
Other Objects	-	-	-	-	-	-	-	2,730.63
Total Instruction	147,796.63	236,442.10	11,639.00	37,262.05	483,760.68	-	68,591.00	2,048,562.88
Support Services:								
Salaries	-	-	-	-	-	13,302.00	-	29,600.00
Salaries of Supervisors of Instruction	-	-	-	-	1,580.00	-	-	117,099.92
Salaries of Program Directors	-	-	-	-	-	-	-	12,057.36
Salaries of Other Professional Staff	-	-	-	-	13,874.64	-	-	146,298.66
Salaries of Secr. And Clerical Assistants	-	-	-	-	-	-	-	51,430.80
Other Salaries	-	-	-	-	-	-	-	67,754.05
Salaries of Community Parent Involvement Spec.	-	-	-	-	-	-	-	55,449.57
Salaries of Masters Teachers	-	-	-	461.50	-	-	-	120,623.39
Personal Services - Employee Benefits	-	38,101.00	890.00	-	251,172.06	993.00	28,129.00	616,390.93
Professional and Technical Services	-	118,619.61	-	-	-	25,093.60	-	143,713.21
Purchased Educ. Services - Contracted Pre-K	-	-	-	-	-	-	-	1,575,227.76
Purchased Professional - Educational Services	-	-	-	-	-	-	-	430,145.33
Cleaning, Repair, & Maintenance Services	-	-	-	6,350.00	-	-	-	6,350.00
Rentals	-	-	-	-	-	-	-	97,382.14
Contracts	-	-	-	-	5,295.00	-	-	19,774.49
Contracted Transportation Serv. (Bet. Home & Sch)	-	-	-	-	14,479.49	-	-	69,419.33
Travel	-	-	-	-	-	-	-	660.79
Supplies and Materials	-	-	-	1,620.00	12,423.72	1,312.78	-	33,708.64
Other Objects	-	-	-	-	-	20,983.00	-	24,602.27
Total Support Services	-	156,720.61	890.00	13,726.50	293,529.91	61,684.38	28,129.00	3,617,688.64
Facilities Acquisition and Construction Services:								
Instructional Equipment	-	-	-	115.00	-	-	-	9,291.52
Total Facilities Acquisition and Construction Services	-	-	-	115.00	-	-	-	9,291.52
Total Expenditures	147,796.63	393,162.71	12,529.00	51,103.55	777,290.59	61,684.38	96,720.00	5,675,543.04
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000.00)
Other Financing Sources/(Uses):								
Transfer from Operating Budget - PreK	-	-	-	-	-	-	-	300,000.00
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	300,000.00
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.00

**RED BANK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>DISTRICT-WIDE TOTALS</u>	2016 <u>Budgeted</u>	2016 <u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 580,749.11	\$ 508,149.98	\$ 72,599.13
Other Salaries for Instruction	412,666.30	412,657.80	8.50
Other Purchased Services	249,311.74	242,854.31	6,457.43
General Supplies	44,804.55	44,475.33	329.22
Textbooks	3,780.00	2,730.63	1,049.37
	<hr/>	<hr/>	<hr/>
Total Instruction	1,291,311.70	1,210,868.05	80,443.65
Support Services:			
Salaries of Supervisors of Instruction	115,519.92	115,519.92	-
Salaries of Program Directors	12,058.00	12,057.36	0.64
Salaries of Other Professional Staff	134,647.03	132,424.02	2,223.01
Salaries of Secr. And Clerical Assistants	51,764.00	51,430.80	333.20
Other Salaries	67,754.05	67,754.05	-
Salaries of Community Parent Involvement Spec.	61,826.00	55,449.57	6,376.43
Salaries of Masters Teachers	124,800.00	120,161.89	4,638.11
Personal Services - Employee Benefits	428,616.82	295,858.87	132,757.95
Purchased Educ. Services - Contracted Pre-K	1,855,317.96	1,575,227.76	280,090.20
Purchased Professional - Educational Services	225,330.00	225,329.99	0.01
Other Purchased Professional Services	17,121.00	-	17,121.00
Cleaning, Repair, & Maintenance Services	5,000.00	-	5,000.00
Rentals	101,619.44	97,382.14	4,237.30
Contracted Transportation Serv. (Bet. Home & Sch)	78,327.18	69,419.33	8,907.85
Contracted Transportation Serv. (Field Trips)	3,000.00	-	3,000.00
Travel	2,500.00	660.79	1,839.21
Supplies and Materials	19,476.23	9,452.14	10,024.09
Other Objects	3,619.27	3,619.27	-
	<hr/>	<hr/>	<hr/>
Total Support Services	3,308,296.90	2,831,747.90	476,549.00
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 4,599,608.60	\$ 4,042,615.95	\$ 556,992.65

SUMMARY OF LOCATION TOTALS

Total revised 2015-16 Preschool Education Aid Allocation	\$ 3,886,905.00
Add: Actual ECPA/PEA Carryover (June 30, 2015)	147,796.63
Add: Prior Year Cancelled Encumbrances	264,906.97
Add: Budgeted Transfer from the General Fund 2015-16	300,000.00
	<hr/>
Total Preschool Education Aid Funds Available for 2014-15 Budget	4,599,608.60
Less:	
2015-16 Budgeted Preschool Education Aid (Including prior-year budget carryover)	4,599,608.60
	<hr/>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add:	
June 30, 2016 Unexpended Preschool Education Aid	556,992.65
	<hr/>
2015-16 Carryover - Preschool Education Aid Programs	\$ 556,992.65
	<hr/>
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	\$ 192,018.00
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F. Capital Projects Fund

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**RED BANK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renovations, Improvements and Various Acquisitions for the Middle School	08/24/00	\$ 11,248,520.66	\$ 11,176,749.41	\$ -	\$ 71,771.25
HVAC Replacement throughout Building	03/31/14	1,214,526.00	1,173,851.46	33,246.66	7,427.88
Totals		<u>\$ 12,463,046.66</u>	<u>\$ 12,350,600.87</u>	<u>\$ 33,246.66</u>	<u>\$ 79,199.13</u>
Less: Unearned SDA Revenue					<u>\$ (2,970.75)</u>
Fund Balance (Per B-2)					<u>\$ 76,228.38</u>

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

Expenditures and Other Financing Sources:	
Construction Services	33,246.66
Total Expenditures	<u>33,246.66</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	<u>(33,246.66)</u>
Net Change in Fund Balances	(33,246.66)
Fund Balance - July 1	<u>112,445.79</u>
Fund Balance - June 30	<u><u>\$ 79,199.13</u></u>

**RED BANK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS, IMPROVEMENTS AND VARIOUS ACQUISITIONS FOR MIDDLE SCHOOL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30 2016**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 4,483,520.66	\$ -	\$ 4,483,520.66	\$ 4,483,520.66
Bond Proceeds and Transfers	6,765,000.00	-	6,765,000.00	6,765,000.00
	<hr/>			
Total Revenues	11,248,520.66	-	11,248,520.66	11,248,520.66
	<hr/>			
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	1,263,859.83	-	1,263,859.83	1,270,000.00
Construction Services	9,844,714.52	-	9,844,714.52	9,878,520.66
Supplies	68,175.06	-	68,175.06	100,000.00
	<hr/>			
Total Expenditures	11,176,749.41	-	11,176,749.41	11,248,520.66
	<hr/>			
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 71,771.25	\$ -	\$ 71,771.25	\$ -
	<hr/>			
Additional Project Information:				
Project Date				08/24/00
Grant Date				08/31/00
Bond Authorization Date				11/06/00
Bonds Authorized				6,765,000.00
Bonds Issued				6,760,000.00
Original Authorization Cost				11,275,000.00
Adjustment to Authorization Cost				(26,479.34)
Revised Authorization Cost				11,248,520.66
Percentage Increase over Original Authorized Cost				-0.23%
Percentage Completion				99.36%
Original Target Completion Date				09/03
Revised Target Completion Date				N/A

**RED BANK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HVAC REPLACEMENT THROUGHOUT BUILDING
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30 2016**

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u>
	<u>Periods</u>	<u>Year</u>	<u>Totals</u>	<u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 485,810.00	\$ -	\$ 485,810.00	\$ 485,810.00
Insurance Proceeds	728,716.00	-	728,716.00	728,716.00
	<hr/>			
Total Revenues	1,214,526.00	-	1,214,526.00	1,214,526.00
	<hr/>			
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	99,500.00	-	99,500.00	99,500.00
Construction Services	1,074,111.25	33,246.66	1,107,357.91	1,114,785.79
Supplies	240.21	-	240.21	240.21
	<hr/>			
Total Expenditures	1,173,851.46	33,246.66	1,207,098.12	1,214,526.00
	<hr/>			
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 40,674.54	\$ (33,246.66)	\$ 7,427.88	\$ -
	<hr/> <hr/>			

