

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF RANDOLPH**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

Township of Randolph School District

Randolph, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal.....1
Organizational Chart5
Roster of Officials6
Consultants and Advisors7

FINANCIAL SECTION.....8

Independent Auditors' Report9

Required Supplementary Information12
Management's Discussion and Analysis (Unaudited)13

Basic Financial Statements (Sections A. and B.)23

A. District-Wide Financial Statements24

A-1 Statement of Net Position.....25
A-2 Statement of Activities26

B. Fund Financial Statements28

B-1 Balance Sheet – Governmental Funds29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –
Governmental Funds31
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities32
B-4 Statement of Net Position – Proprietary Funds33
B-5 Statement of Revenue, Expenses and Changes in Fund Net
Position – Proprietary Funds34
B-6 Statement of Cash Flows – Proprietary Funds35
B-7 Statement of Fiduciary Net Position – Fiduciary Funds36
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....37

Notes to the Basic Financial Statements.....38

Required Supplementary Information (Unaudited)73

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....74

L-1 Schedule of District's Proportionate Share of the Net Pension Liability –
Public Employees Retirement System74
L-2 Schedule of District Contributions – Public Employees Retirement System.....75
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with
the District - Teachers' Pension and Annuity Fund76
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....77

Notes to Required Supplementary Information78

RANDOLPH TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Schedules (C.-I.)

C.	Budgetary Comparison Schedules (Unaudited).....	80
C-1	Budgetary Comparison Schedule – General Fund (Unaudited).....	81
C-2	Combining Budgetary Schedule – Special Revenue Fund (Unaudited)	92
C-3	Budget-to-GAAP Reconciliation – Notes to Required Supplementary Information (Unaudited)	93
D.	School Level Schedules (Not Applicable).....	95
E.	Special Revenue Fund.....	96
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	97
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	100
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budgetary Basis	101
F-1a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Various School Building Improvements.....	102
F-1b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Fernbrook Elementary School – Roof and Window Replacement	103
F-1c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Randolph High School – New Lobby and Roof and Window Replacement.....	104
F-1d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Randolph Middle School – Roof Refurbishment.....	105
F-1e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Shongum Elementary School – Roof and Window Replacement	106
G.	Proprietary Funds.....	107
	Enterprise Funds:	
G-1	Combining Statement of Net Position.....	108
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	109
G-3	Combining Statement of Cash Flows.....	110
H.	Fiduciary Funds	111
H-1	Combining Statement of Fiduciary Net Position	112
H-2	Statement of Changes in Fiduciary Net Position.....	113
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements.....	114
H-4	Student Activity Agency Fund Statement of Activity.....	115
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements.....	116
I.	Long-Term Debt	117
I-1	Schedule of Serial Bonds	118
I-2	Schedule of Obligations Under Capital Leases.....	119
I-3	Debt Service Fund Budgetary Comparison Schedule	120

RANDOLPH TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

J. STATISTICAL SECTION (Unaudited)	121
J-1 Net Position by Component	122
J-2 Changes in Net Position	123
J-3 Fund Balance – Governmental Funds	125
J-4 Changes in Fund Balances – Governmental Funds	126
J-5 General Fund Other Local Revenue by Source	128
J-6 Assessed Value and Actual Value of Taxable Property	129
J-7 Direct and Overlapping Property Taxpayers	130
J-8 Principal Property Taxpayers	131
J-9 Property Tax Levies and Collections	132
J-10 Ratio of Outstanding Debt by Type	133
J-11 Ratios of Net General Bonded Debt Outstanding	134
J-12 Ratios of Overlapping Governmental Activities Debt	135
J-13 Legal Debt Margin	136
J-14 Demographic and Economic Statistics	137
J-15 Principal Employers	138
J-16 Full-Time Equivalent District Employees by Function/Program	139
J-17 Operating Statistics	140
J-18 School Building Information	141
J-19 Schedule of Required Maintenance for School Facilities	142
J-20 Insurance Schedule	143
K. SINGLE AUDIT SECTION	144
K-1 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	145
K-2 Independent Auditors’ Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance	147
K-3 Schedule of Expenditures of Federal Awards	149
K-4 Schedule of Expenditures of State Awards	150
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	152
K-6 Schedule of Findings and Questioned Costs	154
K-7 Summary Schedule of Prior Audit Findings	156

INTRODUCTORY SECTION

RANDOLPH TOWNSHIP SCHOOLS

25 School House Road, Randolph, NJ 07869

(973) 361-0808

Fax (973) 361-2405

Ms. Jennifer Fano
Superintendent of Schools

Mr. Gerald Eckert
Business Administrator
Board Secretary

September 29, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Township of Randolph School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Randolph Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2016-17 fiscal year with an enrollment of 4,688 students.

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

3) MAJOR INITIATIVES: During the 2016-2017 school year, the Randolph Township School District continued with the comprehensive review and revision of district curricula, according to parameters set forth in the 5 year curriculum review cycle, approved each year by the Board of Education. Along with each new or newly revised curriculum, access to digital content and training of teachers to implement new curricular elements were provided.

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

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

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

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and/or assignments at June 30, 2017.

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

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

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

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

The Honorable President and Members
of the Board of Education
Township of Randolph School District
Page 4
September 29, 2017

9) OTHER INFORMATION:

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

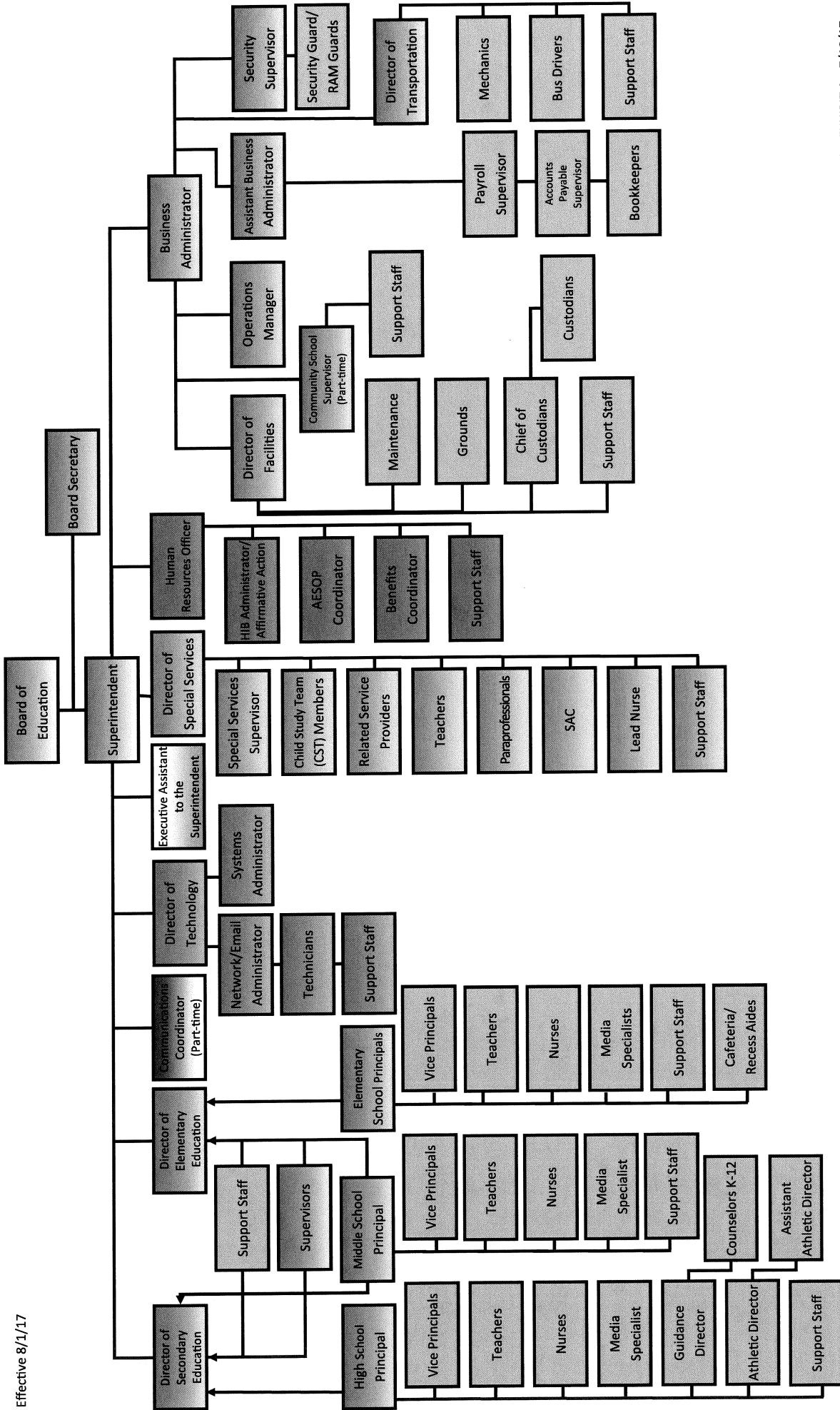
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Randolph Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Jennifer Fano
Jennifer Fano
Superintendent

Gerald Eckert
Gerald Eckert
Business Administrator

Randolph Township School District



Effective 8/1/17

TOWNSHIP OF RANDOLPH SCHOOL DISTRICT

**Roster of Officials
June 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alfredo Z. Matos, President	2019
Ronald Conti, Vice President	2017
Christine Aulenbach	2017
Susan DeVito	2019
Sheldon Epstein	2019
Joseph Faranetta	2017
Tammy MacKay	2018
Colleen F. Pascale	2018
Anne Standridge	2018

OTHER OFFICIALS

TITLE

Jennifer A. Fano

Superintendent of Schools

Gerald M. Eckert

School Business Administrator/Board Secretary

TOWNSHIP OF RANDOLPH SCHOOL DISTRICT
Consultants and Advisors

Architect

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

Attorney

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

Audit Firm

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

Official Depository

The Provident Bank
1185 Sussex Turnpike
Randolph, NJ 07869

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Randolph Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 31, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

This section of Township of Randolph School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved by \$2,392,533 on a district-wide basis.
- Overall revenue was \$120.41 million.
- Overall expenses were \$117.99 million.
- The net position of the District's business-type activities increased by \$395,972.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Financial Report

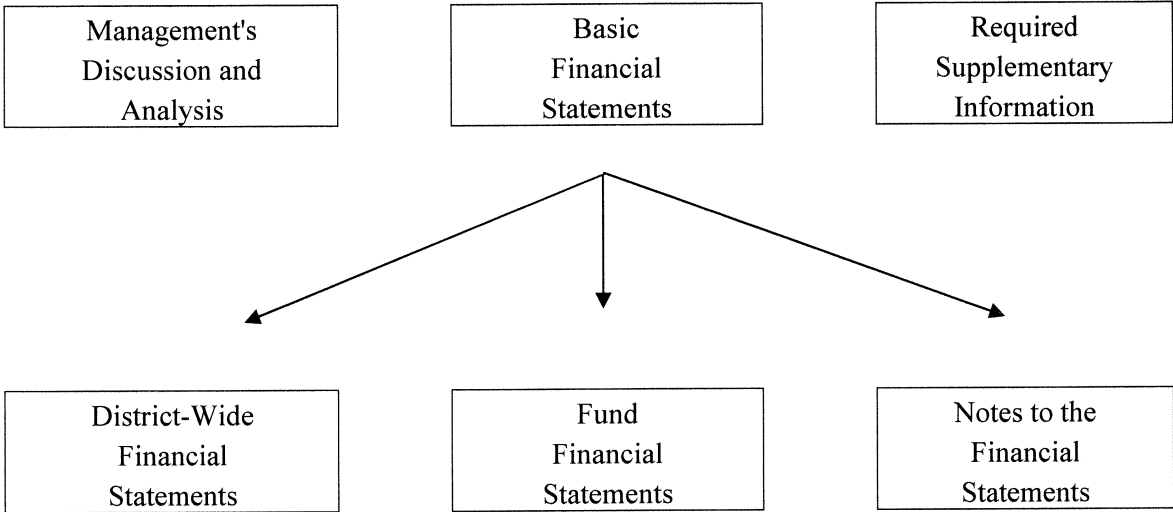


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position totaled \$8,867,709, 36.95% more than the prior year. Net position from governmental activities increased \$1,996,561 and the net position from business-type activities increased \$395,972.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage
	2016/17	2015/16 *	2016/17	2015/16	2016/17	2015/16 *	Change 2016/17
Current and							
Other Assets	\$ 11,352,615	\$ 9,469,641	\$ 1,065,123	\$ 643,545	\$ 12,417,738	\$ 10,113,186	22.79%
Capital Assets, Net	54,430,190	54,363,729	191,134	184,434	54,621,324	54,548,163	0.13%
Total Assets	65,782,805	63,833,370	1,256,257	827,979	67,039,062	64,661,349	3.68%
Deferred Outflows of Resources	14,034,271	5,738,050			14,034,271	5,738,050	144.58%
Other Liabilities	2,939,755	811,548	383,558	360,654	3,323,313	1,172,202	183.51%
Long-Term Liabilities							
Outstanding	68,872,909	62,245,052	9,402		68,882,311	62,245,052	10.66%
Total Liabilities	71,812,664	63,056,600	392,960	360,654	72,205,624	63,417,254	13.86%
Deferred Inflows of Resources		506,969				506,969	-100.00%
Net Position:							
Net Investment in							
Capital Assets	30,521,849	26,813,419	191,134	184,434	30,712,983	26,997,853	13.76%
Restricted	8,189,973	7,278,673			8,189,973	7,278,673	12.52%
Unrestricted/(Deficit)	(30,707,410)	(28,084,241)	672,163	282,891	(30,035,247)	(27,801,350)	-8.04%
Total Net Position	\$ 8,004,412	\$ 6,007,851	\$ 863,297	\$ 467,325	\$ 8,867,709	\$ 6,475,176	36.95%

* Restated

- Changes in Net Position.* The District's combined net position increased \$2,392,533 or 36.95% from the prior year. (See Figure A-4). The District's improved financial position came primarily from its governmental activities. Net investment in capital assets increased \$3,715,130 as a result of an increase in capital additions of \$3,247,585 (\$3,228,669 from Governmental activities and \$18,916 from Business-type activities), the current year maturities of serial bonds payable of \$3,120,000 and capital leases of \$667,492 less depreciation of \$3,174,424 (\$3,162,208 from Governmental activities and \$12,216 from Business-type activities) and \$145,523 for the amortization on the deferred amount on refunding. Restricted net position increased \$911,300 due to increases in the change in current year excess surplus of \$151,159, capital reserve of \$1,157,340 and maintenance reserve of \$250,000 offset by decreases in the change in prior year excess surplus designated for subsequent year's expenditures of \$5,091, capital projects of \$560,315 and debt service of \$81,793. Unrestricted net position decreased \$2,623,169 in governmental activities primarily as a result of the change in net pension liability of \$10,473,421 offset by changes in pension assumptions of \$5,314,962 and investment gains in pensions of \$2,108,662. Net position from business-type activities increased \$395,972 due to increases in food service of \$69,132 and the community school of \$326,840.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Percentage Change
	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16	2016/17
Revenue:							
Program Revenue:							
Charges for Services	\$ 121,699	\$ 2,270,374	\$ 2,392,073	\$ 80,702	\$ 2,080,797	\$ 2,161,499	10.67%
Operating Grants and Contributions	33,501,405	261,899	33,763,304	26,341,339	236,566	26,577,905	27.04%
Capital Grants and Contributions				1,492,431		1,492,431	-100.00%
General Revenue:							
Property Taxes	74,788,920		74,788,920	73,556,858		73,556,858	1.67%
Unrestricted State and Federal Aid	9,288,244		9,288,244	9,214,347		9,214,347	0.80%
Other	170,677	3,454	174,131	405,529	925	406,454	-57.16%
Total Revenue	117,870,945	2,535,727	120,406,672	111,091,206	2,318,288	113,409,494	6.17%
Expenses:							
Instruction	67,203,433		67,203,433	59,841,609		59,841,609	12.30%
Pupil and Instruction Services	19,178,718		19,178,718	18,184,891		18,184,891	5.47%
Administrative and Business	12,225,857		12,225,857	10,705,878		10,705,878	14.20%
Maintenance and Operations	10,200,716		10,200,716	9,070,455		9,070,455	12.46%
Pupil Transportation	6,204,447		6,204,447	6,060,369		6,060,369	2.38%
Other	832,603	2,139,755	2,972,358	876,737	2,133,020	3,009,757	-1.24%
Total Expenses	115,845,774	2,139,755	117,985,529	104,739,939	2,133,020	106,872,959	10.40%
Other Items	(28,610)		(28,610)				-100.00%
Increase (Decrease) in Net Position	\$ 1,996,561	\$ 395,972	\$ 2,392,533	\$ 6,351,267	\$ 185,268	\$ 6,536,535	-63.40%

Revenue Sources. The District's total revenue for the 2016/17 school year was \$120,406,672. (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$74,788,920 of the total, or 62.11 percent. Another 35.76 percent came from state and federal aid and the remainder from miscellaneous sources and charges for services. The Township of Randolph School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

Figure A-5
Sources of Revenue for Fiscal Year 2017

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
Operating Grants and Contributions	\$ 33,763,304	28.04%
Property Taxes	74,788,920	62.11%
Unrestricted Federal and State Aid	9,288,244	7.72%
Charges for Services	2,392,073	1.99%
Other	174,131	0.14%
	<u>\$ 120,406,672</u>	<u>100.00%</u>

The total cost of all programs and services was \$117,985,529. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (78.47 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.36 percent of total costs. The Township of Randolph School District operates 6 schools, an administration office, a child study team office, and a transportation building which results in maintenance costs of \$10,200,716 (8.65 percent).