Additional Project Information:				
DOE Project Number				4360-075-14-1001
SDA Project Number				4360-075-14-G2WY
Grant Number				G5-6018
Grant Date/Letter of Notification				3/31/2014
Bond Authorization Date				N/A
Bonds Authorized				N/A
Bonds Issued				N/A
Original Authorization Cost				1,214,526.00
Additional Authorization Cost				-
Revised Authorization Cost				1,214,526.00
Percentage Increase over Original Authorized Cost				0.00%
Percentage Completion				99.39%
Original Target Completion Date				N/A
Revised Target Completion Date				N/A

G. Proprietary Funds

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Enterprise Funds

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**RED BANK SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 226,822.64
Intergovernmental Receivables:	
Federal	59,648.81
State	880.24
Accounts Receivable - Other	4,134.40
Inventories	<u>9,644.76</u>
Total - Current Assets	<u>301,130.85</u>
Noncurrent Assets:	
Building Improvements	85,770.00
Furniture, Machinery and Equipment	164,880.39
Less:	
Accumulated Depreciation	<u>(158,053.75)</u>
Total - Noncurrent Assets	<u>92,596.64</u>
Total Assets	<u><u>\$ 393,727.49</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	<u>692.51</u>
Total Liabilities	<u><u>692.51</u></u>
Net Position:	
Net Investment in Capital Assets	\$ 92,596.64
Unrestricted	<u>300,438.34</u>
Total Net Position	<u><u>\$ 393,034.98</u></u>

RED BANK SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 33,738.27
Daily Sales - Non-Reimbursable Programs	51,371.28
Special Functions	<u>51,456.30</u>
Total Operating Revenues	<u>136,565.85</u>
Operating Expenses:	
Purchased Professional/Technical Services	406,814.69
Purchased Property Services	39,692.23
Supplies and Materials	16,984.70
Depreciation	12,153.88
Cost of Sales	<u>356,552.55</u>
Total Operating Expenses	<u>832,198.05</u>
Operating Loss	<u>(695,632.20)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	10,323.75
Federal Sources:	
National School Lunch Program	565,013.06
National School Breakfast Program	124,832.13
After School Snacks	1,921.92
Food Distribution Program	75,413.99
Interest and Investment Income	<u>151.62</u>
Total Nonoperating Revenues	<u>777,656.47</u>
Change in Net Position	82,024.27
Total Net Position - Beginning	<u>311,010.71</u>
Total Net Position - Ending	<u><u>\$ 393,034.98</u></u>

RED BANK SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 141,858.70
Payments To Suppliers	(744,969.45)
	<hr/>
Net Cash Used For Operating Activities	(603,110.75)
	<hr/>
Cash Flows From Noncapital Financing Activities:	
State Sources	10,672.62
Federal Sources	692,274.62
	<hr/>
Net Cash Provided By Noncapital Financing Activities	702,947.24
	<hr/>
Cash Flows From Capital and Related Financing Activities:	
Purchases of Capital Assets	(39,692.23)
	<hr/>
Net Cash Used For Capital and Related Financing Activities	(39,692.23)
	<hr/>
Cash Flows From Investing Activities:	
Interest	151.62
	<hr/>
Net Cash Provided By Investing Activities	151.62
	<hr/>
Net Increase in Cash and Cash Equivalents	60,295.88
Balance - Beginning of Year	166,526.76
	<hr/>
Balance - End of Year	\$ 226,822.64
	<hr/> <hr/>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Loss:	\$ (695,632.20)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
(Increase)/Decrease in Accounts Receivable	5,292.85
Increase/(Decrease) in Accounts Payable	692.51
Depreciation Expense	12,153.88
Food Distribution Program	75,413.99
(Increase)/Decrease in Inventories	(1,031.78)
	<hr/>
Total Adjustments	92,521.45
	<hr/>
Net Cash Used For Operating Activities	\$ (603,110.75)
	<hr/> <hr/>

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H. Fiduciary Fund

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RED BANK SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Funds		
	Student Activity	Payroll	Totals
<u>Assets</u>			
Cash and Cash Equivalents	\$ 14,340.00	\$ 5,387.82	\$ 19,727.82
Total Assets	\$ 14,340.00	\$ 5,387.82	\$ 19,727.82
<u>Liabilities</u>			
Payroll Deductions and Withholdings	\$ -	\$ 5,387.82	\$ 5,387.82
Due To Student Groups	14,340.00	-	14,340.00
Total Liabilities	\$ 14,340.00	\$ 5,387.82	\$ 19,727.82

RED BANK SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
Elementary Schools:				
Primary School	\$ 65.90	\$ 21,196.19	\$ 20,945.39	\$ 316.70
Middle School	19,329.14	42,620.95	47,926.79	14,023.30
	<hr/>			
Total Assets	\$ 19,395.04	\$ 63,817.14	\$ 68,872.18	\$ 14,340.00
	<hr/>			

**RED BANK SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
<u>Assets</u>				
Cash	\$ 101,811.10	\$ 12,591,077.90	\$ 12,687,501.18	\$ 5,387.82
Total Assets	<u>\$ 101,811.10</u>	<u>\$ 12,591,077.90</u>	<u>\$ 12,687,501.18</u>	<u>\$ 5,387.82</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 101,101.05	\$ 5,654,424.90	\$ 5,750,847.77	\$ 4,678.18
Net Payroll	710.05	6,936,653.00	6,936,653.41	709.64
Total Liabilities	<u>\$ 101,811.10</u>	<u>\$ 12,591,077.90</u>	<u>\$ 12,687,501.18</u>	<u>\$ 5,387.82</u>

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I. Long-Term Debt

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**RED BANK SCHOOL DISTRICT
STATEMENT OF SERIAL BONDS
JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Retired</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2015</u>		<u>June 30, 2016</u>
Refunding Bonds	07/01/05	\$ 4,690,000.00	05/01/17	410,000.00	4.500%	\$ 2,465,000.00	\$ 370,000.00	\$ 2,095,000.00
			05/01/18	410,000.00	4.500%			
			05/01/19	405,000.00	4.500%			
			05/01/20	440,000.00	4.500%			
			05/01/21	430,000.00	4.000%			
						\$ 2,465,000.00	\$ 370,000.00	\$ 2,095,000.00

**RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive/(Negative) <u>Final To Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 478,775.00	\$ -	\$ 478,775.00	\$ 478,775.00	\$ -
Total Revenues	478,775.00	-	478,775.00	478,775.00	-
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	108,775.00	-	108,775.00	108,775.00	-
Redemption of Principal	370,000.00	-	370,000.00	370,000.00	-
Total Regular Debt Service	478,775.00	-	478,775.00	478,775.00	-
Total Expenditures	478,775.00	-	478,775.00	478,775.00	-
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	(1.79)	-	(1.79)	(1.79)	-
Fund Balance, June 30	\$ (1.79)	\$ -	\$ (1.79)	\$ (1.79)	\$ -

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

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RED BANK SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities:										
Net Investment in Capital Assets	\$ 10,400,190.13	\$ 10,363,888.00	\$ 10,550,530.35	\$ 10,849,837.93	\$ 10,896,274.39	\$ 11,121,612.46	\$ 11,105,567.10	\$ 11,105,567.10	\$ 12,525,295.12	\$ 12,561,333.77
Restricted	2,033,830.95	2,028,399.00	1,954,587.02	608,027.36	493,220.25	884,704.04	1,311,582.63	1,311,582.63	1,637,455.95	3,149,721.53
Unrestricted	91,519.48	262,506.00	230,996.58	(10,136.44)	114,756.08	(125,331.43)	(321,981.90)	(321,981.90)	(5,688,170.19)	(6,651,931.68)
Total Government Activities Net Position	\$ 12,525,540.56	\$ 12,654,793.00	\$ 12,736,113.95	\$ 11,447,728.85	\$ 11,504,250.72	\$ 11,880,985.07	\$ 12,095,167.83	\$ 12,095,167.83	\$ 8,474,580.88	\$ 9,059,123.61
Business-Type Activities:										
Net Investment in Capital Assets	\$ 32,808.99	\$ 34,223.00	\$ 35,631.09	\$ 47,218.76	\$ 39,772.62	\$ 98,970.93	\$ 98,970.93	\$ 98,970.93	\$ 65,058.29	\$ 92,596.64
Unrestricted	124,201.89	135,428.00	181,648.47	236,581.50	280,383.67	178,769.70	178,769.70	178,769.70	245,952.42	300,438.34
Total Business-Type Activities Net Position	\$ 157,010.88	\$ 169,651.00	\$ 217,279.56	\$ 283,800.26	\$ 320,156.29	\$ 277,740.63	\$ 277,740.63	\$ 277,740.63	\$ 311,010.71	\$ 393,034.98
Government-wide:										
Net Investment in Capital Assets	\$ 10,432,999.12	\$ 10,586,161.44	\$ 10,897,056.69	\$ 10,936,047.01	\$ 11,220,583.39	\$ 11,204,538.03	\$ 11,220,583.39	\$ 11,220,583.39	\$ 12,590,353.41	\$ 12,653,930.41
Restricted	2,028,399.00	1,954,587.02	608,027.36	493,220.25	884,704.04	1,311,582.63	884,704.04	884,704.04	1,637,455.95	3,149,721.53
Unrestricted	215,721.37	412,645.05	226,445.06	395,139.75	53,438.27	(143,212.20)	53,438.27	53,438.27	(5,442,217.77)	(6,351,493.34)
Total District Net Position	\$ 12,677,119.49	\$ 12,953,393.51	\$ 11,731,529.11	\$ 11,824,407.01	\$ 12,158,725.70	\$ 12,372,908.46	\$ 12,158,725.70	\$ 12,158,725.70	\$ 8,785,591.59	\$ 9,452,158.59

**RED BANK SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (6,944,763.66)	\$ (7,011,619.00)	\$ (7,704,501.16)	\$ (8,591,174.59)	\$ (8,446,610.40)	\$ (8,110,220.99)	\$ (6,119,071.71)	\$ (6,180,779.17)	\$ (6,027,710.27)	\$ (5,854,064.59)
Special Education	(631,071.79)	(1,047,640.00)	(918,243.45)	(1,367,417.05)	(1,273,865.14)	(1,182,202.41)	(963,464.73)	(861,555.25)	(968,781.10)	(1,024,997.15)
Other Special Education	(348,361.63)	(672,273.00)	(658,315.85)	(618,453.20)	(592,289.02)	(713,008.54)	(585,767.68)	(860,302.28)	(842,937.24)	(1,204,673.29)
Other Instruction	(58,069.22)	(52,053.00)	(46,022.70)	(328,220.01)	(244,607.19)	(217,874.97)	(6,919.37)	(3,140.00)	(4,949.00)	(1.68)
Support Services:										
Tuition	(459,593.13)	(436,330.00)	(416,493.28)	(562,113.35)	(472,193.33)	(506,784.88)	(459,556.13)	(624,824.22)	(693,169.80)	(690,059.78)
Student and Instruction Related Services	(2,128,693.34)	(2,392,611.00)	(2,590,291.60)	(3,744,417.62)	(4,672,953.00)	(4,617,099.67)	(5,426,878.98)	(5,075,742.33)	(4,936,051.88)	(5,125,840.92)
General Administration	(469,149.90)	(427,880.00)	(408,150.07)	(402,479.49)	(415,876.18)	(421,858.49)	(399,112.39)	(368,513.07)	(375,646.31)	(427,438.14)
School Administrative Services	(449,476.68)	(604,092.00)	(555,760.05)	(547,087.32)	208,272.99	(106,576.95)	(434,101.56)	(464,140.33)	(415,114.65)	(433,106.02)
Central Services	(208,993.73)	(247,919.00)	(200,578.19)	(212,192.37)	(201,406.17)	(263,808.03)	(178,755.54)	(237,581.69)	(223,911.36)	(246,353.08)
Administrative Information Technology	(16,558.24)	(86,672.00)	(254,104.66)	(26,322.37)	(114,409.54)	(94,173.93)	(100,025.14)	(153,070.36)	(114,387.05)	(230,469.32)
Plant Operations and Maintenance	(1,297,154.30)	(1,292,536.00)	(1,597,577.47)	(1,308,837.57)	(1,585,199.23)	(1,302,632.77)	(1,208,786.78)	(1,215,893.51)	(1,424,196.68)	(1,513,286.04)
Pupil Transportation	(816,740.99)	(933,035.00)	(898,900.48)	(879,177.62)	(909,803.40)	(845,459.88)	(829,397.69)	(854,603.83)	(923,755.45)	(914,614.28)
Unallocated Benefits	-	-	-	-	-	-	(4,008,922.86)	(4,129,098.79)	(6,062,332.36)	(7,464,213.94)
Special Schools	(42,981.00)	(56,407.00)	(41,008.78)	(53,457.57)	(7,000.00)	(65,199.68)	(115,615.23)	(119,894.90)	(148,737.93)	(150,247.35)
Charter Schools	(1,710,147.00)	(1,747,016.00)	(1,840,647.00)	(1,799,071.00)	(1,690,504.00)	(1,709,733.00)	(1,640,718.00)	(1,643,367.00)	(1,630,085.00)	(1,670,112.00)
Interest and Charges on Long-Term Debt	(250,592.97)	(230,951.00)	(218,538.06)	(191,453.85)	(159,297.29)	(160,234.09)	(157,421.51)	(179,938.25)	(162,767.46)	(145,742.46)
Unallocated Adjustment to Capital Assets	-	-	-	-	-	-	-	-	(30,372.50)	-
Unallocated Depreciation	(406,389.00)	(8,786.00)	(36,728.81)	(5,017.72)	(5,017.72)	(5,017.72)	(479,289.68)	(493,314.30)	(487,218.52)	(486,831.25)
Total Governmental Activities Expenses	(16,238,736.58)	(17,247,820.00)	(18,385,861.61)	(20,631,874.98)	(20,582,758.62)	(20,321,886.00)	(23,113,804.98)	(23,465,759.28)	(25,472,124.56)	(27,582,051.29)
Business-Type Activities:										
Food Service	(363,091.98)	(442,721.00)	(467,323.28)	(515,170.42)	(575,617.07)	(715,774.06)	(748,964.38)	(816,054.26)	(713,208.51)	(832,198.05)
Total Business-Type Activities Expenses	(363,091.98)	(442,721.00)	(467,323.28)	(515,170.42)	(575,617.07)	(715,774.06)	(748,964.38)	(816,054.26)	(713,208.51)	(832,198.05)
Total District Expenses	\$ (16,601,828.56)	\$ (17,690,541.00)	\$ (18,853,184.89)	\$ (21,147,045.40)	\$ (21,158,375.69)	\$ (21,037,660.06)	\$ (23,862,769.36)	\$ (24,281,813.54)	\$ (26,185,333.07)	\$ (28,414,249.34)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$35,880.84	\$52,589.00	\$46,735.00	\$102,314.14	\$40,803.14	\$10,227.00	\$-	\$-	\$-	\$16,950.00
Operating Grants and Contributions	223,155.00	221,727.00	43,611.00	59,791.00	3,599.00	602,897.20	8,409,799.95	7,864,429.13	8,417,016.30	8,841,337.42
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	259,035.84	274,316.00	90,346.00	162,105.14	44,402.14	613,124.20	8,409,799.95	7,864,429.13	8,417,016.30	8,858,287.42