Figure A-6
Expenses for Fiscal Year 2017

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 67,203,433	56.96%
Pupil and Instruction Services	19,178,718	16.25%
Administrative and Business	12,225,857	10.36%
Maintenance and Operations	10,200,716	8.65%
Transportation	6,204,447	5.26%
Other	2,972,358	2.52%
	<u>\$ 117,985,529</u>	<u>100.00%</u>

Governmental Activities

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

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

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

Figure A-7
Net Cost of Governmental Activities

	<u>Total Cost of Services</u> 2016/2017	<u>Total Cost of Services</u> 2015/2016	<u>Net Cost of Services</u> 2016/2017	<u>Net Cost of Services</u> 2015/2016
Sources of Income:				
Instruction	\$ 67,203,433	\$ 59,841,609	\$45,127,810	\$33,248,734
Pupil and Instruction Services	19,178,718	18,184,891	13,920,704	13,993,232
Administrative and Business	12,225,857	10,705,878	9,639,141	8,816,713
Maintenance and Operations	10,200,716	9,070,455	8,275,912	6,167,988
Transportation	6,204,447	6,060,369	4,677,589	4,775,116
Other	832,603	876,737	581,514	609,337
	<u>\$ 115,845,774</u>	<u>\$ 104,739,939</u>	<u>\$82,222,670</u>	<u>\$ 67,611,120</u>

- The cost of all governmental activities this year was \$115.85 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$42.79 million).
- Most of the District’s costs were financed by District taxpayers (\$74.79 million).
- The remainder of the funding came from miscellaneous revenue, investment earnings, and charges for services (\$.17 million).

Business-Type Activities

Net position from the District’s business-type activity increased \$395,972. (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$69,132.
- Community School service revenues and investment earnings exceeded expenses by \$326,840, accounting for all of the increase in the net position of the Community School business-type activity.

Financial Analysis of the District’s Funds

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

General Fund Budgetary Highlights

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

Capital Asset and Long-term Liabilities Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total
	2016/17	2015/16*	2016/17	2015/16	2016/17	2015/16*	Percentage Change
Land	\$ 3,465,955	\$ 3,465,955			\$ 3,465,955	\$ 3,465,955	0.00%
Construction in Progress	1,965,955	5,893,390			1,965,955	5,893,390	-66.64%
Buildings and Building Improvements	46,111,134	42,178,748			46,111,134	42,178,748	9.32%
Furniture, Machinery and Equipment	2,887,146	2,825,636	\$ 191,134	\$ 184,434	3,078,280	3,010,070	2.27%
Total	\$ 54,430,190	\$ 54,363,729	\$ 191,134	\$ 184,434	\$ 54,621,324	\$ 54,548,163	0.13%

* Restated

Long-term Liabilities

At year-end, the District had \$22,725,000 in general obligation bonds outstanding – a decrease of \$3,120,000 from last year – as shown in Figure A-9. Net Pension Liability increased by \$10,473,421, capital leases decreased by \$667,492 and other long-term liabilities increased by \$178,910 - as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.)

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

	Total School District		Total
	2016/2017	2015/2016	Percentage Change
General Obligation Bonds (Financed with Property Taxes)	\$ 22,725,000	\$ 25,845,000	-12.07%
Unamortized Bond Issuance Premium	1,242,337	1,469,917	-15.48%
Net Pension Liability	42,005,096	31,531,675	33.22%
Other Long-Term Liabilities	2,909,878	3,398,460	-14.38%
	<u>\$ 68,882,311</u>	<u>\$ 62,245,052</u>	10.66%

Factors Bearing on the District’s Future Revenue/Expense Changes

The most likely factors that will have a direct effect on future school district budgeting of both revenue and expenses will continue to be legislation and the overall economy. For example, legislators (as well as the courts) continue to debate about changes to the funding formula used to distribute State Aid. Changes in the formula could prove to either help or hurt the District financially. And while recent legislation increasing mandatory employee contributions towards the District’s health benefit costs and capping the annual increase in the overall budget have helped to constrain the District’s overall expenses, changes in the political powers that be could also result in revisions to these laws. As to the economy, the recent financial uncertainty has raised long-term concerns which effect how every household and organization looks at their finances.

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,430,559	\$ 1,052,356	\$ 4,482,915
Internal Balances	16,417	(16,417)	
Receivables from Other Governments	1,377,049	16,217	1,393,266
Other Accounts Receivable		2,393	2,393
Inventory		10,574	10,574
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	5,428,590		5,428,590
Maintenance Reserve Account - Cash and Cash Equivalents	750,000		750,000
Emergency Reserve Account - Cash and Cash Equivalents	350,000		350,000
Capital Assets:			
Land and Construction in Progress	5,431,910		5,431,910
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	48,998,280	191,134	49,189,414
Total Assets	<u>65,782,805</u>	<u>1,256,257</u>	<u>67,039,062</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	706,672		706,672
Charges in Assumptions - Pensions	8,701,212		8,701,212
Charges in Proportion - Pensions	801,007		801,007
Difference between Expected and Actual Experience - Pensions	781,167		781,167
Difference between Projected and Actual Earnings on Investments - Pensions	1,601,693		1,601,693
District Contribution Subsequent to the Measurement Date - Pensions	1,442,520		1,442,520
Total Deferred Outflows of Resources	<u>14,034,271</u>		<u>14,034,271</u>
LIABILITIES			
Accrued Interest Payable	304,112		304,112
Accounts Payable - Vendors	2,587,996		2,587,996
Payable to Federal and State Governments	8,495		8,495
Unearned Revenue	39,152	383,558	422,710
Noncurrent Liabilities:			
Due Within One Year	4,060,883		4,060,883
Due Beyond One Year	64,812,026	9,402	64,821,428
Total Liabilities	<u>71,812,664</u>	<u>392,960</u>	<u>72,205,624</u>
NET POSITION			
Net Investment in Capital Assets	30,521,849	191,134	30,712,983
Restricted for:			
Capital Projects	5,488,590		5,488,590
Debt Service	85,930		85,930
Emergency Reserve	350,000		350,000
Excess Surplus - Designated for Subsequent Year's Expenditures	682,147		682,147
Excess Surplus	833,306		833,306
Maintenance Reserve	750,000		750,000
Unrestricted (Deficit)	(30,707,410)	672,163	(30,035,247)
Total Net Position	<u>\$ 8,004,412</u>	<u>\$ 863,297</u>	<u>\$ 8,867,709</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction	\$ 67,203,433	\$ 121,699	\$ 21,953,924	\$ (45,127,810)		\$ (45,127,810)
Support Services:						
Tuition	2,753,229		1,260,472	(1,492,757)		(1,492,757)
Student & Instruction Related Services	16,425,489		3,997,542	(12,427,947)		(12,427,947)
General Administrative Services	2,111,311		249,088	(1,862,223)		(1,862,223)
School Administrative Services	5,600,331		1,514,203	(4,086,128)		(4,086,128)
Central Services	2,150,154		416,085	(1,734,069)		(1,734,069)
Administrative Information Technology	2,364,061		407,340	(1,956,721)		(1,956,721)
Plant Operations and Maintenance	10,200,716		1,924,804	(8,275,912)		(8,275,912)
Pupil Transportation	6,204,447		1,526,858	(4,677,589)		(4,677,589)
Interest on Long-Term Debt	671,920		251,089	(420,831)		(420,831)
Transfer of Funds to Charter Schools	160,683			(160,683)		(160,683)
Total Governmental Activities	115,845,774	121,699	33,501,405	(82,222,670)		(82,222,670)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 1,151,145	\$ 958,378	\$ 261,899		\$ 69,132	\$ 69,132
Community School	988,610	1,311,996			323,386	323,386
Total Business-Type Activities	2,139,755	2,270,374	261,899		392,518	392,518
Total Primary Government	\$ 117,985,529	\$ 2,392,073	\$ 33,763,304	\$ (82,222,670)	392,518	(81,830,152)

General Revenue and Other Item:

Taxes:						
Property Taxes, Levied for General Purposes, Net				71,218,033		71,218,033
Taxes Levied for Debt Service				3,570,887		3,570,887
Federal and State Aid not Restricted				9,288,244		9,288,244
Investment Earnings				42,613	3,454	46,067
Miscellaneous Income				128,064		128,064
Other Item - SDA Grants Cancelled				(28,610)		(28,610)
Total General Revenue and Other Item				84,219,231	3,454	84,222,685
Change in Net Position				1,996,561	395,972	2,392,533
Net Position - Beginning (Restated)				6,007,851	467,325	6,475,176
Net Position - Ending				\$ 8,004,412	\$ 863,297	\$ 8,867,709

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

FUND FINANCIAL STATEMENTS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 3,206,251	\$ 68,777	\$ 69,601	\$ 85,930	\$ 3,430,559
Interfund Receivable:					
Special Revenue Fund	120,457				120,457
Enterprise Funds - Food Service	35,563				35,563
Receivables:					
Federal Government		176,606			176,606
State Government	1,200,443				1,200,443
Restricted Cash and Cash Equivalents	6,528,590				6,528,590
Total Assets	\$ 11,091,304	\$ 245,383	\$ 69,601	\$ 85,930	\$ 11,492,218

LIABILITIES AND FUND BALANCES:

Liabilities:					
Accounts Payable - Vendors	\$ 1,058,596	\$ 77,279	\$ 9,601		\$ 1,145,476
Interfund Payable:					
General Fund		120,457			120,457
Enterprise Funds - Community School	19,146				19,146
Payable to State Government		8,495			8,495
Unearned Revenue		39,152			39,152
Total Liabilities	1,077,742	245,383	9,601		1,332,726

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Restricted for:					
Capital Reserve Account	\$ 5,428,590				\$ 5,428,590
Emergency Reserve Account	350,000				350,000
Maintenance Reserve Account	750,000				750,000
Capital Projects Fund			\$ 60,000		60,000
Debt Service Fund				\$ 85,930	85,930
Excess Surplus	833,306				833,306
Excess Surplus - Designated for Subsequent Year's Expenditures	682,147				682,147
Assigned:					
Designated for Subsequent Year's Expenditures	150,474				150,474
Year End Encumbrances	1,051,193				1,051,193
Unassigned	767,852				767,852
Total Fund Balances	<u>10,013,562</u>		<u>60,000</u>	<u>85,930</u>	<u>10,159,492</u>
Total Liabilities and Fund Balances	<u>\$ 11,091,304</u>	<u>\$ 245,383</u>	<u>\$ 69,601</u>	<u>\$ 85,930</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$106,684,198 and the accumulated depreciation is \$52,254,008.	54,430,190
Long-term liabilities, such as bonds payable, capital leases and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(25,625,476)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(42,005,096)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Change in Assumptions - Pensions	8,701,212
Change in Proportions - Pensions	801,007
Difference between Expected and Actual Experience - Pensions	781,167
Investment Gains - Pensions	1,601,693
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(304,112)
Bond premiums are not reported as revenue in the governmental funds in the year of the bond sale. The premium is \$2,536,773 and accumulated amortization is \$1,294,436.	(1,242,337)
The deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure. The deferred amount on the refunding is \$1,654,419 and accumulated amortization is \$802,224.	<u>706,672</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 8,004,412</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 71,218,033			\$ 3,570,887	\$ 74,788,920
Tuition Charges	121,699				121,699
Interest Earned on Capital Reserve Funds	2,135				2,135
Miscellaneous	168,542	\$ 68,064			236,606
Total - Local Sources	71,510,409	68,064		3,570,887	75,149,360
State Sources	23,755,674	124,965		251,089	24,131,728
Federal Sources	29,084	1,269,855			1,298,939
Total Revenue	95,295,167	1,462,884		3,821,976	100,580,027
EXPENDITURES					
Current:					
Regular Instruction	27,491,655	188,976			27,680,631
Special Education Instruction	6,803,839	1,041,890			7,845,729
Other Special Instruction	422,353				422,353
Other Instruction	1,715,257				1,715,257
Support Services and Undistributed Costs:					
Tuition	2,649,171				2,649,171
Student & Instruction Related Services	9,295,865	232,018			9,527,883
General Administrative Services	1,657,190				1,657,190
School Administrative Services	2,990,649				2,990,649
Central Services	882,149				882,149
Administrative Information Technology	1,693,569				1,693,569
Plant Operations and Maintenance	6,721,058				6,721,058
Pupil Transportation	4,333,191				4,333,191
Unallocated Benefits	23,855,457				23,855,457
Debt Service:					
Principal				3,120,000	3,120,000
Interest and Other Charges				783,769	783,769
Capital Outlay	2,762,048		\$ 583,135		3,345,183
Transfer of Funds to Charter Schools	160,683				160,683
Total Expenditures	93,434,134	1,462,884	583,135	3,903,769	99,383,922
Excess/(Deficiency) of Revenue over/(under) Expenditures	1,861,033		(583,135)	(81,793)	1,196,105
OTHER FINANCING SOURCES/(USES)					
Cancellation of SDA grant			(28,610)		(28,610)
Transfers In	88,468				88,468
Transfers Out			(88,468)		(88,468)
Total Other Financing Sources/(Uses)	88,468		(117,078)		(28,610)
Net Change in Fund Balances	1,949,501		(700,213)	(81,793)	1,167,495
Fund Balance—July 1	8,064,061		760,213	167,723	8,991,997
Fund Balance—June 30	\$ 10,013,562	\$ - 0 -	\$ 60,000	\$ 85,930	\$ 10,159,492

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 1,167,495
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation expense	\$ (3,162,208)
	Capital outlays	<u>3,228,669</u>
		66,461
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(169,508)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		3,120,000
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		667,492
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		29,792
The governmental funds report the effect of premiums and the deferred deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		82,057
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	(10,473,421)
	Deferred Outflows:	
	Changes in Assumptions	5,314,962
	Changes in Proportion	53,637
	Difference between Expected and Actual Experience	28,932
	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>2,108,662</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 1,996,561</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
<u>ASSETS:</u>		
Current assets:		
Cash and cash equivalents	\$ 1,052,356	
Accounts receivable:		
State		\$ 625
Federal		15,592
Interfund receivable	19,146	
Inventories		10,574
	1,071,502	29,184
Total current assets		
Non-current assets:		
Machinery and Equipment		651,456
Less: Accumulated depreciation		(460,322)
		191,134
Total non-current assets		
	1,071,502	220,318
Total assets		
<u>LIABILITIES:</u>		
Current liabilities:		
Interfund payable		35,563
Unearned revenue	319,927	63,631
Long-term liabilities:		
Compensated absences payable	9,402	
	329,329	99,194
Total Liabilities		
<u>NET POSITION/(DEFICIT):</u>		
Investment in capital assets		191,134
Unrestricted	742,173	(70,010)
	\$ 742,173	\$ 121,124
Total net position		

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
Operating revenue		
Local sources:		
Daily sales - reimbursable programs:		
School lunch program		\$ 643,456
Daily sales - non-reimbursable programs		314,922
Community School - regular program fees	\$ 1,092,417	
Community School - summer program fees	219,579	
Total operating revenue	1,311,996	958,378
Operating expenses:		
Cost of sales (Reimbursable) Programs		365,926
Cost of sales (Non-Reimbursable) Programs		179,093
Salaries	646,999	420,885
Employee benefits	121,950	92,535
Purchased professional/technical services	54,235	19,815
Other purchased services	114,359	17,630
Supplies and materials	38,391	
Miscellaneous	12,676	43,045
Depreciation		12,216
Total operating expenses	988,610	1,151,145
Operating income/(loss)	323,386	(192,767)
Non-operating revenue:		
State sources:		
State school lunch program		7,973
Federal sources:		
National school lunch program		193,258
Food distribution program		60,668
Local sources:		
Interest income	3,454	
Total non-operating revenue	3,454	261,899
Change in net position	326,840	69,132
Net position - beginning of year	415,333	51,992
Net position - end of year	\$ 742,173	\$ 121,124

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
Cash flows from operating activities:		
Receipts from customers	\$ 1,347,654	\$ 963,749
Payments to employees	(759,547)	(513,420)
Payments to suppliers	(219,661)	(584,331)
Net cash provided by /(used for) operating activities	<u>368,446</u>	<u>(134,002)</u>
Cash flows from investing activities:		
Interest income	3,454	
Net cash provided by investing activities	<u>3,454</u>	
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(18,916)
Net cash used for capital and related financing activities		<u>(18,916)</u>
Cash flows from noncapital financing activities:		
Cash received from state and federal reimbursements		197,792
Cash (paid to)/received from General Fund-Interfund		(100,344)
Net cash provided by noncapital financing activities		<u>97,448</u>
Net increase/(decrease) in cash and cash equivalents	371,900	(55,470)
Cash and cash equivalents, July 1	<u>680,456</u>	<u>55,470</u>
Cash and cash equivalents, June 30	<u>\$ 1,052,356</u>	<u>\$ -0-</u>
Reconciliation of operating income/(loss) to net cash provided by/(used for) operating activities:		
Operating income/(loss)	\$ 323,386	\$ (192,767)
Adjustment to reconcile operating income/(loss) to net cash provided by (used for) operating activities:		
Depreciation		12,216
Federal food distribution program		60,668
Changes in assets and liabilities:		
(Increase) in accounts receivable		(2,393)
Decrease in inventory		1,028
(Decrease) in accounts payable		(20,518)
Increase in unearned revenue	35,658	7,764
Increase in compensated absences payable	9,402	
Net cash provided by / (used for) operating activities	<u>\$ 368,446</u>	<u>\$ (134,002)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$60,356 and utilized \$60,668 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2017.