RED BANK SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services:										
Food Service	77,122.12	92,467.00	102,516.67	126,463.04	129,241.77	125,187.78	101,699.49	137,330.75	137,056.41	136,565.85
Operating Grants and Contributions	322,198.71	362,493.00	411,041.55	454,804.90	482,508.99	547,761.05	577,841.81	644,844.30	711,922.25	777,504.85
Total Business-Type Activities Program Revenues	399,320.83	454,960.00	513,558.22	581,267.94	611,750.76	672,948.83	679,541.30	782,175.05	848,978.66	914,070.70
Total District Program Revenues	\$ 658,356.67	\$ 729,276.00	\$ 603,904.22	\$ 743,373.08	\$ 656,152.90	\$ 1,286,073.03	\$ 9,089,341.25	\$ 8,646,604.18	\$ 9,265,994.96	\$ 9,772,358.12
Net (Expense)/Revenue:										
Governmental Activities	\$ (15,979,700.74)	\$ (16,973,504.00)	\$ (18,295,515.61)	\$ (20,469,769.84)	\$ (20,538,356.48)	\$ (19,708,761.80)	\$ (14,704,005.03)	\$ (15,601,330.15)	\$ (17,055,108.26)	\$ (18,723,763.87)
Business-Type Activities	36,228.85	12,239.00	46,234.94	66,097.52	36,133.69	(42,825.23)	(69,423.08)	(33,879.21)	135,770.15	81,872.65
Total District-wide Net (Expense)/Revenue	\$ (15,943,471.89)	\$ (16,961,265.00)	\$ (18,249,280.67)	\$ (20,403,672.32)	\$ (20,502,222.79)	\$ (19,751,587.03)	\$ (14,773,428.11)	\$ (15,635,209.36)	\$ (16,919,338.11)	\$ (18,641,891.22)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$11,076,997.00	\$11,348,742.00	\$11,604,290.00	\$11,604,290.00	\$12,039,451.00	\$12,268,200.00	\$12,652,188.00	\$13,174,691.04	\$14,489,457.00	\$15,497,094.00
Taxes Levied for Debt Service	603,891.00	606,821.00	604,984.00	523,262.00	578,280.00	577,942.00	546,695.00	544,861.00	485,190.00	478,775.00
Unrestricted Grants and Contributions	4,641,034.85	4,900,158.00	5,831,460.01	6,943,261.79	7,864,191.59	7,161,823.44	1,691,103.39	2,296,625.80	3,611,685.85	3,193,756.96
Investment Earnings	131,899.25	125,693.00	31,124.10	5,921.35	2,966.95	3,328.23	118.72	-	95.68	24.34
Miscellaneous Income	50,566.53	121,342.00	304,978.45	104,649.60	109,988.81	74,202.48	29,739.22	845,671.93	32,470.88	138,656.30
Special Item - Loss on Disposal of Assets	-	-	-	-	-	-	(1,656.54)	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	16,504,388.63	17,102,756.00	18,376,836.56	19,181,384.74	20,594,878.35	20,085,496.15	14,918,187.79	16,861,849.77	18,618,899.41	19,308,306.60
Business-Type Activities:										
Investment Earnings	1,377.85	401.00	1,393.62	423.18	-	-	267.29	295.88	239.05	151.62
Miscellaneous	19.20	-	-	-	222.34	409.57	-	-	-	-
Total Business-Type Activities	1,397.05	401.00	1,393.62	423.18	222.34	409.57	267.29	295.88	239.05	151.62
Total Government-wide	\$ 16,505,785.68	\$ 17,103,157.00	\$ 18,378,230.18	\$ 19,181,807.92	\$ 20,595,100.69	\$ 20,085,905.72	\$ 14,918,455.08	\$ 16,862,145.65	\$ 18,619,138.46	\$ 19,308,458.22
Changes in Net Position:										
Governmental Activities	\$ 524,687.89	\$ 129,252.00	\$ 81,320.95	\$ (1,288,385.10)	\$ 56,521.87	\$ 376,734.35	\$ 214,182.76	\$ 1,260,519.62	\$ 1,563,791.15	\$ 584,542.73
Business-Type Activities	37,625.90	12,640.00	47,628.56	66,520.70	36,356.03	(42,415.66)	(69,155.79)	(33,583.33)	136,009.20	82,024.27
Total	\$ 562,313.79	\$ 141,892.00	\$ 128,949.51	\$ (1,221,864.40)	\$ 92,877.90	\$ 334,318.69	\$ 145,026.97	\$ 1,226,936.29	\$ 1,699,800.35	\$ 666,567.00

RED BANK 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:										
Reserved	\$1,909,075.76	\$1,949,747.00	\$1,936,013.42	\$561,405.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	275,334.30	311,795.00	233,720.98	201,808.59	-	-	-	-	-	-
Restricted	-	-	-	-	433,039.84	433,039.84	516,917.38	700,603.42	2,756,437.34	3,088,849.10
Assigned	-	-	-	-	448,321.06	448,321.06	722,210.79	751,262.80	1,045,960.73	733,733.51
Unassigned	-	-	-	-	-	-	126,169.20	78,838.77	(1,076,401.48)	138,967.03
Total General Fund	\$ 2,184,410.06	\$ 2,261,542.00	\$ 2,169,734.40	\$ 763,213.82	\$ 881,360.90	\$ 881,360.90	\$ 1,365,297.37	\$ 1,530,704.99	\$ 2,725,996.59	\$ 3,961,549.64
All Other Governmental Funds:										
Reserved	\$16,920.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(20,720.23)	(32,435.00)	(54,040.29)	(174,582.69)	-	-	-	-	-	-
Capital Projects Fund	43,260.41	60,180.00	60,180.41	60,180.41	-	-	-	-	-	-
Debt Service Fund	14,574.58	18,472.00	37,044.60	(13,558.28)	-	-	-	-	-	-
Restricted:										
Capital Projects Fund	-	-	-	-	60,180.41	60,180.41	71,771.25	757,287.25	96,176.37	76,228.39
Debt Service Fund	-	-	-	-	(12,375.94)	(12,375.94)	683.21	683.21	(1.79)	(1.79)
Unassigned:										
Special Revenue Fund	-	-	-	-	(278,284.64)	(278,284.64)	(407,906.70)	(264,596.07)	(205,404.98)	(388,690.50)
Total All Other Governmental Funds	\$ 54,034.76	\$ 46,217.00	\$ 43,184.72	\$ (127,960.56)	\$ (230,480.17)	\$ (230,480.17)	\$ (335,452.24)	\$ 493,374.39	\$ (109,230.40)	\$ (312,463.90)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 11,680,888.00	\$ 11,955,563.00	\$ 12,209,274.00	\$ 12,127,552.00	\$ 12,617,731.00	\$ 12,846,142.00	\$ 13,198,883.00	\$ 13,719,552.04	\$ 14,974,647.00	\$ 15,975,869.00
Tuition Charges	35,880.84	52,589.00	46,735.00	102,314.14	37,841.16	10,227.00	-	-	-	16,950.00
Interest Earnings	131,899.25	125,693.00	31,124.10	5,921.35	3,036.92	3,328.23	118.72	845,671.93	95.68	24.34
Miscellaneous	27,069.79	121,342.00	304,988.99	104,649.60	112,880.82	74,202.48	29,739.22	8,696,944.43	32,470.88	138,656.30
State Sources	3,962,677.45	4,153,181.00	4,627,592.63	4,666,366.97	5,519,358.25	5,999,772.58	8,127,786.99	8,696,944.43	9,127,552.86	8,635,237.75
Federal Sources	901,512.40	976,523.00	1,247,478.38	2,336,685.82	2,348,432.34	1,764,948.06	1,973,116.35	1,464,110.50	1,438,722.29	1,386,231.63
Total Revenues	16,739,927.73	17,384,893.00	18,467,193.10	19,343,489.88	20,639,280.49	20,698,620.35	23,329,644.28	24,726,278.90	25,573,488.71	26,152,969.02
Expenditures:										
Instruction:										
Regular	4,414,668.22	4,505,202.00	5,188,677.23	5,875,897.58	5,619,464.54	5,275,478.23	6,109,655.91	6,180,779.17	6,027,710.27	5,847,334.59
Special	523,901.83	824,132.00	867,690.31	1,098,535.20	1,029,731.37	934,186.81	963,464.73	861,555.25	968,781.10	1,024,997.15
Other	244,328.66	533,964.00	565,852.10	618,453.20	503,489.34	642,630.42	585,767.68	800,302.28	842,937.24	1,204,673.29
School-Sponsored/Other Instructional Support Services:	54,399.22	48,052.00	42,252.70	1,280.90	408.08	2,200.00	6,919.37	3,140.00	4,949.00	1.68
Tuition	459,593.13	436,330.00	416,493.28	562,113.35	428,312.88	506,784.88	459,556.13	624,824.22	693,169.80	690,059.78
Student and Instruction Related Services	2,016,910.46	2,180,861.00	2,404,022.87	3,833,385.74	4,428,764.32	3,970,357.20	5,426,878.98	5,075,742.33	4,936,051.88	5,125,840.92
General Administration	397,866.11	426,327.00	362,044.47	345,056.03	341,233.43	350,266.37	384,305.01	368,513.07	375,646.31	427,438.14
School Administrative Services	346,616.61	363,521.00	387,119.54	407,157.57	393,091.71	391,874.40	434,101.56	464,140.33	415,114.65	433,106.02
Central Services	177,019.74	155,548.00	175,850.59	184,220.52	179,206.26	192,147.32	178,755.54	237,581.69	223,911.36	246,353.08
Admin. Information Technology	9,698.24	46,060.00	252,284.66	26,300.37	114,409.54	94,173.93	100,025.14	153,070.36	114,387.05	221,177.80
Plant Operations and Maintenance	1,082,489.87	1,107,282.00	1,486,355.28	1,247,529.38	1,363,243.00	1,133,893.42	1,173,066.03	1,215,893.51	1,424,196.68	1,500,084.85
Pupil Transportation	808,215.99	924,020.00	890,180.80	827,050.32	762,591.71	720,940.74	829,397.69	854,603.83	923,755.45	914,614.28
Business and Other Support Services: Lease Purchase Interest										
Other	3,271,712.40	3,304,826.00	2,734,357.87	3,110,718.15	3,056,294.12	3,779,299.37	4,017,161.10	4,171,906.79	4,453,825.36	4,956,470.94
Employee Benefits	42,981.00	56,407.00	41,008.78	53,457.57	7,000.00	65,199.68	115,615.23	119,894.90	148,737.93	150,247.35
Special Schools	1,710,147.00	1,747,016.00	1,840,647.00	1,799,071.00	1,690,504.00	1,709,733.00	1,640,718.00	1,643,367.00	1,630,085.00	1,670,112.00
Charter Schools	57,533.00	53,107.00	320,784.51	357,063.98	128,811.06	222,413.43	120,755.08	351,868.92	1,311,667.82	229,362.61
Capital Outlay										
Special Revenue										
Debt Service:										
Principal	363,759.00	364,647.00	365,586.76	371,541.35	387,569.38	388,650.53	384,814.35	401,036.26	360,000.00	370,000.00
Interest and Other Charges	256,179.77	238,277.00	220,824.64	202,323.53	189,528.28	176,233.53	161,879.44	143,824.74	125,875.00	108,775.00
Total Expenditures	16,238,020.25	17,315,579.00	18,562,033.39	20,921,155.74	20,623,653.02	20,556,463.26	23,092,836.97	23,732,044.65	24,980,801.90	25,120,649.48
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	501,907.48	69,314.00	(94,840.29)	(1,577,665.86)	15,627.47	142,157.09	256,807.31	994,234.25	592,686.81	1,032,319.54
Other Financing Sources/(Uses):										
General Fund Contribution to Preschool	-	-	-	-	-	-	-	-	-	-
Education Aid	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 501,907.48	\$ 69,314.00	\$ (94,840.29)	\$ (1,577,665.86)	\$ 15,627.47	\$ 142,157.09	\$ 256,807.31	\$ 994,234.25	\$ 592,686.81	\$ 1,032,319.54
Debt Service as a Percentage of Noncapital Expenditures	3.83%	3.49%	3.21%	2.79%	2.82%	2.78%	2.38%	2.33%	2.05%	1.92%

Source: District records

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

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Use of Facilities</u>	<u>Prior Year Refunds</u>	<u>Prior Year Accounts Payable Cancelled</u>	<u>Miscellaneous - Other</u>	<u>Tuition</u>	<u>Tuition From Individuals</u>	<u>Interest Earned on Capital Reserve Funds</u>	<u>Annual Totals</u>
2007	129,640.58	-	16,079.16	1,762.00	169.36	35,880.84	-	2,258.67	185,790.61
2008	123,666.00	9,744.00	16,440.00	-	26,969.00	52,589.00	-	2,027.00	231,435.00
2009	30,532.84	7,325.00	7,488.80	37,166.10	138,185.53	46,735.00	-	591.26	268,024.53
2010	5,773.54	1,946.00	16,352.40	-	7,559.76	102,314.14	-	147.81	134,093.65
2011	2,892.01	7,567.50	-	3,992.48	11,235.62	40,803.14	-	74.94	66,565.69
2012	3,226.27	21,003.00	-	-	40,405.99	10,227.00	-	101.96	74,964.22
2013	-	-	-	-	12,202.66	-	-	118.72	12,321.38
2014	7,130.97	641.50	1,974.00	-	(9,770.88)	-	-	120.09	95.68
2015	8,487.51	3,380.14	3,380.14	-	(8,399.39)	-	-	120.09	6,968.49
2016	-	-	-	-	76,977.09	-	16,950.00	-	93,927.09

Source: District records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**RED BANK SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ending December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2007	20,091,700	1,346,966,100	-	-	659,393,500	54,245,000	147,770,000
2008	20,991,400	1,353,253,700	-	-	685,713,600	54,293,500	148,477,600
2009	27,096,400	1,359,504,500	-	-	692,196,800	53,777,800	145,835,600
2010	18,514,900	1,369,449,500	-	-	676,474,300	52,048,700	142,895,200
2011	19,743,700	1,366,109,731	-	-	668,896,500	50,437,500	143,148,400
2012	24,247,600	1,355,504,971	-	-	663,883,700	49,873,800	143,218,400
2013	27,456,500	1,341,471,541	-	-	663,668,500	44,789,400	142,412,000
2014	26,904,400	1,304,980,421	-	-	656,484,700	43,564,600	153,793,800
2015	27,662,000	1,232,412,421	-	-	619,175,000	38,353,100	151,200,400
2016	15,255,500	1,200,435,700	-	-	651,025,800	28,665,200	175,123,800
						Total	
	Total Assessed Value	Tax - Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Direct School Tax Rate ^b	
2007	2,644,449,800	381,720,000	10,065,629	2,272,795,429	2,206,288,322	0.534	
2008	2,659,795,100	381,384,000	8,998,871	2,287,409,971	2,329,032,383	0.538	
2009	2,632,631,300	373,248,700	9,345,276	2,268,727,876	2,391,494,945	0.530	
2010	2,622,616,031	374,280,200	9,542,164	2,257,877,995	2,350,735,911	0.556	
2011	2,611,164,971	374,436,500	10,721,303	2,247,449,774	2,233,687,962	0.569	
2012	2,593,919,241	374,121,300	10,572,944	2,230,370,885	2,143,209,232	0.588	
2013	2,563,988,421	378,260,500	8,348,145	2,194,076,066	2,013,589,296	0.616	
2014	2,447,445,721	378,642,800	6,675,440	2,075,478,361	1,990,213,711	0.683	
2015	2,444,637,521	375,834,600	6,567,944	2,075,370,865	2,075,371,065	0.422	
2016	2,070,506,000	-	7,593,910	2,078,099,910	2,078,099,910	0.445	

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment (R) occurs when the County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 b Tax rates are per \$100
 N/A At the time of CAFR Completion, this data was not yet available

**RED BANK SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

Year Ending December 31,	Red Bank School District Direct Rate				Overlapping Rates				Total Direct and Overlapping Tax Rate
	<u>Basic Rate^a</u>	General Obligation Debt <u>Service^b</u>	(From J-6)		Red Bank Borough	Regional School Rate	Monmouth County		
			Total Direct	School Tax Rate					
2004	1.074	0.061	1.135	0.749	0.704	0.488		3.076	
2005	1.105	0.060	1.165	0.792	0.745	0.521		3.223	
2007	0.506	0.028	0.534	0.384	0.371	0.252		1.541	
2008	0.511	0.027	0.538	0.445	0.365	0.246		1.594	
2009	0.504	0.026	0.530	0.462	0.367	0.254		1.613	
2010	0.532	0.024	0.556	0.484	0.374	0.265		1.679	
2011	0.543	0.026	0.569	0.509	0.377	0.257		1.712	
2012	0.562	0.026	0.588	0.523	0.385	0.261		1.757	
2013	0.590	0.026	0.616	0.555	0.384	0.255		1.810	
2014	0.656	0.027	0.683	0.574	0.396	0.260		1.913	
2015	0.745	0.025	0.770	0.574	0.422	0.267		2.033	
2016	0.432	0.013	0.445	0.267	1.825	0.282		2.819	

Source: Municipal Tax Assessor

Note: N.J.S.A. 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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.

b Rates for debt service are based on each year's requirements.

**RED BANK SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2016			2007		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
		1			1	
		2			2	
		3			3	
		4			4	
		5	DATA NOT AVAILABLE		5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	\$ -					

Source: Municipal Tax Assessor

RED BANK SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2007	\$ 11,680,888.00	\$ 11,386,967.00	97.48%	\$ 293,921.00
2008	11,955,563.00	11,955,563.00	100.00%	-
2009	12,209,274.00	12,209,274.00	100.00%	-
2010	12,127,552.00	12,127,552.00	100.00%	-
2011	12,617,731.00	12,617,731.00	100.00%	-
2012	12,846,142.00	12,846,142.00	100.00%	-
2013	13,198,883.00	13,198,883.00	100.00%	-
2014	544,861.00	544,861.00	100.00%	-
2015	14,974,647.00	14,974,647.00	100.00%	-
2016	15,975,869.00	15,975,869.00	100.00%	-

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

- a 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.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's debt and its debt capacity.