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 372,559	\$ 43,845	\$ 36,024
Total assets	<u>372,559</u>	<u>43,845</u>	<u>36,024</u>
<u>LIABILITIES:</u>			
Payroll deductions and withholdings	14,178		
Due to student groups	<u>358,381</u>		
Total liabilities	<u>372,559</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Scholarships		43,845	
Flexible spending claims			<u>36,024</u>
Total net position	<u>\$ - 0 -</u>	<u>\$ 43,845</u>	<u>\$ 36,024</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private Purpose Scholarship Trust	Flexible Spending Trust
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Donations	\$ 14,825	
Plan member		\$ 105,671
	<u> </u>	<u> </u>
Total Contributions	14,825	105,671
	<u> </u>	<u> </u>
Investment earnings:		
Interest	178	
	<u> </u>	<u> </u>
Total Additions	15,003	105,671
	<u> </u>	<u> </u>
Deductions:		
Scholarships awarded	20,700	
Flexible Spending Claims		79,022
	<u> </u>	<u> </u>
Total Deductions	20,700	79,022
	<u> </u>	<u> </u>
Change in net position	(5,697)	26,649
Net position—beginning of the year	49,542	9,375
	<u> </u>	<u> </u>
Net position—end of the year	<u>\$ 43,845</u>	<u>\$ 36,024</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation (Cont'd):

Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 95,296,927	\$ 1,421,842
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis does not.		41,042
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,268,680	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,270,440)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 95,295,167</u>	 <u>\$ 1,462,884</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 93,434,134	\$ 1,421,842
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>41,042</u>
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 93,434,134</u>	 <u>\$ 1,462,884</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

	Estimated Useful Life
Buildings and Building Improvements	30 years
Machinery, Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$10,013,562 General Fund balance at June 30, 2017, \$1,201,667 is assigned fund balance of which \$1,051,193 is for year-end encumbrances and \$150,474 has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$682,147 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$833,306 is restricted as current year surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June, 30, 2019; \$5,428,590 is restricted in the capital reserve account; \$750,000 is restricted in the maintenance reserve account;

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

General Fund (Cont'd): \$350,000 is restricted in the emergency reserve account; and there is \$767,852 in unassigned fund balance which is \$1,270,440 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2018.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2017 of \$60,000 is restricted to current projects.

Debt Service Fund: The restricted Debt Service Fund fund balance at June 30, 2017 is \$85,930.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2017 as indicated above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,270,440 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for the Deferred Amount on Refunding at June 30, 2017, changes in assumptions and in proportion in pension, the net difference between projected and actual investment earnings on pension plan investments, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had no deferred inflows of resources at June 30, 2017.

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Q. Net Position: (Cont'd)

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

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

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

R. Deficit Net Position:

The District has a deficit in unrestricted net position of \$30,707,410 in governmental activities, which is primarily due to \$1,010,463 of compensated absences payable, an unamortized bond premium of \$1,242,337 and the net pension liability of \$42,005,096 offset by net investment gains in pensions of \$1,601,693, changes in pension assumptions of \$8,701,212 and Governmental Funds assigned fund balances. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

The District has a deficit in unrestricted net position in the Food Service Fund of \$70,010 at June 30, 2017. The District continues to work with the Food Service Management Company to improve operating performance of its cafeteria program.

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments (Cont'd):

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	NJ Cash Management Fund	Restricted Cash and Cash Equivalents			Total
			Capital Reserve Account	Maintenance Reserve Account	Emergency Reserve Account	
Checking and Savings Accounts	\$4,906,749		\$5,428,590	\$750,000	\$350,000	\$ 11,435,339
NJ Cash Management Fund		\$ 28,594				28,594
	<u>\$4,906,749</u>	<u>\$ 28,594</u>	<u>\$5,428,590</u>	<u>\$750,000</u>	<u>\$350,000</u>	<u>\$ 11,463,933</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$11,463,933 and the bank balance was \$12,293,846. The District had \$28,594 with the State of New Jersey Cash Management Fund that was not insured or registered.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the District transferred \$124,569 to the capital outlay accounts for equipment and therefore did not require approval from the County Superintendent. The District also transferred \$464,322 to the capital outlay account for construction services which required approval of the County Superintendent.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 3,465,955			\$ 3,465,955
Construction in Progress	5,893,390	\$ 583,135	\$ (4,510,570)	1,965,955
Total Capital Assets Not Being Depreciated	<u>9,359,345</u>	<u>583,135</u>	<u>(4,510,570)</u>	<u>5,431,910</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	77,494,039	1,880,259	4,510,570	83,884,868
Machinery and Equipment	16,891,845	765,275	(289,700)	17,367,420
Total Capital Assets Being Depreciated	<u>94,385,884</u>	<u>2,645,534</u>	<u>4,220,870</u>	<u>101,252,288</u>
Governmental Activities Capital Assets	<u>103,745,229</u>	<u>3,228,669</u>	<u>(289,700)</u>	<u>106,684,198</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(35,315,291)	(2,458,443)		(37,773,734)
Machinery and Equipment	(14,066,209)	(703,765)	289,700	(14,480,274)
	<u>(49,381,500)</u>	<u>(3,162,208)</u>	<u>289,700</u>	<u>(52,254,008)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,363,729</u>	<u>\$ 66,461</u>	<u>\$ -0-</u>	<u>\$ 54,430,190</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 640,163	\$ 18,916	\$ (7,623)	\$ 651,456
Less Accumulated Depreciation	(455,729)	(12,216)	7,623	(460,322)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 184,434</u>	<u>\$ 6,700</u>	<u>\$ -0-</u>	<u>\$ 191,134</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,052,680
Special Education Instruction	262,154
Other Special Instruction	15,898
Other Instruction	61,237
Tuition	104,058
Student and Instruction Related Services	348,163
General Administrative Services	59,893
School Administrative Services	145,595
Central Services	592,231
Operations and Maintenance of Plant	358,358
Student Transportation	161,941
	<u>\$ 3,162,208</u>

The District expended \$583,135 toward construction projects in progress and transferred \$4,451,570 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2017, the District has \$11,607,000 in active construction projects.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment, mail equipment and bus garage space under operating leases which expire in 2018 through 2021. Total operating lease payments made during the year ended June 30, 2017 were \$296,167. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 162,610
2019	153,381
2020	151,302
2021	<u>148,029</u>
 Total Future Minimum Lease Payments	 <u><u>\$ 615,322</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2016</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2017</u>
Bonds Payable	\$25,845,000		\$ 3,120,000	\$ 22,725,000
Unamortized Bond Issuance Premium	1,469,917		227,580	1,242,337
Net Pension Liability	31,531,675	\$10,473,421		42,005,096
Compensated Absences Payable	840,955	304,922	126,012	1,019,865
Obligations Under Capital Leases	<u>2,557,505</u>		<u>667,492</u>	<u>1,890,013</u>
	<u><u>\$62,245,052</u></u>	<u><u>\$10,778,343</u></u>	<u><u>\$ 4,141,084</u></u>	<u><u>\$ 68,882,311</u></u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$3,165,000 and the long-term portion is \$19,560,000.

<u>Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
Various Building Improvements	2/1/2029	2.00-4.00%	\$ 9,775,000
Refunding Bonds	2/1/2025	3.00-5.00%	8,635,000
Refunding Bonds	8/1/2019	1.50-3.00%	<u>4,315,000</u>
			<u><u>\$ 22,725,000</u></u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

A. Bonds Payable: (Cont'd)

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2018	\$ 3,165,000	\$ 703,619	\$ 3,868,619
2019	3,230,000	610,987	3,840,987
2020	2,505,000	527,706	3,032,706
2021	1,870,000	467,506	2,337,506
2022	1,915,000	409,206	2,324,206
2023-2027	8,040,000	1,016,281	9,056,281
2028-2030	2,000,000	110,000	2,110,000
	<u>\$ 22,725,000</u>	<u>\$ 3,845,305</u>	<u>\$ 26,570,305</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had \$900 of bonds authorized but not issued.

C. Capital Leases Payable:

The District entered into capital leases for technology equipment and buses totaling \$3,330,601 of which \$667,492 has been liquidated as of June 30, 2017. The capital leases are for five years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2017.

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 692,531
2019	598,101
2020	382,649
2021	276,358
Total Minimum Lease Payments	1,949,639
Less: Amount representing interest	59,626
Present value of net minimum lease payments	<u>\$ 1,890,013</u>

The current portion of capital leases payable is \$664,452 and the long-term portion is \$1,225,561.

D. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$227,579 and is separated from the long-term liability balance of \$1,014,758.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds at June 30, 2017 is \$3,852 and is shown separately from the long-term liability balance of compensated absences of \$1,006,611.

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, 2017, there was a long-term liability of \$9,402 for compensated absences in the Community School Fund.

Compensated Absences Payable will be liquidated by the General Fund with the exception of the compensated absences in the Proprietary Funds, which will be liquidated by the Community School Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$0- and the long-term portion is \$42,005,096. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax qualified contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,268,407 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$42,005,096 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.142%, which was an increase of 0.002% from its proportion measured as of June 30, 2015.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$4,227,125. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 528,013	
	2015	5.72	2,157,576	
	2016	5.57	6,015,623	
			<u>8,701,212</u>	
Difference Between Expected and Actual Experience	2015	5.72	598,610	
	2016	5.57	182,557	
			<u>781,167</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(791,234)	
	2015	5.00	506,226	
	2016	5.00	1,886,701	
			<u>1,601,693</u>	
Changes in Proportion	2014	6.44	574,929	
	2015	5.72	4,187	
	2016	5.57	221,891	
			<u>801,007</u>	
District Contribution Subsequent to the Measurement Date	2016	1.00	1,442,520	
			<u>\$ 13,327,599</u>	<u>\$ -0-</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,495,478
2018	2,495,478
2019	2,891,095
2020	2,428,943
2021	773,078
	\$ 11,084,072

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 PERS' target asset allocation as of June 30, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 51,472,342	\$ 42,005,096	\$ 34,189,063

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th 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 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$3,755,269 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$21,046,187.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$280,107,581. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.356%, which was a decrease of 0.004% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		280,107,581
Total	\$	280,107,581

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$21,046,187 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			15,702,750,875	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			277,221,464	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(870,618,286)	
	2015	5.00	577,926,182	
	2016	5.00	1,727,420,767	
			1,434,728,663	
		\$ 17,414,701,002	\$ 134,532,594	

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 PERS' target asset allocation as of June 30, 2016 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%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1 -percentage-point lower or 1 -percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 334,511,049	\$ 280,107,581	\$ 235,680,129

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

For DCRP, the District recognized pension expense of \$9,457 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$17,339 for the fiscal year ended June 30, 2017.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$3,242,364, \$3,394,559, and \$3,093,058 for 2017, 2016 and 2015, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. RISK MANAGEMENT

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability

The District is a member of the School Alliance Insurance Fund (the "Fund") and the Pooled Insurance Program of New Jersey (the "PIP"). These public entity risk management pools provide general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found on Exhibit J-20 in the Statistical section of this Comprehensive Annual Financial Report.

The Fund and the PIP are risk-sharing public entity risk pools that are both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

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

The June 30, 2017 audit report for the Fund and the PIP is not available as of the date of this report. Selected, summarized financial information for the Fund and the PIP as of June 30, 2016 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>Pooled Insurance Program</u>
Total Assets	<u>\$ 38,579,014</u>	<u>\$ 21,705,138</u>
Net Position	<u>\$ 9,463,015</u>	<u>\$ 7,723,169</u>
Total Revenue	<u>\$ 41,445,355</u>	<u>\$ 7,946,748</u>
Total Expenses	<u>\$ 39,153,730</u>	<u>\$ 5,476,395</u>
Change in Net Position	<u>\$ 2,291,625</u>	<u>\$ 2,470,353</u>
Member Dividends	<u>\$ -0-</u>	<u>\$ 1,450,451</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

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

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

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 156,020	\$ 19,146
Special Revenue Fund		120,457
Enterprise Fund	19,146	35,563
	<u>\$ 175,166</u>	<u>\$ 175,166</u>

The interfund between the General Fund and the Special Revenue Fund is the result of the funding method for federally funded grants. The General Fund made disbursements throughout the year on behalf of the Food Service Enterprise Fund and the Community School Enterprise Fund.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

- Equitable
- Great American Plan Administrator
- Lincoln Financial Advisors

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 1,051,193	\$ 4,786	\$ 1,055,979

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2017 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$4,786 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables or an increase in unearned revenue in the Special Revenue Fund.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2017, if any, is unknown.

NOTE 16. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes, or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d)7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016		\$ 4,271,250
Add:		
Interest Earnings	\$ 2,135	
Return of Unexpended Funds From Completed Project	73,205	
Transfer by Board Resolution - June 2017	<u>2,082,000</u>	
		<u>2,157,340</u>
		6,428,590
Less:		
Budgeted Withdrawal from Capital Reserve		<u>(1,000,000)</u>
Ending balance, June 30, 2017		<u><u>\$ 5,428,590</u></u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the balance in the capital reserve account. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 17. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 350,000
Ending balance, June 30, 2017	<u>\$ 350,000</u>

NOTE 18. MAINTENANCE RESERVE ACCOUNT

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 500,000
Deposits:	
Transfer by Board Resolution June 2017	250,000
Ending balance, June 30, 2017	\$ 750,000

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment to the District Wide Financial Statements to record an adjustment to correct the amount of equipment recorded as of June 30, 2016.