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RED BANK SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	N.J.E.D.A. Loans Payable	Capital Leases					
2007	\$ 5,225,000.00	\$ 14,473.22	\$ 263,845.38	\$ -	\$ 5,503,318.60	0.79%	\$ 441.29		
2008	4,895,000.00	-	229,198.00	-	5,124,198.00	0.73%	412.77		
2009	4,565,000.00	-	193,611.62	-	4,758,611.62	0.70%	383.16		
2010	4,230,000.00	-	157,070.58	-	4,387,070.58	0.63%	346.27		
2011	3,880,000.00	-	119,501.20	-	3,999,501.20	0.55%	317.56		
2012	3,530,000.00	-	80,850.67	-	3,610,850.67	0.48%	289.65		
2013	3,185,000.00	-	41,036.32	-	3,226,036.32	0.42%	N/A		
2014	2,825,000.00	-	-	-	2,825,000.00	0.35%	N/A		
2015	2,105,000.00	-	-	-	2,105,000.00	N/A	N/A		
2016	2,095,000.00	-	-	-	2,095,000.00	N/A	N/A		

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

b Includes Early Retirement Incentive Plan ("ERIP") refunding and State Loans

N/A At the time of CAFR completion, this data was not yet available

RED BANK SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year <u>Ending June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value ^a of <u>Property</u>	Per <u>Capita</u> ^b
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
2007	\$ 5,225,000.00	\$ -	\$ 5,225,000.00	0.23%	\$ 440.07
2008	4,895,000.00	-	4,895,000.00	0.22%	412.77
2009	4,565,000.00	-	4,565,000.00	0.20%	383.16
2010	4,230,000.00	-	4,230,000.00	0.19%	346.27
2011	3,880,000.00	-	3,880,000.00	0.17%	317.56
2012	3,530,000.00	-	3,530,000.00	0.16%	289.65
2013	3,185,000.00	-	3,185,000.00	0.14%	260.17
2014	2,825,000.00	-	2,825,000.00	0.14%	230.37
2015	2,105,000.00	-	2,105,000.00	0.10%	172.12
2016	2,095,000.00	-	2,095,000.00	0.10%	171.67

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

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

**RED BANK SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Red Bank Borough	\$ 11,525,277.02	100.00%	\$ 11,525,277
Red Bank Regional High School	3,695,000.00	44.15%	1,631,343
Monmouth County General Obligation Debt	4,333,285,696.80	1.84%	79,697,342
Subtotal, Overlapping Debt			<u>92,853,961</u>
Red Bank District Direct Debt			<u>2,095,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 94,948,961</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

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 Red Bank. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**RED BANK SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2015	
Equalized Valuation Basis	
	2015
	\$ 2,061,518,094
	2,061,518,094
	2,029,271,118
(A)	<u>\$ 6,152,307,306</u>
(A/3)	\$ 2,050,769,102
(B)	184,569,219
(C)	<u>2,095,000</u>
(B-C)	<u>\$ 182,474,219</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$ 229,425,053	\$ 194,310,430	\$ 207,188,952	\$ 141,615,850	\$ 209,277,595
Total Net Debt Applicable To Limit	<u>5,225,000</u>	<u>4,895,000</u>	<u>4,565,000</u>	<u>4,230,000</u>	<u>3,880,000</u>
Legal Debt Margin	<u>\$ 224,200,053</u>	<u>\$ 189,415,430</u>	<u>\$ 202,623,952</u>	<u>\$ 137,385,850</u>	<u>\$ 205,397,595</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.28%	2.52%	2.20%	1.85%	1.78%
	2012	2013	2014	2015	2016
Debt Limit	\$ 197,933,943	\$ 187,602,848	\$ 181,670,606	\$ 183,333,473	\$ 184,569,219
Total Net Debt Applicable To Limit	<u>3,530,000</u>	<u>3,185,000</u>	<u>2,825,000</u>	<u>2,465,000</u>	<u>2,095,000</u>
Legal Debt Margin	<u>\$ 194,403,943</u>	<u>\$ 184,417,848</u>	<u>\$ 178,845,606</u>	<u>\$ 180,868,473</u>	<u>\$ 182,474,219</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.70%	1.56%	1.15%	1.34%	1.14%

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

a Limit set by N.J.S.A. 18A:24-19 for a K through 8 District; other percentage limits would be applicable for other District types.

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**RED BANK SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2007	11,957	\$ 694,606,119	\$ 58,622.00	5.30%
2008	11,873	702,230,685	59,915.00	5.10%
2009	11,859	678,681,010	57,337.00	6.50%
2010	11,914	701,039,592	57,873.00	10.70%
2011	12,287	731,552,750	61,039.00	10.80%
2012	12,262	756,735,382	63,001.00	11.30%
2013	12,242	767,769,606	63,067.00	8.90%
2014	12,263	809,590,997	66,019.00	4.60%
2015	12,230	N/A	N/A	4.30%
2016	12,204	N/A	N/A	N/A

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

**RED BANK SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>
		1			1	
		2			2	
		3			3	
		4			4	
		5	DATA NOT AVAILABLE		5	
		6			6	
		7			7	
		8			8	
		9			9	
	<hr/>	10	<hr/>	<hr/>	10	<hr/>
Total	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>

Source: Borough of Red Bank, Clerk's Office

Operating Information

Operating information is intended to provide contextual information about the School District's operation and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operation

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RED BANK 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	48	63	61	54	62	67	67	70	98	99
Special Education	12	16	19	25	26	25	27	27	33	37
Other Special Education	8	12	12	12	12	12	12	13	13	13
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	19	16	11	12	12	12	12	-	-	-
Student and Instruction Related Services	4	2	2	2	2	2	2	6	10	10
General Administrative Services	2	6	6	6	6	6	6	5	6	6
School Administrative Services	16	3	3	3	3	3	3	8	14	14
Business Administrative Services	10	14	12	12	12	12	12	3	4	4
Plant Operations and Maintenance	-	1	1	2	2	2	2	15	13	15
Pupil Transportation	8	4	4	3	3	3	3	4	3	3
Other Support Services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	127	136	131	131	140	144	146	151	194	201

Source: District Personnel Records

**RED BANK SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	787	\$ 15,560,548.48	\$ 19,772	1.40%	94	1:15	1:17	764	728	2.51%	95.30%
2008	886	14,892,338.00	16,809	-14.99%	94	1:13	1:14	835	801	9.36%	95.93%
2009	981	14,013,442.06	14,285	-15.01%	97	1:15	0.2	895	859	7.20%	95.97%
2010	995	14,785,598.05	14,860	4.03%	97	1:17	0.1	895	858	0.01%	95.84%
2011	995	13,737,519.00	13,807	-7.09%	100	1:17	1.09	978	943	9.23%	96.44%
2012	1,055	14,369,509	13,620	-1.35%	100	1:18	1.10	1,030	985	5.34%	95.63%
2013	1,320	22,425,388	16,989	24.73%	102	1:20	1:19	1,121	1,074	8.84%	95.80%
2014	1,368	21,967,297	16,058	-73.97%	102	1:20	1:17	1,362	1,122	21.49%	97.06%
2015	1,397	23,183,259.08	16,595	3.34%	102	1:20	1:17	1,389	1,162	1.98%	96.33%
2016	1,421	24,412,511.87	17,180	3.52%	102	1:21	0.1	1,260	1,214	-9.29%	96.35%

Source: District records

Note: Enrollment based on annual October District count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**RED BANK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>District/Building</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>
Primary:										
Red Bank Primary										
Square Feet	62,435	62,435	62,435	62,435	62,435	62,435	62,435	62,435	62,435	62,435
Capacity (Students)	527	527	527	527	527	527	527	527	527	527
Enrollment	480	513	510	513			576	596	635	671
Middle School:										
Red Bank Middle School										
Square Feet	96,850	96,850	96,850	96,850	96,850	96,850	96,850	96,850	96,850	96,850
Capacity (Students)	690	690	690	690	690	690	690	690	690	690
Enrollment	382	373	385	389			463	497	520	535
Other:										
Administration Building (1909)	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650

Number of Schools at June 30, 2016

Elementary = 1

Middle School = 1

Source: District Facilities Office

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

**RED BANK SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

	<u>*School Facilities</u>	<u>Middle School</u>	<u>Primary School</u>	<u>Other Facilities</u>	<u>Total</u>
	<u>Project # (s)</u>				
2007	N/A	\$ 104,856.12	\$ 85,870.00	\$ 21,000.00	\$ 211,726.12
2008	N/A	84,079.00	118,940.00	38,012.00	241,031.00
2009	N/A	328,480.52	182,819.67	16,379.45	527,679.64
2010	N/A	165,949.20	143,737.87	40,103.51	349,790.58
2011	N/A	123,175.70	132,369.08	36,463.72	292,008.50
2012	N/A	130,462.04	134,605.25	54,170.46	319,237.75
2013	N/A	113,069.87	143,589.77	50,053.36	306,713.00
2014	N/A	149,248.05	147,032.03	14,619.75	310,899.83
2015	N/A	178,015.45	158,516.37	19,025.70	355,557.52
2016	N/A	216,872.34	157,757.13	18,773.89	393,403.36
Total School Facilities		\$ 1,594,208.29	\$ 1,405,237.17	\$ 308,601.84	\$ 3,308,047.30

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

**RED BANK SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
(UNAUDITED)**

Company	Type of Coverage	Coverage	Deductible
COMMERCIAL PACKAGE POLICY			
New Jersey School Boards Association Insurance Group	Property Blanket Building & Contents	\$ 400,000,000	\$ 5,000
	Blanket Extra Expense	50,000,000	5,000
	Valuable Papers and Records	10,000,000	5,000
	Demolition and Increased Cost of Construction	25,000,000	
	Limit Builders Risk	5,000,000	
	Fire Department Service Charge	10,000	1,000
	Arson Reward	10,000	
	Pollutant Cleanup and Removal	250,000	
	Sublimits: Special Flood Hazard Area Flood Zones	20,000,000	500,000
	Accounts Receivable	250,000	
	All Flood Zones	75,000,000	10,000
	Earthquakes	50,000,000	
	Terrorsim	1,000,000	
	Electronic Data Processing		
	Hardware/Software	435,000	1,000
	Equipment Breakdown		
	Combinded Single Limit per Accident	100,000	5,000
	Comprehensive General Liability		
	Per Occurrence	6,000,000	
	General Aggregate	6,000,000	
	Employee Benefit Liabilty	6,000,000	1,000
	Automotive Liability	6,000,000	
Selective Insurance	Flood Insurance	1,000,000	20,000
New Jersey School Boards Association Insurance Group	School Board Legal Liability	5,000,000	5,000
New Jersey School Boards Association Insurance Group	Worker's Compensation	2,000,000	
AIG/New Jersey School Boards Association Insurance Group	Excess Worker's Compensation	7-day waiting period	
Monumental Life/ Bollinger	Student Accident Insurance	500,000	
	Surety Bonds		
Selective	School Business Administrator/Board Secy.	100,000	
Selective	Treasurer of School Monies	275,000	
New Jersey School Boards Association Insurance Group	Employee Dishonesty	500,000	1,000

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey 07701

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Red Bank School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Red Bank School District’s basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'Robert Allison', written in a cursive style.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey

November 28, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey 08075

Report on Compliance for Each Major Federal and State Program

We have audited Red Bank School 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 year ended June 30, 2016. Red Bank School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Red Bank School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s 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 Red Bank School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "R. Allison", written in a cursive style.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 28, 2016

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**RED BANK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Passed-Through Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Sub Recipient Expenditures	Balance at June 30, 2016	
					From	To						(Accounts Receivable)	Due To Grantor
Enterprise Fund													
U.S. Department of Agriculture:													
Passed-Through State Department of Education:													
Noncash Assistance:													
Food Distribution Program	10.555	16161NJ304N1099	N/A	\$ 75,413.99	07/01/15	06/30/16	\$ -	\$ -	\$ 75,413.99	\$ (75,413.99)	\$ -	\$ -	\$ -
Cash Assistance:													
School Breakfast Program	10.553	16161NJ304N1099	2016-010-3350-100-028	124,832.13	07/01/15	06/30/16	-	-	113,594.13	(124,832.13)	-	-	(11,238.00)
School Breakfast Program	10.553	16161NJ304N1099	2015-010-3350-100-028	110,840.36	07/01/14	06/30/15	(10,371.76)	-	10,371.76	-	-	-	-
Subtotal National School Breakfast Program													
							(10,371.76)	-	123,965.89	(124,852.13)	-	-	(11,238.00)
National School Lunch Program	10.555	16161NJ304N1099	2016-010-3350-100-023	565,013.06	07/01/15	06/30/16	-	-	516,794.60	(565,013.06)	-	-	(48,218.46)
National School Lunch Program	10.555	16161NJ304N1099	2015-010-3350-100-023	504,462.83	07/01/14	06/30/15	(49,578.74)	-	49,578.74	-	-	-	-
Child and Adult Care Food Program	10.558	16161NJ304N1099	2016-010-3350-100-023	1,921.92	07/01/15	06/30/16	-	-	1,729.56	(1,921.92)	-	-	(192.36)
Child and Adult Care Food Program	10.558	16161NJ304N1099	2015-010-3350-100-023	3,528.80	07/01/14	06/30/15	(205.82)	-	205.82	-	-	-	-
Subtotal Child and Adult Care Food Program													
							(49,784.56)	-	568,308.72	(566,954.98)	-	-	(48,410.82)
Total Child Nutrition Cluster													
							(60,156.32)	-	767,688.60	(767,181.10)	-	-	(59,648.82)
Total Enterprise Fund													
							(60,156.32)	-	767,688.60	(767,181.10)	-	-	(59,648.82)
Special Revenue Fund													
U.S. Department of Education:													
Passed-Through State Department of Education:													
Title I Part A	84.010A	S010A150030	2016-034-5064-100-194	811,988.00	09/01/15	08/31/16	-	-	612,386.00	(777,290.59)	-	-	(164,904.59)
Title I Part A	84.010A	S010A150030	2015-034-5064-100-194	880,774.00	09/01/14	08/31/15	(165,144.33)	-	165,144.33	-	-	-	-
Subtotal Title I													
							(165,144.33)	-	777,530.33	(777,290.59)	-	-	(164,904.59)
Title II A, Teacher Training & Recruiting	84.367A	S367A150029	2016-034-5063-100-290	65,925.00	09/01/15	08/31/16	-	-	31,369.00	(61,684.38)	-	-	(30,315.38)
Title II A, Teacher Training & Recruiting	84.367A	S367A150029	2015-034-5063-100-290	68,150.00	09/01/14	08/31/15	(39,288.22)	-	39,288.22	-	-	-	-
Subtotal Title II													
							(39,288.22)	-	70,657.22	(61,684.38)	-	-	(30,315.38)
Title III	84.365A	NCLB436014	2016-034-5065-100-187	96,202.00	09/01/15	08/31/16	-	-	69,588.00	(96,720.00)	-	-	(27,132.00)
Title III	84.365A	NCLB436014	2015-034-5065-100-187	108,048.00	09/01/14	08/31/15	(33,151.00)	-	33,151.00	-	-	-	-
Subtotal Title II													
							(33,151.00)	-	102,739.00	(96,720.00)	-	-	(27,132.00)
Ruigers - Formative Assessment Grant													
							(14,877.20)	-	32,422.20	(17,545.00)	-	-	-
Special Education Cluster:													
I.D.E.A. Part B Basic Regular	84.027	H027A150100	2016-034-5065-100-016	368,511.00	09/01/15	08/31/16	-	-	352,500.73	(393,162.71)	-	-	(40,661.98)
I.D.E.A. Part B Basic Regular	84.027	H027A150100	2015-034-5065-100-016	347,668.00	09/01/14	08/31/15	(44,806.27)	-	44,806.27	-	-	-	-
I.D.E.A. Part B Preschool	84.173	H173A150114	2016-034-5065-100-020	12,258.00	09/01/15	08/31/16	-	-	12,529.00	(12,529.00)	-	-	-
Total Special Education Cluster													
							(44,806.27)	-	409,836.00	(405,691.71)	-	-	(40,661.98)
Total Special Revenue Fund													
							(297,267.02)	-	1,393,184.75	(1,358,951.68)	-	-	(263,013.95)
General Fund													
U.S. Department of Health and Human Services:													
Medical Assistance Program													
							(1,419.34)	-	15,909.57	(14,641.79)	-	-	(151.56)
Total General Fund													
							(1,419.34)	-	15,909.57	(14,641.79)	-	-	(151.56)
Total Federal Awards													
							\$ (358,842.68)	-	\$ 2,176,782.92	\$ (2,140,754.57)	\$ -	\$ -	\$ (322,814.33)