	Balance 6/30/16 as Previously Reported	Retroactive Adjustments	Balance 6/30/2016 as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	\$ 47,881,861	\$(2,877,477)	\$ 45,004,384
Total Assets - Governmental Activities	66,710,847	(2,877,477)	63,833,370
Net Position:			
Net Investments in Capital Assets	29,690,896	(2,877,477)	26,813,419
Total Net Position - Governmental Activities	8,885,328	(2,877,477)	6,007,851

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.1404319814%	0.1404654329%	0.1418270218%
District's proportionate share of the net pension liability	\$ 26,292,708	\$ 31,531,675	\$ 42,005,096
District's covered employee payroll	\$ 9,395,315	9,621,273	9,755,434
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.85%	327.73%	430.58%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,157,701	\$ 1,207,626	\$ 1,268,407
Contributions in relation to the contractually required contribution	<u>(1,157,701)</u>	<u>(1,207,626)</u>	<u>(1,268,407)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 9,309,832	\$ 9,395,315	\$ 9,621,273
Contributions as a percentage of covered employee payroll	12.44%	12.85%	13.18%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.3571898561%	0.3603868100%	0.3560703151%
State's proportionate share of the net pension liability attributable to the District	\$ 190,906,353	\$ 227,779,854	\$ 280,107,581
District's covered employee payroll	\$ 35,964,098	\$ 36,242,645	\$ 36,585,109
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	530.82%	628.49%	765.63%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 10,272,554	\$ 13,908,011	\$ 21,046,187
Contributions in relation to the contractually required contribution	<u>(1,948,383)</u>	<u>(2,850,837)</u>	<u>(3,755,269)</u>
Contribution deficiency/(excess)	<u>\$ 8,324,171</u>	<u>\$ 11,057,174</u>	<u>\$ 17,290,918</u>
District's covered employee payroll	\$ 35,964,098	\$ 36,242,645	\$ 36,585,109
Contributions as a percentage of covered employee payroll	5.42%	7.87%	10.26%

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 71,218,033		\$ 71,218,033	\$ 71,218,033	
Tuition from Individuals	15,000		15,000	121,699	\$ 106,699
Transportation Fees from Individuals				26,841	26,841
Rents and Royalties	20,000		20,000	44,722	24,722
Interest Earned on Capital Reserve Funds				2,135	2,135
Miscellaneous	145,920		145,920	96,979	(48,941)
Total - Local Sources	<u>71,398,953</u>		<u>71,398,953</u>	<u>71,510,409</u>	<u>111,456</u>
State Sources:					
Transportation Aid	323,179		323,179	323,179	
Equalization Aid	7,895,104		7,895,104	7,895,104	
Categorical Special Education Aid	3,234,926		3,234,926	3,234,926	
Categorical Security Aid	103,893		103,893	103,893	
Adjustment Aid	1,118,636		1,118,636	1,118,636	
Extraordinary Aid	700,000		700,000	1,028,454	328,454
PARCC Readiness Aid	47,185		47,185	47,185	
Per Pupil Growth Aid	47,185		47,185	47,185	
Professional Learning Community Aid	47,260		47,260	47,260	
Host District Support Aid	2,541		2,541	2,541	
Other State Aid - Non Public Transportation				38,565	38,565
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,242,364	3,242,364
TPAF On-Behalf Pension Contributions (Non-Budgeted)				3,755,269	3,755,269
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				136,062	136,062
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				10,308	10,308
TPAF Social Security (Reimbursed - Non-Budgeted)				2,726,503	2,726,503
Total State Sources	<u>13,519,909</u>		<u>13,519,909</u>	<u>23,757,434</u>	<u>10,237,525</u>
Federal Sources:					
SEMI (Special Ed Medicaid Initiative)	35,866		35,866	29,084	(6,782)
Total - Federal Sources	<u>35,866</u>		<u>35,866</u>	<u>29,084</u>	<u>(6,782)</u>
Total Revenues	<u>84,954,728</u>		<u>84,954,728</u>	<u>95,296,927</u>	<u>10,342,199</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 706,501		\$ 706,501	\$ 645,775	\$ 60,726
Grades 1-5 - Salaries of Teachers	9,170,193	(264,270)	8,905,923	8,731,959	173,964
Grades 6-8 - Salaries of Teachers	6,187,594	(196,396)	5,991,198	5,954,603	36,595
Grades 9-12 - Salaries of Teachers	9,317,365	163,578	9,480,943	9,480,943	
Regular Programs - Home Instruction:					
Salaries of Teachers	103,238	4,450	107,688	107,688	
Purchased Professional-Educational Services	36,750	17,550	54,300	52,998	1,302
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	331,160	(25,080)	306,080	300,035	6,045
Purchased Professional - Educational Services	326,500	50,413	376,913	373,600	3,313
Purchased Technical Services	32,626	2,647	35,273	18,812	16,461
Other Purchased Services	294,405	(39,752)	254,653	254,620	33
General Supplies	1,612,271	(57,223)	1,555,048	1,446,788	108,260
Textbooks	121,417	25,568	146,985	86,272	60,713
Other Objects	48,550		48,550	37,562	10,988
Total Regular Programs - Instruction	28,288,570	(318,515)	27,970,055	27,491,655	478,400
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	704,580	171,786	876,366	876,366	
Other Salaries for Instruction	451,462	4,995	456,457	363,056	93,401
General Supplies	9,500	(3,582)	5,918	4,945	973
Total Learning and/or Language Disabilities	1,165,542	173,199	1,338,741	1,244,367	94,374

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Auditory Impairments:					
General Supplies	\$ 4,400	\$ (50)	\$ 4,350	\$ 3,215	\$ 1,135
Total Auditory Impairments	4,400	(50)	4,350	3,215	1,135
Behavioral Disabilities:					
Salaries of Teachers	56,260	1,430	57,690	57,690	
General Supplies	3,000	(1,682)	1,318	432	886
Total Behavioral Disabilities	59,260	(252)	59,008	58,122	886
Multiple Disabilities:					
Salaries of Teachers	67,150	(67,150)			
Other Salaries for Instruction	21,360	(21,360)			
General Supplies	6,000	(4,609)	1,391	1,194	197
Total Multiple Disabilities	94,510	(93,119)	1,391	1,194	197
Resource Room/Resource Center:					
Salaries of Teachers	4,330,277	(68,750)	4,261,527	4,119,483	142,044
Other Salaries for Instruction	650,647	26,195	676,842	657,679	19,163
Purchased Professional Education Services		270	270	270	
General Supplies	19,300	5,200	24,500	23,487	1,013
Textbooks		349	349	349	
Total Resource Room/Resource Center	5,000,224	(36,736)	4,963,488	4,801,268	162,220
Autism:					
Salaries of Teachers	212,390	63,590	275,980	275,980	
Total Autism	212,390	63,590	275,980	275,980	
Preschool Disabilities - Part-Time:					
Salaries of Teachers	158,737	5,080	163,817	163,817	
Total Preschool Disabilities - Part-Time	158,737	5,080	163,817	163,817	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	144,720		144,720	87,032	57,688
Other Salaries for Instruction	125,341	35,526	160,867	160,867	
General Supplies	4,000	4,350	8,350	7,977	373
Total Preschool Disabilities - Full-Time	274,061	39,876	313,937	255,876	58,061
Total Special Education - Instruction	6,969,124	151,588	7,120,712	6,803,839	316,873
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	159,649	33,337	192,986	125,936	67,050
General Supplies	4,750	(2,152)	2,598	2,598	
Total Basic Skills/Remedial - Instruction	164,399	31,185	195,584	128,534	67,050

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 284,150	\$ 5,900	\$ 290,050	\$ 290,050	\$ 814
Other Purchased Services	1,200		1,200	386	34
General Supplies	1,000		1,000	966	22
Textbooks	5,000	(2,561)	2,439	2,417	870
Total Bilingual Education - Instruction	291,350	3,339	294,689	293,819	
School-Spon. Cocurricular Actvts. - Instruction:					
Salaries	420,736	5,967	426,703	372,535	54,168
Supplies and Materials	39,050	(10,773)	28,277	24,144	4,133
Other Objects	116,716	(6,424)	110,292	107,801	2,491
Total School-Spon. Cocurricular Actvts. - Instruction	576,502	(11,230)	565,272	504,480	60,792
School-Spon. Athletics - Instruction:					
Salaries	768,699	79,717	848,416	843,572	4,844
Purchased Services	76,673	20,963	97,636	93,888	3,748
Supplies and Materials	97,500	(9,604)	87,896	87,468	428
Other Objects	53,760	3,000	56,760	56,235	525
Total School-Spon. Athletics - Instruction	996,632	94,076	1,090,708	1,081,163	9,545
Summer School - Instruction:					
Salaries of Teachers	82,471	(5,985)	76,486	67,431	9,055
Other Purchased Services	28,732	5,985	34,717	34,717	
General Supplies	500		500	266	234
Total Summer School - Instruction	111,703		111,703	102,414	9,289
Summer School - Support Services:					
Salaries	38,982		38,982	27,200	11,782
Total Summer School - Support Services	38,982		38,982	27,200	11,782
Total Instruction	37,437,262	(49,557)	37,387,705	36,433,104	954,601
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	248,441	44,082	292,523	281,746	10,777
Tuition to County Voc. School District - Regular	422,200	(7,800)	414,400	376,740	37,660
Tuition to County Voc. School District - Special		14,000	14,000	14,000	
Tuition to Private Schools for the Handicapped - Within State	2,591,394	(385,623)	2,205,771	1,976,685	229,086
Total Undistributed Expenditures - Instruction	3,262,035	(335,341)	2,926,694	2,649,171	277,523

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Health Services:					
Salaries	\$ 750,649	\$ (81,828)	\$ 668,821	\$ 664,257	\$ 4,564
Purchased Professional and Technical Services	11,700	8,238	19,938	10,762	9,176
Other Purchased Services	1,000		1,000	50	950
Supplies and Materials	31,900	251	32,151	31,436	715
Total Undistributed Expenditures - Health Services	795,249	(73,339)	721,910	706,505	15,405
Undist. Expend. - Speech, OT, PT, Related Services:					
Salaries	916,915	(7,412)	909,503	902,373	7,130
Purchased Professional - Educational Services	331,223	(4,180)	327,043	228,993	98,050
Supplies and Materials	5,000	5,808	10,808	10,550	258
Total Undist. Expend. - Speech, OT, PT, Related Services	1,253,138	(5,784)	1,247,354	1,141,916	105,438
Undist. Expend. - Other Supp. Serv. Students-Extraordinary:					
Salaries	884,941	73,562	958,503	958,503	
Purchased Professional - Educational Services	411,846	1,600	413,446	323,899	89,547
Total Undist. Expend. - Other Supp. Serv. Students-Extraordinary	1,296,787	75,162	1,371,949	1,282,402	89,547
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	1,153,720	(2,765)	1,150,955	1,147,819	3,136
Salaries of Secretarial and Clerical Assistants	242,651		242,651	242,651	
Other Purchased Prof. and Tech. Services	14,700	(2,725)	11,975	11,975	
Other Purchased Services	4,200	(2,642)	1,558	1,558	
Supplies and Materials	14,080	(1,045)	13,035	12,307	728
Total Undist. Expend. - Guidance	1,429,351	(9,177)	1,420,174	1,416,310	3,864

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	\$ 1,879,741	\$ (90,436)	\$ 1,789,305	\$ 1,707,290	\$ 82,015
Salaries of Secretarial and Clerical Assistants	169,377	(1)	169,376	169,376	
Purchased Professional - Educational Services	562,317	10,492	572,809	477,757	95,052
Other Purchased Prof. and Tech. Services	1,250	1,800	3,050	2,845	205
Miscellaneous Purchased Services (400-500 series)	10,000		10,000	8,353	1,647
Supplies and Materials	56,446	4,531	60,977	60,746	231
Other Objects	1,000		1,000	300	700
Total Undist. Expend. - Child Study Team	2,680,131	(73,614)	2,606,517	2,426,667	179,850
Undist. Expend. - Improvement of Inst. Serv.:					
Salaries of Supervisor of Instruction	1,251,321	74,173	1,325,494	1,325,494	
Salaries of Other Professional Staff	97,662	(3,690)	93,972	93,972	
Salaries of Secretarial and Clerical Assistants	58,028		58,028	55,572	2,456
Unused Vacation Payment to Terminated/Retired Staff	22,648	7,800	30,448	30,448	
Purchased Professional - Educational Services	229,294	(52,567)	176,727	144,814	31,913
Other Purchased Services	17,347	(905)	16,442	14,980	1,462
Supplies and Materials	40,311	12,203	52,514	46,008	6,506
Other Objects	8,775	2,000	10,775	9,387	1,388
Total Undist. Expend. - Improvement of Inst. Serv.	1,725,386	39,014	1,764,400	1,720,675	43,725
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	439,464		439,464	438,612	852
Purchased Professional Educational Services		25,068	25,068	25,037	31
Supplies and Materials	83,499	(46,537)	36,962	36,029	933
Other Objects	2,000		2,000	1,995	5
Total Undist. Expend. - Edu. Media Serv./Sch. Library	524,963	(21,469)	503,494	501,673	1,821
Undist. Expend. - Instructional Staff Training Serv.:					
Other Salaries	5,677	(3,820)	1,857		1,857
Purchased Professional - Educational Services	215,400	(65,340)	150,060	59,924	90,136
Other Purchased Services (400-500 series)	23,500	35,345	58,845	39,793	19,052
Total Undist. Expend. - Instructional Staff Training Serv.	244,577	(33,815)	210,762	99,717	111,045

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.:					
Salaries	\$ 669,085	\$ (179,579)	\$ 489,506	\$ 480,159	\$ 9,347
Unused Vacation Payment to Terminated/Retired Staff	6,935	946	7,881	946	6,935
Legal Services	249,220	(47,427)	201,793	196,404	5,389
Audit Fees	85,920		85,920	4,720	81,200
Other Purchased Professional Services	173,668	41,885	215,553	206,569	8,984
Purchased Technical Services	20,750	(5,000)	15,750	11,741	4,009
Communications/Telephone	7,625	(1,725)	5,900	5,900	
Other Purchased Services (400-500 series)	535,152	(44,350)	490,802	485,520	5,282
BOE Membership Dues and Fees	27,365		27,365	26,663	702
General Supplies	40,175	(3,044)	37,131	22,556	14,575
Judgments Against the School District	46,900	164,500	211,400	208,839	2,561
Miscellaneous Expenditures	21,320	(598)	20,722	7,173	13,549
Total Undist. Expend. - Supp. Serv. - General Admin.	1,884,115	(74,392)	1,809,723	1,657,190	152,533
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	1,922,483	27,947	1,950,430	1,950,430	
Salaries of Secretarial and Clerical Assistants	992,623	(2,994)	989,629	968,446	21,183
Unused Vacation Payment to Terminate/Retired Staff	10,784	17,371	28,155	17,371	10,784
Purchased Professional and Technical Services	5,675	(1,663)	4,012	1,363	2,649
Other Purchased Services	6,050	4,829	10,879	4,153	6,726
Supplies and Materials	44,940	(5,691)	39,249	35,233	4,016
Other Objects	16,200	(320)	15,880	13,653	2,227
Total Undist. Expend. - Support Serv. - School Admin.	2,998,755	39,479	3,038,234	2,990,649	47,585
Undist. Expend. - Central Services:					
Salaries	807,442	5,232	812,674	802,071	10,603
Purchased Technical Services	19,000		19,000	8,535	10,465
Misc. Purchased Services	18,700	18,354	37,054	30,195	6,859
Supplies and Materials	27,900	(100)	27,800	23,666	4,134
Other Objects	10,700	10,652	21,352	17,682	3,670
Total Undist. Expend. - Central Services	883,742	34,138	917,880	882,149	35,731
Undist. Expend. - Admin. Info. Tech.					
Salaries	759,101	26,114	785,215	785,215	
Purchased Professional Services	392,500	108,413	500,913	499,546	1,367
Other Purchased Services	232,501	(2,902)	229,599	228,827	772
Supplies and materials	184,621	(4,640)	179,981	179,981	
Total Undist. Expend. - Admin. Info. Tech.	1,568,723	126,985	1,695,708	1,693,569	2,139

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maintenance for Sch. Facilities:					
Salaries	\$ 553,635	\$ (13,913)	\$ 539,722	\$ 514,243	\$ 25,479
Unused Vacation Payment to Terminated/Retired Staff	14,330		14,330	14,330	
Cleaning, Repair and Maintenance Services	647,700	273,015	920,715	783,527	137,188
General Supplies	201,761	(14,222)	187,539	143,151	44,388
Total Undist. Expend. - Required Maintenance for Sch. Facil.	1,403,096	259,210	1,662,306	1,455,251	207,055
Undist. Expend. - Custodial Services:					
Salaries	2,328,014	(11,384)	2,316,630	2,316,630	
Salaries of Non-Instructional Aides	174,173	(13,369)	160,804	160,804	
Unused Vacation Payment to Terminated/Retired Staff		10,804	10,804	10,804	
Purchased Professional and Technical Services	19,000	(7,000)	12,000	4,680	7,320
Cleaning, Repair and Maintenance Services	166,235	(7,251)	158,984	142,278	16,706
Rental of Land and Bldg. Other than Lease Purchase Agreement	62,500	24,167	86,667	86,667	
Other Purchased Property Services	187,000		187,000	147,038	39,962
Insurance	256,768		256,768	256,767	1
General Supplies	222,000	(500)	221,500	177,994	43,506
Energy (Natural Gas)	500,000		500,000	360,143	139,857
Energy (Electricity)	871,000	27,575	898,575	628,513	270,062
Energy (Oil)	4,800		4,800	2,154	2,646
Energy (Gasoline)	6,000	6,000	6,000	4,527	1,473
Total Undist. Expend. - Custodial Services	4,791,490	29,042	4,820,532	4,298,999	521,533
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	503,919	13,190	517,109	517,109	
Cleaning, Repair, and Maintenance Services	112,000	63,819	175,819	159,284	16,535
General Supplies	81,741		81,741	59,478	22,263
Total Undist. Expend. - Care and Upkeep of Grounds	697,660	77,009	774,669	735,871	38,798
Undist. Expend. - Security:					
Salaries	227,358	(10,891)	216,467	201,590	14,877
Purchased Professional and Technical Services	6,000	(6,000)			
Cleaning, Repair, and Maintenance Services	4,000		4,000	1,524	2,476
General Supplies	26,740	2,449	29,189	27,823	1,366
Total Undist. Expend. - Security	264,098	(14,442)	249,656	230,937	18,719

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation (Bet. Home & Sch) - Reg	\$ 2,174,130	\$ (120,160)	\$ 2,053,970	\$ 2,015,459	\$ 38,511
Salaries for Pupil Transportation (Other than Bet. Home & Sch)	272,559	(37,047)	235,512	230,335	5,177
Other Purchased Professional and Technical Services	27,013	3,084	30,097	25,806	4,291
Cleaning, Repair and Maintenance Services	500		500		500
Contract Services - (Other than Bet. Home & School) - Vendors	150,000		150,000	122,808	27,192
Contract Services - (Bet. Home and School) - Joint Agreements	1,480,695	41,244	1,521,939	1,420,477	101,462
Contract Services - (Regular Students) - ESCs & CTSA's	132,600	19,788	152,388	147,575	4,813
Miscellaneous Purchased Services	82,734	(21,582)	61,152	60,652	500
General Supplies	412,983	(17,529)	395,454	305,888	89,566
Misc. Expenditures	8,450		8,450	4,191	4,259
Total Undist. Expend. - Student Transportation Services	4,741,664	(132,202)	4,609,462	4,333,191	276,271
Unallocated Benefits:					
Social Security Contributions	1,294,309	2,052	1,296,361	1,121,092	175,269
Other Retirement Contributions - PERS	1,360,340	(89,179)	1,271,161	1,268,407	2,754
Other Retirement Contributions - Regular		165,000	165,000	160,425	4,575
Unemployment Compensation	90,000	134,308	224,308	186,020	38,288
Workmen's Compensation	420,000	(49,629)	370,371	339,304	31,067
Health Benefits	11,190,469	(411,283)	10,779,186	10,632,844	146,342
Tuition Reimbursement	192,000	20,933	212,933	204,998	7,935
Other Employee Benefits	154,700	2,000	156,700	22,826	133,874
Unused Sick Payment to Terminated/Retired Staff	55,000		55,000	49,035	5,965
Total Unallocated Benefits	14,756,818	(225,798)	14,531,020	13,984,951	546,069
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,242,364	(3,242,364)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				3,755,269	(3,755,269)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				136,062	(136,062)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				10,308	(10,308)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,726,503	(2,726,503)
Total On-Behalf Contributions				9,870,506	(9,870,506)
Total Personal Services - Employee Benefits	14,756,818	(225,798)	14,531,020	23,855,457	(9,324,437)
Total Undistributed Expenditures	47,201,778	(319,334)	46,882,444	54,078,299	(7,195,855)
Total Current Expense	84,639,040	(368,891)	84,270,149	90,511,403	(6,241,254)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction		\$ 16,404	\$ 16,404	\$ 16,404	
Support Services - Student Reg		2,750	2,750	2,750	
Support Services - Related and Extra.	\$ 10,192	2,123	12,315	12,315	
Support Services - Inst. Staff		3,699	3,699	3,699	
Administration Info. Tech.	181,437	26,238	207,675	195,436	\$ 12,239
Required Maint. of Plant Serv.	27,500	70,196	97,696	70,954	26,742
Security	17,500	3,159	20,659	20,642	17
School Buses - Regular	190,713		190,713	190,713	
Total Equipment	427,342	124,569	551,911	512,913	38,998
Facilities Acquisition and Construction Services:					
Construction Services	2,262,200	464,322	2,726,522	2,184,795	541,727
Assessment for Debt Service on SDA Funding	64,340		64,340	64,340	
Total Facilities Acquisition and Construction Services	2,326,540	464,322	2,790,862	2,249,135	541,727
Total Capital Outlay	2,753,882	588,891	3,342,773	2,762,048	580,725
Transfer of Funds to Charter Schools	160,683		160,683	160,683	
Total Expenditures	87,553,605	220,000	87,773,605	93,434,134	(5,660,529)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,598,877)	\$ (220,000)	\$ (2,818,877)	\$ 1,862,793	\$ 4,681,670
Other Financing Sources:					
Transfer from Capital Projects Fund - Unexpended Balances:					
Capital Outlay				15,263	15,263
Capital Reserve				73,205	73,205
Total Other Financing Sources				88,468	88,468
Excess/(Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(2,598,877)	(220,000)	(2,818,877)	1,951,261	4,770,138
Fund Balance, July 1	9,332,741		9,332,741	9,332,741	
Fund Balance, June 30	\$ 6,733,864	\$ (220,000)	\$ 6,513,864	\$ 11,284,002	\$ 4,770,138
Recapitulation:					
Restricted:				\$ 5,428,590	
Capital Reserve				750,000	
Maintenance Reserve				350,000	
Emergency Reserve				833,306	
Excess Surplus				682,147	
Excess Surplus - Designated for Subsequent Year's Expenditures Assigned:				1,051,193	
Year End Encumbrances				150,474	
Designated for Subsequent Year's Expenditures				2,038,292	
Unassigned				11,284,002	
Reconciliation to Governmental Fund Statements (GAAP):				(1,270,440)	
Last State Aid Payments not recognized on GAAP basis				\$ 10,013,562	
Fund Balance per Governmental Funds (GAAP)				11,284,002	

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
State Sources		\$ 133,460	\$ 133,460	\$ 124,965	\$ (8,495)
Federal Sources	\$ 58,705	1,181,372	1,240,077	1,225,768	(14,309)
Local Sources		107,869	107,869	71,109	(36,760)
Total Revenue	58,705	1,422,701	1,481,406	1,421,842	(59,564)
Expenditures:					
Instruction:					
Salaries of Teachers	58,705	90,423	149,128	137,665	11,463
Purchased Professional/ Technical Services		4,686	4,686	3,914	772
Other Purchased Services		825,258	825,258	824,779	479
General Supplies		189,396	189,396	180,598	8,798
Supplies and Materials		25,627	25,627		25,627
Textbooks		7,608	7,608	7,608	
Total Instruction	58,705	1,142,998	1,201,703	1,154,564	47,139
Support Services:					
Salaries of Other Professional Staff		1,539	1,539		1,539
Purchased Professional and Educational Services		115,820	115,820	107,325	8,495
Purchased Professional and Technical Services		98,838	98,838	98,114	724
Personal Services - Employee Benefits		12,444	12,444	11,261	1,183
Other Purchased Professional Services		14,048	14,048	14,048	
Supplies and Materials		30,012	30,012	29,528	484
Other Objects		7,002	7,002	7,002	
Total Support Services		279,703	279,703	267,278	12,425
Total Expenditures	58,705	1,422,701	1,481,406	1,421,842	59,564
Excess (Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 95,296,927	\$ 1,421,842
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		41,042
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,268,680	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,270,440)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 95,295,167</u>	 <u>\$ 1,462,884</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 93,434,134	\$ 1,421,842
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		41,042
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 93,434,134</u>	 <u>\$ 1,462,884</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	NCLB			IDEA Part B, Basic Regular 2016-17	IDEA Part B, Preschool 2016-17
	Title I 2016-17	Title IA 2016-17	Title III 2016-17		
REVENUE:					
State Sources					
Federal Sources	\$ 109,466	\$ 86,949	\$ 21,516	\$ 9,692	\$ 44,599
Local Sources					
Total Revenue	109,466	86,949	21,516	9,692	44,599
EXPENDITURES:					
Instruction:					
Salaries of Teachers	80,582		3,903	5,250	46,629
Purchased Professional/Technical Services					
Other Purchased Services	14,910		7,112	3,440	44,435
General Supplies					164
Textbooks					
Total Instruction	95,492		11,015	8,690	44,599
Support Services:					
Purchased Professional/Educational Services					
Purchased Professional/Technical Services		57,217			30,865
Personal Services - Employee Benefits	6,330		299	402	4,230
Other Purchased Professional Services		9,336	2,712		
Supplies and Materials	1,922	20,396	6,810		
Other Objects	5,722		680		600
Total Support Services	13,974	86,949	10,501	1,002	35,095
Total Expenditures	\$ 109,466	\$ 86,949	\$ 21,516	\$ 9,692	\$ 44,599

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Public				
	Chapter 192	Chapter 193			
	Compensatory Education	ESL	Examination/ Classification	Corrective Speech	Supplemental Instruction
REVENUE:					
State Sources	\$ 27,591	\$ 1,827	\$ 28,454	\$ 18,112	\$ 19,461
Federal Sources					
Local Sources					
Total Revenue	27,591	1,827	28,454	18,112	19,461
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services					
Other Purchased Services					
General Supplies					
Textbooks					
Total Instruction					
Support Services:					
Purchased Professional/Educational Services	27,591	1,827	28,454	18,112	19,461
Purchased Professional/Technical Services					
Personal Services - Employee Benefits					
Other Purchased Professional Services					
Supplies and Materials					
Other Objects					
Total Support Services	27,591	1,827	28,454	18,112	19,461
Total Expenditures	\$ 27,591	\$ 1,827	\$ 28,454	\$ 18,112	\$ 19,461

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Public Security	Non-Public Technology	Non-Public Textbooks	Non-Public Nursing	Various Local Grants	Totals June 30, 2017
REVENUE:						
State Sources	\$ 6,600	\$ 3,432	\$ 7,608	\$ 11,880		\$ 124,965
Federal Sources					\$ 71,109	1,225,768
Local Sources						71,109
Total Revenue	6,600	3,432	7,608	11,880	71,109	1,421,842
EXPENDITURES:						
Instruction:						
Salaries of Teachers					1,301	137,665
Purchased Professional/Technical Services					3,914	3,914
Other Purchased Services					63,494	824,779
General Supplies			7,608			180,598
Textbooks						7,608
Total Instruction			7,608		68,709	1,154,564
Support Services:						
Purchased Professional/Educational Services				11,880		107,325
Purchased Professional/Technical Services	6,600	3,432				98,114
Personal Services - Employee Benefits					2,000	11,261
Other Purchased Professional Services					400	14,048
Supplies and Materials						29,528
Other Objects						7,002
Total Support Services	6,600	3,432		11,880	2,400	267,278
Total Expenditures	\$ 6,600	\$ 3,432	\$ 7,608	\$ 11,880	\$ 71,109	\$ 1,421,842

CAPITAL PROJECTS FUND

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Expenditures and Other Financing Uses:	
Construction Services	\$ 583,135
Transfer Out - General Fund - Unexpended Balances:	
Capital Outlay	15,263
Capital Reserve	73,205
Cancellation of SDA Grant Projects	94,507
Total expenditures and other financing uses	766,110
Excess/(deficit) of other financing sources over/(under) expenditures and other financing uses	(766,110)
Fund balance - beginning of year	826,110
Fund balance - end of year	\$ 60,000
Recapitulation:	
Restricted	\$ 60,000
Fund Balance per Governmental Funds (GAAP)	\$ 60,000

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS SCHOOL BUILDING IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods (Restated)	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
Bond proceeds	\$ 11,667,000		\$ 11,667,000	\$ 11,667,900
Total revenue and other financing sources	11,667,000		11,667,000	11,667,900
Expenditures:				
Purchased professional and technical services	836,632		836,632	808,691
Construction services	10,210,053	\$ 560,315	10,770,368	10,859,209
Total expenditures	11,046,685	560,315	11,607,000	11,667,900
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 620,315	\$ (560,315)	\$ 60,000	\$ -0-

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	2/8/12
Bonds Authorized	\$ 11,667,900
Bonds Issued	11,667,000
Original Authorized Cost	11,667,900
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99%
Original target completion date	11/30/2013
Revised target completion date	6/30/2017

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
FERNBROOK ELEMENTARY SCHOOL - ROOF AND WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 342,344	\$ (33,443)	\$ 308,901	\$ 308,901
Transfer from capital reserve	469,386	(7,609)	461,777	461,777
Transfer from capital outlay	85,183		85,183	85,183
Total revenue and other financing sources	896,913	(41,052)	855,861	855,861
Expenditures:				
Purchased professional and technical services	74,810		74,810	74,810
Construction services	781,051		781,051	781,051
Total expenditures	855,861		855,861	855,861
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 41,052	\$ (41,052)	\$ -0-	\$ -0-

Additional project information:

Project Number	4330-065-14-1003
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,044,250
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original target completion date	12/31/2014
Revised target completion date	8/31/2015

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
RANDOLPH HIGH SCHOOL - NEW LOBBY AND ROOF AND WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 689,660	\$ 689,660	\$ 689,660	\$ 689,660
Transfer from capital outlay	1,106,471	(15,263)	1,091,208	1,091,208
Total revenue and other financing sources	1,796,131	(15,263)	1,780,868	1,780,868
Expenditures:				
Purchased professional and technical services	128,800		128,800	128,800
Construction services	1,652,068		1,652,068	1,652,068
Total expenditures	1,780,868		1,780,868	1,780,868
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 15,263	\$ (15,263)	\$ -0-	\$ -0-

Additional project information:

Project Number	4330-050-14-1001
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,724,150
Revised Authorized Cost	1,780,868
Percentage Increase over Original Authorized Cost	3%
Percentage Completion	100%
Original target completion date	12/31/2014
Revised target completion date	9/30/2015

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
RANDOLPH MIDDLE SCHOOL - ROOF REFURBISHMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 259,800	\$ (5,600)	\$ 254,200	\$ 254,200
Transfer from capital reserve	389,700	(8,400)	381,300	381,300
Total revenue and other financing sources	649,500	(14,000)	635,500	635,500
Expenditures:				
Construction services	635,500		635,500	635,500
Total expenditures	635,500		635,500	635,500
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 14,000	\$ (14,000)	\$ -0-	\$ -0-

Additional project information:

Project Number	4330-075-14-1005
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 649,500
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original target completion date	10/31/2015
Revised target completion date	10/31/2015

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
SHONGUM ELEMENTARY SCHOOL - ROOF AND WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 540,400	\$ (55,464)	\$ 484,936	\$ 484,936
Transfer from capital reserve	810,600	(57,196)	753,404	753,404
Total revenue and other financing sources	<u>1,351,000</u>	<u>(112,660)</u>	<u>1,238,340</u>	<u>1,238,340</u>
Expenditures:				
Construction services	1,215,520	22,820	1,238,340	1,238,340
Total expenditures	<u>1,215,520</u>	<u>22,820</u>	<u>1,238,340</u>	<u>1,238,340</u>
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	<u>\$ 135,480</u>	<u>\$ (135,480)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional project information:

Project Number	4330-080-14-1006
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,351,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original target completion date	3/31/2016
Revised target completion date	10/31/2016

PROPRIETARY FUNDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Major Funds		Total
	Community School	Food Service	
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ 1,052,356		\$ 1,052,356
Accounts receivable:			
State		\$ 625	625
Federal		15,592	15,592
Other		2,393	2,393
Interfund receivable	19,146		19,146
Inventories		10,574	10,574
Total current assets	<u>1,071,502</u>	<u>29,184</u>	<u>1,100,686</u>
Non-current assets:			
Machinery and Equipment		651,456	651,456
Less: Accumulated depreciation		(460,322)	(460,322)
Total non-current assets		<u>191,134</u>	<u>191,134</u>
Total assets	<u>1,071,502</u>	<u>220,318</u>	<u>1,291,820</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Interfund payable		35,563	35,563
Unearned revenue	319,927	63,631	383,558
Long-term liabilities:			
Compensated absences payable	9,402		9,402
Total Liabilities	<u>329,329</u>	<u>99,194</u>	<u>428,523</u>
<u>NET POSITION:</u>			
Investment in capital assets		191,134	191,134
Unrestricted/(Deficit)	742,173	(70,010)	672,163
Total net position	<u>\$ 742,173</u>	<u>\$ 121,124</u>	<u>\$ 863,297</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Funds		Total
	Community School	Food Service	
Operating revenue:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch program		\$ 643,456	\$ 643,456
Daily sales - non-reimbursable programs		314,922	314,922
Community School - regular programs	\$ 1,092,417		1,092,417
Community School - summer programs	219,579		219,579
Total operating revenue	1,311,996	958,378	2,270,374
Operating expenses:			
Cost of sales (Reimbursable) Programs		365,926	365,926
Cost of sales (Non-Reimbursable) Programs		179,093	179,093
Salaries	646,999	420,885	1,067,884
Employee benefits	121,950	92,535	214,485
Purchased professional/technical services	54,235	19,815	74,050
Other purchased services	114,359	17,630	131,989
Supplies and materials	38,391		38,391
Miscellaneous	12,676	43,045	55,721
Depreciation		12,216	12,216
Total operating expenses	988,610	1,151,145	2,139,755
Operating income/(loss)	323,386	(192,767)	130,619
Non-operating revenue:			
State sources:			
State school lunch program		7,973	7,973
Federal sources:			
National school lunch program		193,258	193,258
Food distribution program		60,668	60,668
Local sources:			
Interest income	3,454		3,454
Total non-operating revenue	3,454	261,899	265,353
Change in net position	326,840	69,132	395,972
Net position - beginning of year	415,333	51,992	467,325
Net position - end of year	\$ 742,173	\$ 121,124	\$ 863,297

RANDOLPH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Funds		Total
	Community School	Food Service	
Cash flows from operating activities:			
Receipts from customers	\$ 1,347,654	\$ 963,749	\$ 2,311,403
Payments to employees	(759,547)	(513,420)	(1,272,967)
Payments to suppliers	(219,661)	(584,331)	(803,992)
Net cash provided by / (used for) operating activities	<u>368,446</u>	<u>(134,002)</u>	<u>234,444</u>
Cash flows from investing activities:			
Interest income	3,454		3,454
Net cash provided by investing activities	<u>3,454</u>		<u>3,454</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(18,916)	(18,916)
Net cash used for capital and related financing activities		<u>(18,916)</u>	<u>(18,916)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements		197,792	197,792
Cash (paid to)/received from General Fund		(100,344)	(100,344)
Net cash provided by noncapital financing activities		<u>97,448</u>	<u>97,448</u>
Net increase/(decrease) in cash and cash equivalents	371,900	(55,470)	316,430
Cash and cash equivalents, July 1	<u>680,456</u>	<u>55,470</u>	<u>735,926</u>
Cash and cash equivalents, June 30	<u>\$ 1,052,356</u>	<u>\$ -0-</u>	<u>\$ 1,052,356</u>
Reconciliation of operating income/(loss) to net cash provided by / (used for) operating activities:			
Operating income/(loss)	\$ 323,386	\$ (192,767)	\$ 130,619
Adjustment to reconcile operating income/(loss) to cash provided by / (used for) operating activities:			
Depreciation		12,216	12,216
Federal food distribution program		60,668	60,668
Changes in assets and liabilities:			
(Increase) in accounts receivable		(2,393)	(2,393)
Decrease in inventory		1,028	1,028
(Decrease) in accounts payable		(20,518)	(20,518)
Increase in unearned revenue	35,658	7,764	43,422
Increase in compensated absences payable	9,402		9,402
Net cash provided by / (used for) operating activities	<u>\$ 368,446</u>	<u>\$ (134,002)</u>	<u>\$ 234,444</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$60,356 and utilized \$60,668 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Agency		Total	Private	Flexible
ASSETS:	Student	Payroll	Agency	Purpose	Spending
Cash and cash equivalents	Activities	Agency	Total	Scholarship	Trust
Total assets	\$	\$	\$	\$	\$
Cash and cash equivalents	358,381	14,178	372,559	43,845	36,024
Total assets	358,381	14,178	372,559	43,845	36,024
LIABILITIES:	Agency		Total	Private	Flexible
Payroll deductions and withholdings	Student	Payroll	Agency	Purpose	Spending
Due to student groups	Activities	Agency	Total	Scholarship	Trust
Total liabilities	\$	\$	\$	\$	\$

	Agency	Total	Private	Flexible
NET POSITION:	\$	\$	\$	\$
Held in Trust for:	- 0 -	- 0 -	- 0 -	- 0 -
Scholarships	-	-	43,845	-
Flexible Spending Claims	-	-	-	36,024
Total net position	- 0 -	- 0 -	43,845	36,024

RANDOLPH TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
Additions:		
Contributions:		
Donations	\$ 14,825	
Plan member/Employer		\$ 105,671
Total Contributions	<u>14,825</u>	<u>105,671</u>
Investment earnings:		
Interest	<u>178</u>	
Total Additions	<u>15,003</u>	<u>105,671</u>
Deductions:		
Scholarships awarded	20,700	
Flexible Spending Claims		<u>79,022</u>
Total Deductions	<u>20,700</u>	<u>79,022</u>
Change in net position	(5,697)	26,649
Net position—beginning of the year	<u>49,542</u>	<u>9,375</u>
Net position—end of the year	<u>\$ 43,845</u>	<u>\$ 36,024</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 354,130	\$ 888,817	\$ 884,566	\$ 358,381
Total assets	<u>\$ 354,130</u>	<u>\$ 888,817</u>	<u>\$ 884,566</u>	<u>\$ 358,381</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to student groups	\$ 354,130	\$ 888,817	\$ 884,566	\$ 358,381
Total liabilities	<u>\$ 354,130</u>	<u>\$ 888,817</u>	<u>\$ 884,566</u>	<u>\$ 358,381</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary schools:				
Center Grove	\$ 3,377	\$ 20,547	\$ 22,224	\$ 1,700
Fernbrook	9,322	20,047	13,755	15,614
Ironia	9,124	20,850	20,175	9,799
Shongum	10,005	36,252	34,554	11,703
	<u>31,828</u>	<u>97,696</u>	<u>90,708</u>	<u>38,816</u>
Total Elementary schools				
Middle school:				
Randolph Middle School	69,757	180,697	181,137	69,317
	<u>69,757</u>	<u>180,697</u>	<u>181,137</u>	<u>69,317</u>
High school:				
Randolph High School	243,737	476,870	484,180	236,427
	<u>243,737</u>	<u>476,870</u>	<u>484,180</u>	<u>236,427</u>
Athletic Account:				
Athletics	8,808	133,554	128,541	13,821
	<u>8,808</u>	<u>133,554</u>	<u>128,541</u>	<u>13,821</u>
Total All Schools	<u>\$ 354,130</u>	<u>\$ 888,817</u>	<u>\$ 884,566</u>	<u>\$ 358,381</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 36,227	\$ 27,683,895	\$ 27,705,944	\$ 14,178
Total assets	<u>\$ 36,227</u>	<u>\$ 27,683,895</u>	<u>\$ 27,705,944</u>	<u>\$ 14,178</u>
 <u>LIABILITIES:</u>				
Payroll deductions and withholdings	\$ 36,227	\$ 27,683,895	\$ 27,705,944	\$ 14,178
Total liabilities	<u>\$ 36,227</u>	<u>\$ 27,683,895</u>	<u>\$ 27,705,944</u>	<u>\$ 14,178</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Balance July 1, 2016	Matured	Balance June 30, 2017
			Date	Amount	Int. Rate			
Various School Building Improvements	02/08/2012	\$ 11,667,000	02/01/2018	\$ 475,000	2.000%	\$ 10,225,000	\$ 450,000	\$ 9,775,000
			02/01/2019	500,000	2.000%			
			02/01/2020	700,000	2.000%			
			02/01/2021	825,000	2.000%			
			02/01/2022	825,000	2.125%			
			02/01/2023	825,000	2.250%			
			02/01/2024	825,000	2.375%			
			02/01/2025	825,000	2.375%			
			02/01/2026	975,000	2.500%			
			02/01/2027	1,000,000	3.000%			
			02/01/2028	1,000,000	3.000%			
			02/01/2029	1,000,000	4.000%			
	Advance Refunding of School Bonds	01/23/2013	10,425,000	02/01/2018	940,000	3.000%	9,545,000	910,000
			02/01/2019	965,000	4.000%			
			02/01/2020	1,005,000	4.000%			
			02/01/2021	1,045,000	4.000%			
			02/01/2022	1,090,000	5.000%			
Advance Refunding of 2005 School Bonds	05/27/2015	6,230,000	08/01/2017	1,750,000	3.000%	6,075,000	1,760,000	4,315,000
			08/01/2018	1,765,000	3.250%			
			08/01/2019	800,000	1.500%			
						<u>\$ 25,845,000</u>	<u>\$ 3,120,000</u>	<u>\$ 22,725,000</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2016</u>	<u>Matured</u>	<u>Balance June 30, 2017</u>
Technology Equipment	4.41%	\$ 453,124	\$ 183,074	\$ 90,586	\$ 92,488
Buses	2.10%	163,226	97,907	31,960	65,947
Buses and Textbooks	1.42%	516,751	410,460	100,451	310,009
Technology	1.24%	862,500	531,064	174,841	356,223
Buses and Technology	1.49%	1,335,000	1,335,000	269,654	1,065,346
			<u>\$ 2,557,505</u>	<u>\$ 667,492</u>	<u>\$ 1,890,013</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 3,570,887		\$ 3,570,887	\$ 3,570,887	
State Sources:					
Debt Service Aid Type II	251,089		251,089	251,089	
Total Revenue	<u>3,821,976</u>		<u>3,821,976</u>	<u>3,821,976</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	783,769		783,769	783,769	
Redemption of Principal	3,120,000		3,120,000	3,120,000	
Total Regular Debt Service	<u>3,903,769</u>		<u>3,903,769</u>	<u>3,903,769</u>	
Total Expenditures	<u>3,903,769</u>		<u>3,903,769</u>	<u>3,903,769</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>(81,793)</u>		<u>(81,793)</u>	<u>(81,793)</u>	
Fund Balance, July 1	167,723		167,723	167,723	
Fund Balance, June 30	<u>\$ 85,930</u>	<u>\$ -0-</u>	<u>\$ 85,930</u>	<u>\$ 85,930</u>	<u>\$ -0-</u>
Recapitulation:					
Restricted			<u>\$ 85,930</u>	<u>\$ 85,930</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
Governmental Activities/(Deficit):										
Net Investment in Capital Assets	\$ 7,783,521	\$ 9,314,492	\$ 10,958,139	\$ 13,509,486	\$ 4,602,376	\$ 14,806,909	\$ 21,304,920	\$ 24,938,166	\$ 26,813,419	\$ 30,521,849
Restricted	631,886	1,022,647	404,663	171,548	11,569,771	5,180,874	2,337,580	3,091,754	7,278,673	8,189,973
Unrestricted	(951,380)	(2,610,228)	(2,090,023)	2,195,011	2,144,137	1,193,886	989,899	(25,495,859)	(28,084,241)	(30,707,410)
Total Governmental Activities Net Position	\$ 7,464,027	\$ 7,726,911	\$ 9,272,779	\$ 15,876,045	\$ 18,316,284	\$ 21,181,669	\$ 24,632,399	\$ 2,534,061	\$ 6,007,851	\$ 8,004,412
Business-Type Activities/(Deficit):										
Net Investment in Capital Assets	\$ 66,084	\$ 82,876	\$ 131,075	\$ 256,143	\$ 253,607	\$ 255,800	\$ 218,029	\$ 182,884	\$ 184,434	\$ 191,134
Unrestricted	9,949	(74,063)	(252,489)	(280,662)	(38,654)	(128,277)	(121,106)	99,173	282,891	672,163
Total Business-Type Activities Net Position	\$ 76,033	\$ 8,813	\$ (121,414)	\$ (24,519)	\$ 214,953	\$ 127,523	\$ 96,923	\$ 282,057	\$ 467,325	\$ 863,297
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 7,849,605	\$ 9,397,368	\$ 11,089,214	\$ 13,765,629	\$ 4,855,983	\$ 15,062,709	\$ 21,522,949	\$ 25,121,050	\$ 26,997,853	\$ 30,712,983
Restricted	631,886	1,022,647	404,663	171,548	11,569,771	5,180,874	2,337,580	3,091,754	7,278,673	8,189,973
Unrestricted	(941,431)	(2,684,291)	(2,342,512)	1,914,349	2,105,483	1,065,609	868,793	(25,396,686)	(27,801,350)	(30,035,247)
Total District Net Position	\$ 7,540,060	\$ 7,735,724	\$ 9,151,365	\$ 15,851,526	\$ 18,531,237	\$ 21,309,192	\$ 24,729,322	\$ 2,816,118	\$ 6,475,176	\$ 8,867,709

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction	\$ 44,662,293	\$ 47,774,382	\$ 49,839,296	\$ 46,046,755	\$ 50,683,119	\$ 51,450,418	\$ 50,316,817	\$ 57,734,945	\$ 59,841,609	\$ 67,203,433
Support Services:										
Tuition	2,171,968	2,611,349	2,558,779	3,323,275	2,936,686	3,351,439	2,956,830	3,098,614	3,203,254	2,753,229
Student and Instruction Related Services	10,212,710	10,133,597	10,743,710	9,416,367	11,755,089	11,609,882	12,944,340	14,107,962	14,981,637	16,425,489
General Administrative Services	2,219,913	2,219,544	2,500,200	2,172,630	2,133,859	2,099,006	2,006,284	2,307,620	2,203,248	2,111,311
School Administrative Services	4,106,108	3,930,306	3,724,553	3,754,154	3,950,690	4,173,926	4,042,276	4,606,622	4,907,706	5,600,331
Plant Operations and Maintenance	7,078,896	6,683,231	7,283,583	7,062,793	7,662,951	7,812,140	8,498,204	8,711,530	9,070,455	10,200,716
Pupil Transportation	4,257,130	4,290,482	4,549,327	4,467,227	4,949,338	5,396,970	5,244,313	5,511,833	6,060,369	6,204,447
Central Services	1,794,866	1,230,464	1,645,451	2,077,475	2,190,233	2,407,754	2,805,224	1,642,192	1,764,253	2,364,061
Administrative Information Technology										
Capital Outlay	414,787	199,918	75,444	80,615	46,882	79,867	77,337	78,078	138,358	160,683
Charter Schools	67,052	46,907	48,347	30,752	65,270	1,456,974	933,891	1,073,055	738,379	671,920
Interest on Long-Term Debt	1,663,168	1,475,850	1,427,539	1,315,793	1,210,539	1,456,974	89,825,516	100,623,409	104,739,939	115,845,774
Total Governmental Activities Expenses	78,648,891	80,596,030	84,396,229	79,747,836	87,584,656	89,838,376	89,825,516	100,623,409	104,739,939	115,845,774
Business-Type Activities:										
Food Service	1,464,972	1,483,794	1,444,205	1,537,117	1,521,402	1,435,661	1,262,229	1,114,686	1,129,914	1,151,145
Community School	1,563,481	1,643,096	1,522,775	1,360,603	1,396,969	1,399,385	1,421,136	1,346,504	1,003,106	988,610
Total Business-Type Activities Expense	3,028,453	3,126,890	2,966,980	2,897,720	2,918,371	2,835,046	2,683,365	2,461,190	2,133,020	2,139,755
Total District Expenses	81,677,344	83,722,920	87,363,209	82,645,556	90,503,027	92,673,422	92,508,881	103,084,599	106,872,959	117,985,529
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	23,022	43,055	85,362	23,314	157,684	146,116	93,274	115,096	80,702	121,699
Operating Grants and Contributions	20,122,333	19,588,071	22,655,873	18,978,032	21,681,395	13,991,860	12,956,363	22,156,600	26,341,339	33,501,405
Capital Grants and Contributions	6,323,089	404,810	41,091	1,522				273,876	1,492,431	
Total Governmental Activities Program Revenues	26,470,444	20,035,936	22,782,326	19,002,868	21,839,079	14,137,976	13,049,637	22,545,572	27,914,472	33,623,104
Business-Type Activities:										
Charges for Services:										
Food Service	1,177,843	1,143,844	1,048,230	1,038,877	1,061,742	969,860	924,316	883,319	943,710	988,378
Community School	1,594,334	1,580,070	1,519,585	1,438,630	1,484,930	1,311,139	1,398,216	1,543,180	1,137,087	1,311,996
Operating Grants and Contributions	169,725	150,737	166,976	140,595	217,911	197,754	243,439	232,571	236,566	261,899
Total Business-Type Activities Program Revenues	2,941,902	2,874,651	2,734,791	2,618,102	2,764,583	2,478,753	2,565,971	2,659,070	2,317,363	2,532,273
Total District Program Revenues	29,412,346	22,910,587	25,517,117	21,620,970	24,603,662	16,616,729	15,615,608	25,204,642	30,231,835	36,155,377

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue:										
Governmental Activities	\$ (52,178,447)	\$ (60,560,094)	\$ (61,613,903)	\$ (60,744,968)	\$ (65,745,577)	\$ (75,700,400)	\$ (76,775,879)	\$ (78,077,837)	\$ (76,825,467)	\$ (82,222,670)
Business-Type Activities	(86,551)	(252,239)	(232,189)	(279,618)	(153,788)	(356,293)	(117,394)	197,880	184,343	392,518
Total District-Wide Net Expense	(52,264,998)	(60,812,333)	(61,846,092)	(61,024,586)	(65,899,365)	(76,056,693)	(76,893,273)	(77,879,957)	(76,641,124)	(81,830,152)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	54,895,876	57,091,711	59,375,379	63,239,577	64,504,368	65,794,455	67,110,344	68,452,559	69,821,601	71,218,033
Taxes Levied for Debt Service	3,733,731	3,744,312	3,646,025	3,804,598	3,806,736	3,800,473	3,773,292	3,780,553	3,735,257	3,570,887
Unrestricted Grants and Contributions	100,997	28,945	13,959	6,599	47,147	9,073,851	9,113,822	9,196,218	9,214,347	9,288,244
Investment Earnings	172,155	136,773	224,408	297,460	319,424	34,209	13,699	11,435	13,712	42,613
Miscellaneous Income		(178,763)	(100,000)		(250,126)	(162,967)	(73,926)	301,757	391,817	128,064
Transfers										
Other Item - SDA Grants Cancelled										
Total Governmental Activities	58,902,759	60,822,978	63,159,771	67,348,234	68,427,549	78,565,785	80,226,609	81,742,522	83,176,734	(28,610)
Business-Type Activities:										
Investment Earnings	18,661	6,256	1,962	617	1,600	816	763	1,452	925	3,454
Transfers & Other Special Items		178,763	100,000	525,896	391,660	268,047	86,031	(14,198)		
Total Business-Type Activities	18,661	185,019	101,962	526,513	393,260	268,863	86,794	(12,746)	925	3,454
Total District-Wide	58,921,420	61,007,997	63,261,733	67,874,747	68,820,809	78,834,648	80,313,403	81,729,776	83,177,659	84,222,685
Change in Net Position:										
Governmental Activities	6,724,312	262,884	1,545,868	6,603,266	2,681,972	2,865,385	3,450,730	3,664,685	6,351,267	1,996,561
Business-Type Activities	(67,890)	(67,220)	(130,227)	246,895	239,472	(87,430)	(30,600)	185,134	185,268	395,972
Total District	6,656,422	195,664	1,415,641	6,850,161	2,921,444	2,777,955	3,420,130	3,849,819	6,536,535	2,392,533

Source: School District Financial Reports

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Restricted/Reserved	\$ 138,933	\$ 95,194	\$ 230,833		\$ 525,000	\$ 895,000	\$ 1,817,247	\$ 2,307,853	\$ 6,490,635	\$ 8,044,070
Unreserved/(Deficit)	738,858	(270,427)	(165,693)	\$ 2,160,281	2,246,929	2,209,265	1,672,916	1,488,916	911,639	1,201,640
Assigned				1,347,082	1,240,715	1,172,632	473,247	537,606	661,787	767,852
Unassigned										
Total General Fund/(Deficit)	\$ 877,791	\$ (175,233)	\$ 65,140	\$ 3,507,363	\$ 4,012,644	\$ 4,276,897	\$ 3,963,410	\$ 4,334,375	\$ 8,064,061	\$ 10,013,562
All Other Governmental Funds:										
Restricted/Reserved for:										
Capital Projects Fund	\$ 53,875	\$ 593,700		\$ 7,148	\$ 11,044,771	\$ 4,280,004	\$ 627,463	\$ 620,315	\$ 620,315	\$ 60,000
Debt Service Fund				1		5,870	5,870	163,586	167,723	85,930
Committed for:										
Capital Projects Fund				164,399	164,399	164,399	633,785	455,099	139,898	
Unreserved, Reported In:	401,229	227,187	\$ 173,830							
Capital Projects Fund	37,849	106,566								
Debt Service Fund										
Total All Other Governmental Funds	\$ 492,953	\$ 927,453	\$ 173,830	\$ 171,548	\$ 11,209,170	\$ 4,450,273	\$ 1,267,118	\$ 1,239,000	\$ 927,936	\$ 145,930

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 58,629,607	\$ 60,836,023	\$ 63,021,404	\$ 67,044,175	\$ 68,311,104	\$ 69,594,928	\$ 70,883,636	\$ 72,233,112	\$ 73,556,858	\$ 74,788,920
Tuition Charges	23,022	43,055	85,362	23,314	157,684	146,116	93,274	115,096	80,702	121,699
Interest Earned on Capital Reserve Funds	17	29					2,725	3,668	635	2,135
Miscellaneous	305,593	210,102	329,034	409,248	398,551	256,365	385,640	416,128	475,780	236,606
State Sources	25,277,985	18,713,866	18,829,116	17,496,596	19,477,887	21,839,353	20,631,743	21,935,667	24,648,552	24,131,728
Federal Sources	1,136,979	1,234,602	3,777,181	1,377,769	2,171,528	1,167,365	1,353,154	1,260,253	1,271,505	1,298,939
Total Revenue	85,373,203	81,037,677	86,042,097	86,351,102	90,516,754	93,004,127	93,350,172	95,963,924	100,034,032	100,580,027
Expenditures:										
Instruction:										
Regular Instruction	25,186,760	28,281,416	27,449,984	26,597,621	27,012,498	28,012,692	26,657,433	26,959,447	27,058,070	27,680,631
Special Education Instruction	4,946,791	5,531,215	6,510,113	5,756,026	6,248,423	6,298,927	6,735,639	7,355,460	7,677,704	7,845,729
Other Special Instruction	897,530	702,569	698,217	671,541	616,479	608,576	521,113	447,351	471,503	422,353
Other Instruction	1,481,680	1,631,390	1,586,346	1,541,783	1,547,740	1,347,313	1,436,012	1,581,357	1,578,121	1,715,257
Support Services:										
Tuition	2,126,973	2,529,036	2,496,680	3,231,651	2,855,776	3,267,823	2,874,772	2,985,625	3,087,997	2,649,171
Student and Instruction Related Services	7,475,165	7,683,133	7,721,997	6,997,647	8,480,059	8,878,110	9,436,182	9,315,987	9,501,167	9,527,883
General Administrative Services	1,836,357	1,846,915	2,073,012	1,830,914	1,714,163	1,765,298	1,637,379	1,832,393	1,745,206	1,657,190
School Administrative Services	2,943,809	2,941,527	2,652,850	2,706,734	2,607,238	2,798,957	2,774,016	2,804,146	2,915,406	2,990,649
Plant Operations and Maintenance	5,707,597	5,610,151	5,948,755	5,701,673	6,020,953	6,293,030	6,694,656	6,269,627	6,382,368	6,721,058
Pupil Transportation	3,399,933	3,430,930	3,668,382	3,706,773	3,915,569	4,256,804	4,212,495	4,062,684	4,387,574	4,333,191
Central Services & Administrative IT	1,226,764	936,795	988,146	1,298,687	1,283,635	1,462,388	1,843,607	1,948,440	2,086,379	2,575,718
Unallocated Benefits	17,637,524	15,169,648	18,971,810	17,540,874	21,773,619	21,254,637	21,586,383	22,196,694	22,310,571	23,855,457
Charter Schools	67,052	46,907	48,347	30,752	65,270	79,867	77,337	78,078	138,358	160,683
Debt Service:										
Principal	2,330,000	2,455,000	2,615,000	2,755,000	2,880,000	2,732,000	2,825,000	2,940,000	3,170,000	3,120,000
Interest and Other Charges	1,686,730	1,504,083	1,451,975	1,341,416	1,221,580	1,355,929	1,229,321	1,115,206	828,520	783,769
Capital Outlay	4,889,544	2,181,767	2,355,743	1,525,576	2,147,723	8,923,453	6,684,667	3,891,808	5,990,717	3,345,183
Total Expenditures	83,840,209	82,482,482	87,237,357	83,234,668	90,390,725	99,335,804	97,226,012	95,784,303	99,329,661	99,383,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,532,994	(1,444,805)	(1,195,260)	3,116,434	126,029	(6,331,677)	(3,875,840)	179,621	704,371	1,196,105

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

UNAUDITED
(CONTINUED)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Refunding Bonds Issued						\$ 10,425,000		\$ 6,230,000		
School Bonds Defeased						(11,047,000)		(6,205,000)		
Premium on Refunding Bonds						1,591,671		213,367		
Costs of Refunding Bond Issue						(137,399)		(102,707)		
Deferred Amount on Refunding						(832,272)		(135,660)		
Bond Proceeds					\$ 11,667,000					
Cancellation of SDA grant							\$ 453,124	\$ 163,226	\$ 2,714,251	\$ (28,610)
Capital Leases (Non-Budgeted)	\$ 546,738	\$ 1,005,044	\$ 782,010	\$ 323,507		5,870	469,386	2,563,501		88,468
Transfers In	6,717		77,751			(168,837)	(543,312)	(2,563,501)		(88,468)
Transfers Out	(6,717)	(178,763)	(177,751)		(250,126)	(162,967)				
Total Other Financing Sources (Uses)	546,738	826,281	682,010	323,507	11,416,874	(162,967)	379,198	163,226	2,714,251	(28,610)
Net Change in Fund Balances	\$ 2,079,732	\$ (618,524)	\$ (513,250)	\$ 3,439,941	\$ 11,542,903	\$ (6,494,644)	\$ (3,496,642)	\$ 342,847	\$ 3,418,622	\$ 1,167,495

Debt Service as a Percentage of Noncapital Expenditure 5.36 % 5.19 % 5.03 % 5.28 % 4.87 % 4.74 % 4.69 % 4.62 % 4.48 % 4.24 %

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals	Athletic Participation Fees	Miscellaneous	Tuition	Total
2008	\$ 98,874	\$ 87,573		\$ 84,582	\$ 23,022	\$ 294,051
2009	28,945	73,707		63,066	43,055	208,773
2010	13,959	68,944	\$ 81,700	73,764	85,362	323,729
2011	6,599	61,752	132,050	103,658	23,314	327,373
2012	47,147	56,721	136,192	126,511	157,684	524,255
2013	25,764	28,230		137,508	146,116	337,618
2014	13,874	77,745		211,458	93,274	396,351
2015	11,435	58,479		243,278	115,096	428,288
2016	13,712	60,045		331,772	80,702	486,231
2017	42,613	44,722		83,342	121,699	292,376

Source: School District Records

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 35,793,800	\$ 2,400,450,300	\$ 5,550,800	\$ 185,300	\$ 238,233,900	\$ 114,961,900	\$ 105,816,400	\$ 2,900,992,400	\$ 3,761,823	\$ 2,904,754,223	\$ 194,458,300	\$ 1.98	\$ 4,861,407,324
2008	34,523,800	2,409,164,000	5,292,200	196,500	239,003,200	116,292,300	101,600,500	2,906,072,500	4,230,749	2,910,303,249	197,103,100	2.05	4,998,429,107
2009	33,401,100	2,423,455,200	5,298,600	196,500	237,509,600	115,139,900	79,140,500	2,894,141,400	4,285,157	2,898,426,557	197,132,900	2.12	4,948,783,802
2010	32,851,000	2,430,132,000	5,046,600	176,900	239,564,700	116,094,500	95,858,800	2,919,724,500	5,966,882	2,925,691,382	199,358,800	2.22	4,791,410,430
2011	35,249,000	2,423,641,500	5,046,600	176,900	238,822,100	116,094,500	95,894,000	2,914,924,600	6,225,463	2,921,150,063	200,090,100	2.32	4,585,087,652
2012	36,267,600	2,417,902,900	5,072,500	176,900	238,095,600	115,600,100	94,295,000	2,907,410,600	5,143,748	2,912,554,348	201,392,000	2.37	4,433,621,393
2013	35,168,100	2,415,061,300	5,072,500	177,400	235,543,200	113,465,500	93,539,900	2,898,027,900	4,985,453	2,903,013,353	202,514,300	2.42	4,269,940,784
2014	31,354,900	2,418,508,300	5,072,500	168,100	233,408,600	113,226,000	93,539,900	2,895,278,300	4,132,679	2,899,410,979	203,726,300	2.47	4,221,259,506
2015	29,795,600	2,427,224,200	4,719,600	168,100	232,632,500	112,101,700	96,019,900	2,902,661,600	4,128,427	2,906,790,027	203,840,100	2.51	4,343,879,678
2016	35,642,100	2,430,447,000	3,942,800	158,900	230,059,300	110,779,400	108,212,100	2,919,241,600	4,104,796	2,923,346,396	204,592,900	2.54	4,317,919,193

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Township of Randolph School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Randolph	Morris County	
2007	\$ 1.85	\$ 0.13	\$ 1.98	\$ 0.56	\$ 0.40	\$ 2.94
2008	1.92	0.13	2.05	0.59	0.40	3.04
2009	2.00	0.12	2.12	0.93	0.38	3.43
2010	2.09	0.13	2.22	0.63	0.37	3.22
2011	2.19	0.13	2.32	0.66	0.37	3.35
2012	2.24	0.13	2.37	0.68	0.37	3.42
2013	2.29	0.13	2.42	0.70	0.37	3.49
2014	2.34	0.13	2.47	0.72	0.37	3.56
2015	2.38	0.13	2.51	0.73	0.37	3.62
2016	2.42	0.12	2.54	0.75	0.38	3.66

^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.

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

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

<u>Taxpayer</u>	2017	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Center Grove Associate	\$ 84,456,900	2.89 %
Pal-Pike	35,060,300	1.20 %
Brightview Randolph, LLC	23,829,200	0.82 %
Beta Realty	21,574,000	0.74 %
Randolph Grocery	19,500,000	0.67 %
Randolph Village	17,723,000	0.61 %
Progressive Properties	17,602,200	0.60 %
Canfield Mews	15,495,200	0.53 %
Carco Development	13,107,600	0.45 %
Canfield Business Park	12,462,800	0.43 %
Total	<u>\$ 260,811,200</u>	<u>8.92 %</u>

<u>Taxpayer</u>	2008	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Center Grove Associate	\$ 46,880,000	1.61 %
Pal-Pike	23,911,200	0.82 %
Beta Realty	23,784,600	0.82 %
Carco Development	22,445,900	0.77 %
A&P Food Stores	12,289,900	0.42 %
Randolph Village	10,540,000	0.36 %
Canfield Mews	9,942,000	0.34 %
Hamilton Apartments	9,000,000	0.31 %
Heritage USA	8,460,300	0.29 %
Skyhil Corp.	8,408,000	0.29 %
Total	<u>\$ 175,661,900</u>	<u>6.05 %</u>

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied for</u> <u>the Fiscal Year</u>	<u>Collected within the Fiscal Year</u> <u>of the Levy^a</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of</u> <u>Levy</u>	
2008	\$ 58,629,607	\$ 58,629,607	100.00 %	-0-
2009	60,836,023	60,836,023	100.00 %	-0-
2010	63,021,404	63,021,404	100.00 %	-0-
2011	67,044,175	67,044,175	100.00 %	-0-
2012	68,311,104	68,311,104	100.00 %	-0-
2013	69,594,928	69,594,928	100.00 %	-0-
2014	70,883,636	70,883,636	100.00 %	-0-
2015	72,233,112	72,233,112	100.00 %	-0-
2016	73,556,858	73,556,858	100.00 %	-0-
2017	74,788,920	74,788,920	100.00 %	-0-

^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.

Source: Township of Randolph records including the Certificate and Report of School Taxes (A4F form).

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2008	\$ 37,147,000	\$ 743,178	\$ 37,890,178	2.04 %	\$ 1,511
2009	34,692,000	1,145,135	35,837,135	2.11 %	1,429
2010	32,077,000	1,316,317	33,393,317	1.86 %	1,297
2011	29,322,000		29,322,000	1.58 %	1,133
2012	38,109,000		38,109,000	1.99 %	1,471
2013	34,755,000		34,755,000	1.78 %	1,338
2014	31,930,000	358,694	32,288,694	1.50 %	1,244
2015	29,015,000	401,006	29,416,006	1.31 %	1,133
2016	25,845,000	2,557,505	28,402,505	1.27 %	1,100
2017	22,725,000	1,890,013	24,615,013	1.10 %	953

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 37,147,000	\$ -0-	\$ 37,147,000	1.28 %	\$ 1,482
2009	34,692,000	-0-	34,692,000	1.19 %	1,383
2010	32,077,000	-0-	32,077,000	1.11 %	1,245
2011	29,322,000	-0-	29,322,000	1.00 %	1,133
2012	38,109,000	-0-	38,109,000	1.30 %	1,471
2013	34,755,000	-0-	34,755,000	1.19 %	1,338
2014	31,930,000	-0-	31,930,000	1.10 %	1,230
2015	29,015,000	-0-	29,015,000	1.00 %	1,118
2016	25,845,000	-0-	25,845,000	0.89 %	1,001
2017	22,725,000	-0-	22,725,000	0.78 %	880

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

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports

RANDOLPH TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 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			
Township of Randolph	\$ 20,737,746	100.00 %	\$ 20,737,746
County of Morris General Obligation Debt	221,180,985	4.71 %	<u>10,410,120</u>
Subtotal, Overlapping Debt			31,147,866
Township of Randolph School District Direct Debt (b)			<u>22,725,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 53,872,866</u></u>

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

^b The District has \$900 of bonds authorized but not issued.

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis
	2016 \$ 4,323,521,327
	2015 4,281,211,799
	2014 4,318,103,119
	\$ 12,922,836,245
Average Equalized Valuation of Taxable Property	\$ 4,307,612,082
Debt Limit (4% of Average Equalization Value)	\$ 172,304,483 ^a
Net Bonded School Debt Issued and Unissued	22,725,000
Legal Debt Margin	\$ 149,579,483

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 177,026,307	\$ 172,212,209	\$ 170,711,585	\$ 170,861,710	\$ 172,304,483
Total Net Debt Applicable to Limit	34,756,537	31,931,537	29,015,900	25,845,000	22,725,000
Legal Debt Margin	\$ 142,269,770	\$ 140,280,672	\$ 141,695,685	\$ 145,016,710	\$ 149,579,483
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.63 %	18.54 %	17.00 %	15.13 %	13.19 %

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 187,862,227	\$ 196,038,410	\$ 192,677,793	\$ 185,577,384	\$ 183,634,440
Total Net Debt Applicable to Limit	37,147,637	34,692,637	32,077,637	29,322,637	38,110,537
Legal Debt Margin	\$ 150,714,590	\$ 161,345,773	\$ 160,600,156	\$ 156,254,747	\$ 145,523,903
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.77 %	17.70 %	16.65 %	15.80 %	20.75 %

^a Limit set by NJSIA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

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

Year	Population ^a	Morris County Per Capita Personal Income ^b	Personal Income ^c	Unemployment Rate ^d
2008	25,070	\$ 74,025	\$ 1,855,806,750	3.60%
2009	25,087	67,614	1,696,232,418	6.60%
2010	25,756	69,811	1,798,052,116	6.90%
2011	25,877	71,730	1,856,157,210	6.50%
2012	25,913	74,057	1,919,039,041	6.80%
2013	25,982	75,054	1,950,053,028	6.10%
2014	25,964	82,810	2,150,078,840	4.60%
2015	25,957	86,582	2,247,408,974	4.00%
2016	25,827	86,582 *	2,236,153,314	3.80%
2017	25,827 **	86,582 *	2,236,153,314 ***	N/A

N/A - Not Available

* - Latest Morris County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

*** - Latest population data available (2016) and latest personal income available (2015) was used for calculation purposes.

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

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

	2016		2007		
	Employer	Employees	Employer	Employees	
				Percentage of Total Employment	
US Army Armament			Atlantic Health System	5,900	2.24%
Research and Development	6,000	2.10%	Novartis Corporation	5,000	1.90%
Atlantic Health System	5,171	1.81%	US Army Armament		
Novartis Corporation	4,622	1.62%	Research and Development	3,412	1.30%
Bayer	2,800	0.98%	Lucent Technology	2,300	0.87%
St. Clare's Health Services	1,504	0.53%	St. Clare's Health Services	2,250	0.85%
County of Morris	1,757	0.62%	County of Morris	2,228	0.85%
Accenture	1,561	0.55%	United Parcel Service	2,131	0.81%
Wyndham Worldwide Coporation	1,626	0.57%	Automated Data Processing	1,986	0.75%
BASF Corporation	1,500	0.53%	AT&T	1,500	0.57%
Greystone Psychiatric	1,212	0.42%	Greystone Psychiatric	1,300	0.49%
Total	27,753	9.72%	Total	28,007	10.64%
Total Employment *	285,643			263,196	

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

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	393	387	370	341	348	357	360	325	331	348
Special education	88	89	89	98	106	112	117	147	138	108
Support Services:										
Student & instruction related services	115	113	114	104	108	101	101	99	93	91
School administrative services	35	32	30	30	30	32	32	27	26	26
General and business administrative services	24	20	19	21	23	26	26	41	63	63
Plant operations and maintenance	56	56	53	64	58	53	53	52	53	50
Pupil transportation	45	46	47	45	45	46	47	46	48	48
Total	756	743	722	703	718	727	736	737	752	734

RANDOLPH TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^d	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2008	5,571	\$ 74,933,935	\$ 13,451	2.57%	513	10.5	10.9	11.4	5,571	5,299	0.40%	95.12%
2009	5,514	76,341,632	13,845	2.93%	539	9.9	10.1	10.9	5,514	5,238	-1.02%	94.99%
2010	5,417	80,814,639	14,919	7.75%	539	9.6	9.8	10.9	5,417	5,162	-1.76%	95.29%
2011	5,294	77,612,676	14,660	-1.73%	504	10.4	10.1	11.1	5,294	5,050	-2.27%	95.39%
2012	5,210	84,141,422	16,150	10.16%	504	10.3	10.2	11.1	5,210	4,979	-1.59%	95.57%
2013	5,038	86,324,422	17,135	6.10%	501	10.5	9.8	9.7	5,038	4,811	-3.30%	95.49%
2014	4,919	86,487,024	17,582	2.61%	477	10.3	9.8	9.7	4,919	4,691	-2.36%	95.36%
2015	4,819	87,837,289	18,227	3.67%	472	13.1	11.8	12.4	4,819	4,607	-2.03%	95.60%
2016	4,797	89,340,424	18,624	2.18%	469	12.5	11.0	12.0	4,797	4,603	-0.46%	95.96%
2017	4,688	92,134,970	19,653	5.53%	456	10.4	11.1	10.1	4,688	4,484	-2.27%	95.65%

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

Note: Enrollment based on annual October district count.

Source: School District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Buildings</u>										
Center Grove School										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	608	608	608	608	608	608	608	608	608	608
Enrollment	546	560	515	494	502	501	550	479	484	492
Fernbrook School										
Square Feet	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569
Capacity (students)	567	567	567	567	567	567	567	567	567	567
Enrollment	631	627	611	641	581	576	570	555	541	520
Ironia School										
Square Feet	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764
Capacity (students)	643	643	643	643	643	643	643	643	643	643
Enrollment	632	637	629	602	529	496	482	448	448	429
Shongum School										
Square Feet	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283
Capacity (students)	567	567	567	567	567	567	567	567	567	567
Enrollment	668	634	652	676	655	624	541	510	476	458
Middle School										
Square Feet	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243
Capacity (students)	893	893	893	893	893	893	893	893	893	893
Enrollment	1,317	1,297	1,275	1,227	1,263	1,222	1,271	1,230	1,239	1,193
High School										
Square Feet	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337
Capacity (students)	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877
Enrollment	1,777	1,765	1,721	1,677	1,635	1,639	1,573	1,620	1,610	1,596

Number of Schools at June 30, 2017

Elementary = 4

Middle School = 1

High School = 1

Source: School District Facilities Office

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

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

Fiscal Year Ended June 30,	Center Grove		Fernbrook		Ironia		Shongum		Middle		High		Total	
	School		School		School		School		School		School			
2008	\$	97,411	\$	96,265	\$	90,751	\$	94,083	\$	191,113	\$	297,708	\$	867,331
2009		79,776		97,020		81,373		86,770		183,882		271,162		799,983
2010		96,560		100,793		85,770		92,893		189,792		287,862		853,670
2011		120,047		103,257		92,620		98,525		217,646		328,719		960,814
2012		172,412		122,322		87,492		97,443		221,727		404,762		1,106,158
2013		128,042		232,294		114,382		133,452		252,899		638,733		1,499,802
2014		236,486		220,917		176,640		193,086		213,299		494,440		1,534,868
2015		154,266		178,357		134,519		156,214		239,693		397,367		1,260,416
2016		207,294		237,654		151,057		156,096		171,991		366,809		1,290,901
2017		248,727		224,208		173,544		163,405		221,317		424,050		1,455,251

Source: School District records.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Multi Peril Package Policy- SAIF		
Property - Blanket Building and Contents	\$ 281,712,258	\$ 2,500
Extra Expense	1,000,000	
Liability - Bodily Injury & Property Damage - Per Occurrence	5,000,000	
Aggregate	5,000,000	
Fire Damage	5,000,000	
Crime - Employee Dishonesty	500,000	
Inland Marine - Misc. Articles Floater Cameras	100,000	
Electronic Data Processing Hardware/Software	211,119	
Comprehensive Automobile Liability - SAIF		
Bodily Injury & Property	5,000,000	
Personal Injury Protection	Statutory	
Excess - Limit of Liability	5,000,000	
Public Official Bonds - Utica		
Business Administrator	420,000	None
Assistant Business Administrator	420,000	None
Student Accident - Maximum Limit - Bollinger	1,000,000	
Environmental Policy - SAIF		
Limit of Liability	1,000,000	10,000
Aggregate	25,000,000	10,000
School Leaders - SAIF		
Limit of Liability	5,000,000	
Retention	10,000	
CAP Excess - Firemans Fund		
Limit of Liability	50,000,000	
Aviation - Drone - QBE		
Limit of Liability	1,000,000	
Pooled Insurance Program of New Jersey:		
Workers' Compensation	First 350,000	of each claim

Source: School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Randolph Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

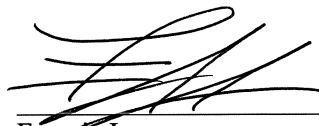
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

October 31, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Randolph Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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


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

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

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

October 31, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Accounts Payable/Encumbrances	Balance at June 30, 2017		
										Unearned Revenue/(Accounts Receivable)	Budgetary Unearned Revenue	
U.S. Department of Agriculture:												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 60,356			\$ 60,356	\$ (57,036)		\$ 3,320		
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	39,174	3,632			(3,632)				
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	193,258			177,666	(193,258)			\$ (15,592)	
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	191,213	(12,239)		12,239	(253,926)			(15,592)	
Total Child Nutrition Cluster					(8,607)		250,261			3,320	(15,592)	
Total U.S. Department of Agriculture					(8,607)		250,261	(253,926)		3,320	(15,592)	
U.S. Department of Health and Human Services:												
General Fund:												
Medicaid Cluster:												
Medical Assistance Program	93.778	N/A	7/1/16-6/30/17	29,084			29,084	(29,084)				
Total General Fund/Medicaid Cluster							29,084	(29,084)				
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
NCLB Consolidated:												
Title I	84.010	NCLB-0820-17	7/1/16-6/30/17	113,295			93,956	(109,466)			(15,510)	
Title I	84.010	NCLB-0820-16	7/1/15-6/30/16	115,359	(114,696)		114,696				(15,510)	
Total Title I							208,652	(109,466)				
Title IIA	84.367	NCLB-0820-17	7/1/16-6/30/17	87,149			75,059	(86,949)			(11,890)	
Title IIA	84.367	NCLB-0820-16	7/1/15-6/30/16	91,811	(91,619)		91,619				(11,890)	
Total Title IIA							166,678	(86,949)				
Title III	84.365	NCLB-0820-17	7/1/16-6/30/17	22,000			14,406	(21,516)			(7,110)	
Title III	84.365	NCLB-0820-16	7/1/15-6/30/16	19,571	(19,571)		19,571				(7,110)	
Total Title III							33,977	(21,516)				
Title III Immigrant	84.365	NCLB-0820-17	7/1/16-6/30/17	9,800			3,569	(9,692)			(6,123)	
Title III Immigrant	84.365	NCLB-0820-16	7/1/15-6/30/16	23,744	(23,491)		23,491				(6,123)	
Total Title III Immigrant							27,060	(9,692)				
Special Education Cluster:												
I.D.E.A. Part B, Basic Regular	84.027	FT-0820-17	7/1/16-6/30/17	963,234		\$ 480	816,170	(953,546)			(136,896)	
I.D.E.A. Part B, Basic Regular	84.027	FT-0820-16	7/1/15-6/30/16	1,009,376	480	(480)			\$ 1,958	1,958	(164)	
I.D.E.A. Part B, Preschool	84.173	PS-0820-17	7/1/16-6/30/17	44,599			44,435	(44,599)			(137,060)	
Total Special Education Cluster					480		860,605	(998,145)		1,958	(177,693)	
Total Special Revenue Fund					(248,897)		1,296,972	(1,225,768)		1,958	(177,693)	
Total U.S. Department of Education					(248,897)		1,296,972	(1,225,768)		1,958	(177,693)	
Total Federal Awards					\$ (257,504)	\$ -0-	\$ 1,576,317	\$ (1,508,778)	\$ 1,958	\$ 5,278	\$ (193,285)	

N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Cash Received	Budgetary Expenditures	Refund of Prior Year Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2017		Memo
				Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
State Department of Education:												
General Fund:												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 7,895,104	\$ 7,112,707		\$ 7,895,104						\$ 7,895,104
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	7,895,104	784,360								7,895,104
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	323,179	291,152		(323,179)						323,179
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	323,179	32,107								323,179
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	3,234,926	2,914,348		(3,234,926)						3,234,926
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	3,234,926	321,382								3,234,926
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	103,893	93,398		(103,893)						103,893
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	103,893	10,321								103,893
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,118,636	1,007,780		(1,118,636)						1,118,636
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1,118,636	111,134								1,118,636
Per Pupil Growth Aid	17-495-034-5120-098	7/1/16-6/30/17	47,185	42,509		(47,185)						47,185
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	47,185	4,688								47,185
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	47,185	42,509		(47,185)						47,185
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	47,185	4,688								47,185
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	47,260	42,577		(47,260)						47,260
Professional Learning Community Aid	16-495-034-5120-101	7/1/15-6/30/16	47,260	2,289								47,260
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	1,028,454	991,300		(1,028,454)						1,028,454
Host District Support Aid	16-495-034-5120-102	7/1/15-6/30/16	1,028,454	991,300								991,300
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	38,565	31,701		(38,565)						38,565
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	38,565	31,701								38,565
Other State Aid - Non Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	31,701	13,841,150		(13,886,928)						31,701
Other State Aid - Non Public Transportation	16-495-034-5120-014	7/1/15-6/30/16	31,701	2,291,681								31,701
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,726,503	2,593,079		(2,726,503)						2,726,503
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,726,503	132,422								2,726,503
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	3,242,364	3,242,364		(3,242,364)						3,242,364
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	3,755,269	3,755,269		(3,755,269)						3,755,269
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	136,062	136,062		(136,062)						136,062
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	10,308	10,308		(10,308)						10,308
Subtotal - General Fund				23,710,654		(23,757,434)						40,293,867
				(2,424,103)						(1,200,443)		
Special Revenue Fund:												
Nonpublic Aid:												
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	7,608	7,608		(7,608)						7,608
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	9,822	9,822								9,822
Technology Initiative Aid	17-100-034-5120-373	7/1/16-6/30/17	3,432	3,432		(3,432)						3,432
Technology Initiative Aid	16-100-034-5120-373	7/1/15-6/30/16	4,472	390								4,082
Auxiliary Services:												
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	2,650	2,650		(1,827)						1,827
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	29,383	29,383		(27,591)						27,591
Handicapped Services:												
Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	29,537	29,537		(28,454)						28,454
Examination & Classification	16-100-034-5120-066	7/1/15-6/30/16	29,485	10,730								18,755
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	19,614	19,614		(18,112)						18,112
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	23,410	7,525								15,885
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	22,756	22,756		(19,461)						19,461
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	26,733	7,723								19,010
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	11,880	11,880		(11,880)						11,880
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	15,480	1,350								14,130
Security	N/A		6,600	6,600		(6,600)						6,600
Security	N/A		4,300	550								3,750
Subtotal - Special Revenue Fund				137,760		(124,965)						209,542
				29,125						29,125		
										8,495		

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Cash Received	Budgetary Expenditures	Cancelled	Repayment of Prior Years' Balances	Balance June 30, 2017		Memo
				Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
Capital Projects Fund:												
NJ School Development Authority:												
Educational Facilities Construction & Financing Act:												
Fennbrook Elementary School	4330-065-14-1003	7/1/14-6/30/16	\$ 308,901	\$ (68,468)		\$ 35,025	\$ 33,443					\$ 308,901
Shongum Elementary School	4330-080-14-1006	7/1/14-6/30/16	484,936	(486,360)	430,896	55,464						484,936
Randolph Middle School	4330-075-14-1005	7/1/14-6/30/16	254,200	(18,310)	12,710	5,600						254,200
Randolph High School	4330-050-09-1001	7/1/14-6/30/16	689,660	(620,694)	620,694							689,660
Subtotal - Capital Projects Fund				(1,193,832)	1,099,325	94,507						1,737,697
Debt Service Fund:												
Debt Service Aid II												
	17-495-034-5120-075	7/1/16-6/30/17	251,089		251,089	(251,089)						251,089
Subtotal - Debt Service Fund					251,089	(251,089)						251,089
Enterprise Fund:												
State School Lunch Program												
	16-100-010-3350-023	7/1/15-6/30/16	8,379	(539)	539	(7,973)						8,379
State School Lunch Program												
	17-100-010-3350-023	7/1/16-6/30/17	7,973		7,948							7,973
Subtotal - Enterprise Fund				(539)	7,887	(7,973)						16,352
Total State Awards Subject to Single Audit Determination												
				\$ (3,618,474)	\$ 29,125	\$ 25,206,715	\$ (24,141,461)	\$ 94,507	\$ 29,125	\$ (1,201,068)	\$ 8,495	\$ (2,471,508)
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(3,242,364)			3,242,364						
Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(3,755,269)			3,755,269						
Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(136,062)			136,062						
Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(10,308)			10,308						
Subtotal - On-Behalf TPAF Pension System Contributions						7,144,003.00						
Total State Awards Subject to Single Audit Major Program Determination												
							\$ (16,997,458)					

N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Randolph Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,760) for the general fund and \$41,042 for the special revenue fund (of which \$3,045 applies to encumbrances of local grants). See Note 1 D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Revenue from federal and state awards is reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 29,084	\$ 23,755,674	\$23,784,758
Special Revenue Fund	1,269,855	124,965	1,394,820
Debt Service Fund		251,089	251,089
Food Service Fund	253,926	7,973	261,899
Total Financial Assistance	<u>\$ 1,552,865</u>	<u>\$24,139,701</u>	<u>\$25,692,566</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District received grants in the amount of \$1,832,204 in connection with capital projects for various window and roof replacement projects at the High School, Middle School, Fernbrook Elementary School and Shongum Elementary School. During the fiscal year ended June 30, 2017 the District received \$1,099,325 and cancelled \$94,507, therefore deeming all SDA projects complete as of June 30, 2017. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

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

<u>State:</u>	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
General Fund State Aid:				
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 7,895,104	\$ 7,895,104
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	3,234,926	3,234,926
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	103,893	103,893
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,118,636	1,118,636
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	47,185	47,185
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	47,185	47,185
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	47,260	47,260
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	2,541	2,541
<u>Federal:</u>				
Special Education Cluster:				
IDEA Part B, Basic Regular	84.027	7/1/16-6/30/17	963,234	953,546
IDEA Part B Preschool	84.173	7/1/16-6/30/17	44,599	44,599

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Summary of Auditors' Results (Cont'd)

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year findings.