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

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Balance at June 30, 2015		Caryover/ (Walkover) Amount	Due To Grantor	Cash Received	Budgetary Expenditures	Adjustments/ Reversion of Prior Years' Balances	Balance at June 30, 2016		Memo
			Deferred Revenues/ (Accounts Receivable)	Revenues/ (Accounts Receivable)						Deferred Revenue	Due To Grantor	
General Fund												
State Department of Education:												
Equalization Aid	16-495-034-5120-078	\$ 1,399,215.00	07/01/15	06/30/16	\$ -	\$ 1,399,215.00	(1,399,215.00)	\$ -	\$ -	\$ -	\$ (136,511.45)	\$ 1,399,215.00
Transportation Aid	16-495-034-5120-014	34,744.00	07/01/15	06/30/16	-	34,744.00	(34,744.00)	-	-	-	(3,389.72)	34,744.00
Special Education Aid	16-495-034-5120-089	665,749.00	07/01/15	06/30/16	-	665,749.00	(665,749.00)	-	-	-	(64,952.39)	665,749.00
Security Aid	16-495-034-5120-084	156,711.00	07/01/15	06/30/16	-	156,711.00	(156,711.00)	-	-	-	(15,289.18)	156,711.00
Supplemental Enrollment Growth Aid	16-495-034-5120-094	373,912.00	07/01/15	06/30/16	-	373,912.00	(373,912.00)	-	-	-	(36,479.93)	373,912.00
Under Adequacy Aid	16-495-034-5120-096	339,219.00	07/01/15	06/30/16	-	339,219.00	(339,219.00)	-	-	-	(33,095.18)	339,219.00
PARCC Readiness	16-495-034-5120-098	13,410.00	07/01/15	06/30/16	-	13,410.00	(13,410.00)	-	-	-	(1,308.32)	13,410.00
Extraordinary Special Education Costs Aid	16-495-034-5120-044	167,982.00	07/01/15	06/30/16	-	167,982.00	(167,982.00)	-	-	-	(1,308.32)	167,982.00
Reimbursement of Nonpublic Transportation	15-100-034-5120-473	119,895.00	07/01/13	06/30/14	(140,554.00)	-	-	-	-	-	-	-
Reimbursement of Nonpublic Transportation	1603190	2,262.00	07/01/15	06/30/16	-	2,262.00	(2,262.00)	-	-	-	-	2,262.00
On-Behalf TPAF Pension System Contribution	15103190	1,443.00	07/01/14	06/30/15	(1,443.00)	-	-	-	-	-	-	-
Post Retirement	16-495-034-5095-006	472,743.00	07/01/15	06/30/16	-	472,743.00	(472,743.00)	-	-	-	-	472,743.00
Reimbursed TPAF Social Security Contributions	16-495-034-5094-001	562,905.00	07/01/15	06/30/16	-	562,905.00	(562,905.00)	-	-	-	-	562,905.00
Reimbursed TPAF Social Security Contributions	15-495-034-5094-002	501,669.27	07/01/15	06/30/16	-	501,669.27	(501,669.27)	-	-	-	-	501,669.27
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	447,698.96	07/01/14	06/30/15	(22,635.84)	22,635.84	-	-	-	-	-	-
Total General Fund						4,698,320.11	(4,703,931.27)	-	-	(170,244.00)	(292,334.49)	4,703,931.27
Special Revenue Fund												
Preschool Education Aid	16-495-034-5120-025	3,974,230.00	07/01/15	06/30/16	-	3,498,214.30	(3,742,615.95)	264,906.97	-	212,523.54	(388,690.30)	3,742,615.95
N.J. Nonpublic Aid:	15-495-034-5120-025	3,974,230.00	07/01/15	06/30/16	(205,404.98)	397,423.00	-	-	-	-	-	-
Textbook	16-100-034-5120-064	20,328.00	07/01/15	06/30/16	-	20,328.00	(19,868.46)	(243.61)	-	459.54	-	19,868.46
Nursing	16-100-034-5120-070	32,040.00	07/01/15	06/30/16	243.61	32,040.00	(32,025.70)	(10,173.02)	-	14.30	-	32,025.70
Technology	16-100-034-5120-373	9,256.00	07/01/15	06/30/16	0.68	9,256.00	(9,176.52)	(0.68)	-	79.48	-	9,176.52
Security	N/A	8,900.00	07/01/15	06/30/16	-	8,900.00	(8,900.00)	-	-	-	-	-
Auxiliary Services Aid (Chapter 192):												
Compensatory Education	15-100-034-5120-067	67,682.00	07/01/15	06/30/16	-	67,682.00	(61,759.83)	-	-	5,922.17	-	61,759.83
Handicapped Services Aid (Chapter 193):	14-100-034-5120-067	71,902.00	07/01/15	06/30/16	21,499.05	-	-	(21,499.05)	-	-	-	-
Exam and Classification	15-100-034-5120-066	42,955.00	07/01/15	06/30/16	-	42,955.00	(40,563.60)	-	-	2,391.40	-	40,563.60
Corrective Speech	15-100-034-5120-066	21,404.00	07/01/15	06/30/16	-	21,404.00	(20,611.26)	-	-	792.74	-	20,611.26
Supplemental Instruction	15-100-034-5120-066	30,668.00	07/01/15	06/30/16	3,138.81	30,668.00	(29,986.49)	(3,138.81)	-	681.51	-	29,986.49
Exam and Classification	14-100-034-5120-066	39,341.00	07/01/15	06/30/16	24,305.68	-	-	(24,305.68)	-	-	-	-
Total Special Revenue Fund						4,128,870.50	(3,965,507.81)	205,546.12	-	212,523.54	(388,690.50)	3,956,607.81
Capital Projects Fund												
NI School Development Authority:												
SDA Grant	CS-6018	485,810.00	03/31/14	completion	-	(469,540.58)	-	(13,298.66)	-	-	(482,839.24)	13,298.66
Total Capital Projects Fund						(469,540.58)	-	(13,298.66)	-	-	(482,839.24)	13,298.66
Enterprise Fund												
National School Lunch Program (State Share)	16-100-010-3360-023	10,323.75	07/01/14	06/30/15	-	9,443.51	(10,323.75)	-	-	(880.24)	-	10,323.75
National School Lunch Program (State Share)	15-100-010-3360-023	10,245.95	07/01/13	06/30/14	(1,229.11)	1,229.11	-	-	-	-	-	-
Total Enterprise Fund						10,672.62	(10,323.75)	-	-	(880.24)	-	10,323.75
Total State Financial Assistance						\$ (840,807.51)	\$ 59,360.85	\$ -	\$ 205,546.12	\$ 212,523.54	\$ (681,024.99)	\$ 8,684,161.49
Less: Awards Not Subject to Major Program Determination:												
On-Behalf TPAF Pension System Contribution	16-495-034-5095-006	472,743.00	07/01/15	06/30/16	-	-	\$ 472,743.00	-	-	-	-	-
On-Behalf TPAF Pension System Contribution - Post Retirement	16-495-034-5094-001	562,905.00	07/01/15	06/30/16	-	-	562,905.00	-	-	-	-	-
Total State Financial Assistance Subject to Major Program Determination												
												\$ (7,687,413.49)

RED BANK SCHOOL DISTRICT

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

June 30, 2016

Note 1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Red Bank School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented 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 basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Red Bank School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Red Bank School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

Note 3. Relationship to Basic Financial Statements

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

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

RED BANK SCHOOL DISTRICT

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
June 30, 2016**

Note 3. Relationship to Basic Financial Statements (continued):

June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(797.50) for the General Fund and \$(142,891.18) for the Special Revenue Fund. See the Notes to Required Supplementary Information (Exhibit C-3) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	State	Federal	Total
General Fund	\$ 4,703,133.77	\$ 14,641.78	\$ 4,717,775.55
Special Revenue Fund	3,918,805.31	1,371,589.84	5,290,395.15
Capital Projects Fund	13,298.66	-	13,298.66
Food Service Fund	10,323.75	767,181.10	777,504.85
	<u>\$ 8,645,561.49</u>	<u>\$2,153,412.72</u>	<u>\$ 10,798,974.21</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and Expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

Note 6. Federal and State Loans Outstanding

The Red Bank School District had no loan balances outstanding at June 30, 2016.

**RED BANK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued in compliance for major programs: Unmodified

Internal Control over major programs:

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

2) Significant deficiencies identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance or NJOMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5120-025</u>	<u>Preschool Education Aid</u>
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**RED BANK SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

Section III – Schedule of Federal Award Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

No Current Year Findings

Section IV – State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

**RED BANK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings