

RAHWAY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Rahway, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Rahway School District
Rahway, New Jersey
For The Fiscal Year Ended June 30, 2018**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

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



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

Albert Di Giorgio
Business Administrator/Board Secretary
(732) 396-1010
Fax (732) 827-0517
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January 28, 2019

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

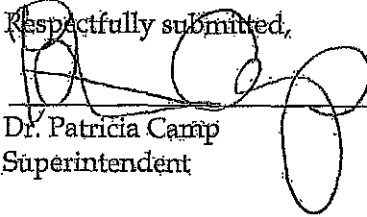
Dear Board Members:

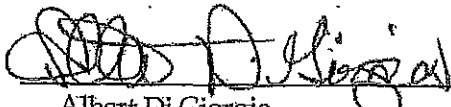
The comprehensive annual financial report of the Rahway School District ("District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Rahway Board of Education ("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 financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials, and a list of consultants and advisors. The financial section includes the district wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multiyear basis.

The District is required to undergo an annual single audit in conformity with the provision of U.S. Uniform Guidance and State Treasury OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

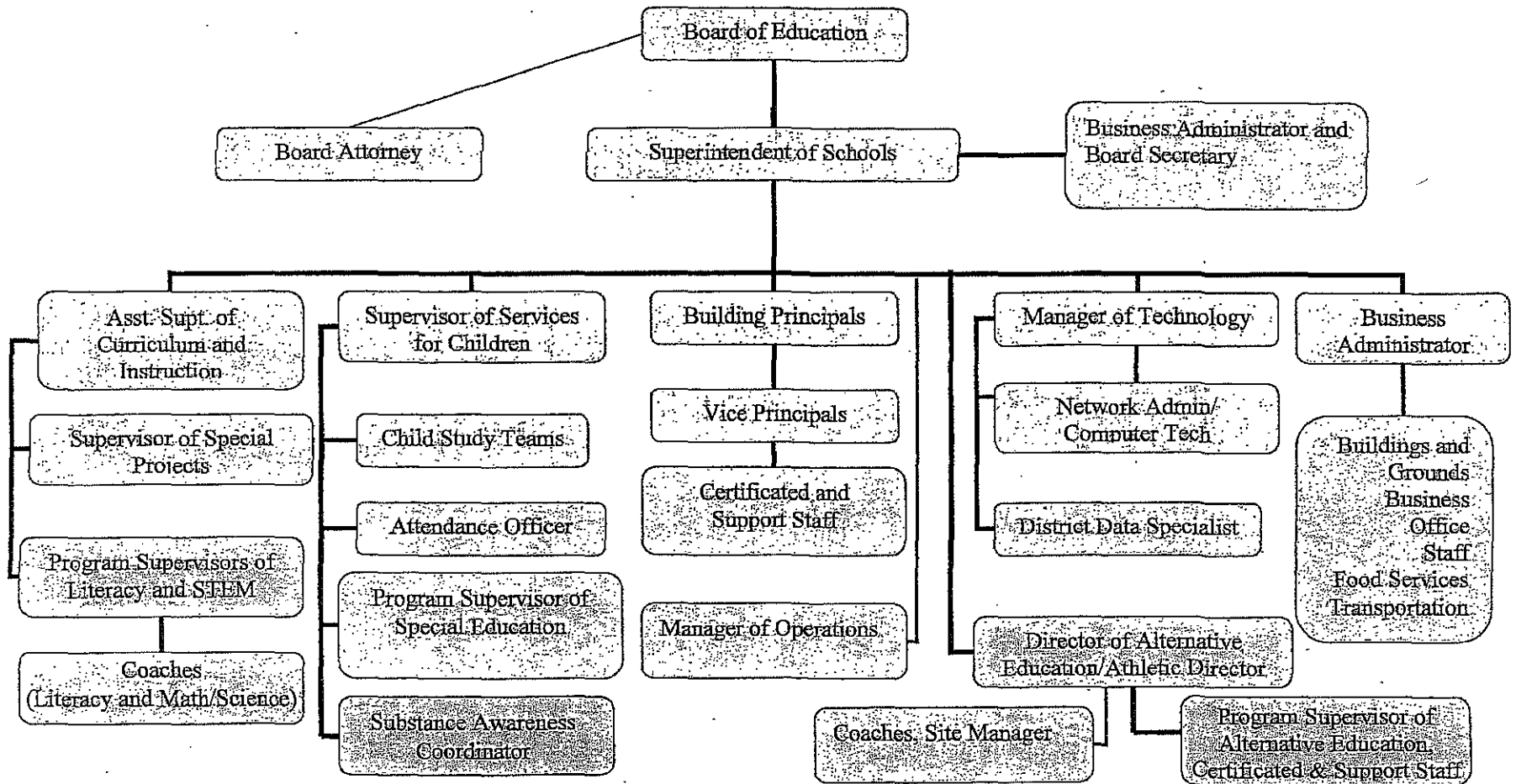
Respectfully submitted,


Dr. Patricia Camp
Superintendent


Albert Di Giorgio
Business Administrator

RAHWAY PUBLIC SCHOOLS
ORGANIZATIONAL CHART

File Code: 2120



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

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lori Kennedy, President	2018
Ronald Dolce, Vice President	2018
Deborah Bridges	2020
John DaSilva	2019
Carlos Garay	2020
Brittany Hale	2019
Peter Kowal	2018
Darren Lesinski	2019
Thomas O'Reilly	2020

Other Officials

Dr. Patricia Camp, Superintendent of Schools

Albert DiGiorgio, Business Administrator/Board Secretary

Mark A. Tabakin, Board Attorney (General Counsel)

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERY L. M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of June 30, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Rahway School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

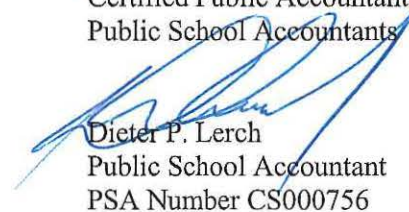
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2019 on our consideration of the Rahway School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rahway School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rahway School District's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
January 28, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The Management's Discussion and Analysis of the Rahway School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2018 are as follows

- In total, net position increased \$1,383,901. Net Position of Governmental Activities increased \$1,314,748 which represents a 9% increase from the prior year. Net Position of the Business-Type activity, which represents the food service program, increased \$69,153 or 11% from the prior year.
- General Revenues accounted for \$62,890,837 or 65% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$33,407,913 or 35% of total revenues of \$96,298,750.
- The School District had \$92,915,547 in expenses for governmental activities: only \$31,339,458 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$62,890,837 were adequate to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Rahway School District as a financial whole, or as an entire reporting entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The District considers all of its governmental funds and its sole enterprise fund to be major funds. For the Rahway School District, the General Fund is the most significant fund.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions-and ask the question, "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in such position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth and limits on reserves, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities-** All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- **Business-Type Activities -** This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Each of these funds is more fully described in the Notes to the Financial Statements.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position as of June 30, 2018 and 2017. The table on the following page provides an analysis of the changes in net position from 2017 to 2018.

**Statement of Net Position
as of June 30, 2018 and 2017**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	\$ 7,203,862	\$ 4,670,497	\$ 444,479	\$ 437,610	\$ 7,648,341	\$ 5,108,107
Capital Assets, Net	47,735,748	49,627,196	277,235	237,965	48,012,983	49,865,161
Total Assets	<u>54,939,610</u>	<u>54,297,693</u>	<u>721,714</u>	<u>675,575</u>	<u>55,661,324</u>	<u>54,973,268</u>
Deferred Outflows of Resources	4,976,903	5,826,201	-	-	4,976,903	5,826,201
Liabilities:						
Long-Term Liabilities	37,640,178	43,386,310			37,640,178	43,386,310
Other Liabilities	2,040,475	1,120,959	32,270	52,740	2,072,745	1,173,699
Total Liabilities	<u>39,680,653</u>	<u>44,507,269</u>	<u>32,270</u>	<u>52,740</u>	<u>39,712,923</u>	<u>44,560,009</u>
Deferred Inflows of Resources	3,458,238	153,751	3,933	6,477	3,462,171	160,228
Net Position:						
Net Investment in Capital Assets	31,546,571	29,781,907	277,235	237,965	31,823,806	30,019,872
Restricted for:						
Debt Service	13,243	8,289			13,243	8,289
Maintenance	516,500	716,400			516,500	716,400
Capital Projects	1,271,046	170,946			1,271,046	170,946
Unrestricted	(16,569,738)	(15,214,668)	408,276	378,393	(16,161,462)	(14,836,275)
Total Net Position	<u>\$ 16,777,622</u>	<u>\$ 15,462,874</u>	<u>\$ 685,511</u>	<u>\$ 616,358</u>	<u>\$ 17,463,133</u>	<u>\$ 16,079,232</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 184,918	\$ 350,879	\$ 767,537	\$ 692,435	\$ 952,455	\$ 1,043,314
Operating Grants and Contributions	30,960,984	27,806,766	1,300,918	1,306,897	32,261,902	29,113,663
Capital Grants and Contributions	193,556	33,202			193,556	33,202
General Revenues						
Property Taxes	43,973,944	43,164,767			43,973,944	43,164,767
Grants and Entitlements	18,535,497	17,867,942			18,535,497	17,867,942
Other	381,396	253,686	-	-	381,396	253,686
Total Revenues	<u>94,230,295</u>	<u>89,477,242</u>	<u>2,068,455</u>	<u>1,999,332</u>	<u>96,298,750</u>	<u>91,476,574</u>
Program Expenses						
Instruction						
Regular	36,120,448	33,754,182			36,120,448	33,754,182
Special Education	16,379,398	16,122,698			16,379,398	16,122,698
Other Instruction	6,688,664	7,273,051			6,688,664	7,273,051
School Sponsored Activities	2,833,299	1,710,069			2,833,299	1,710,069
Support Services						
Student and Instruction Related Services	11,038,296	11,554,534			11,038,296	11,554,534
School Administration Services	4,278,755	4,365,967			4,278,755	4,365,967
General & Central Administration Services	3,006,425	2,912,724			3,006,425	2,912,724
Plant Operations and Maintenance	6,596,710	6,951,651			6,596,710	6,951,651
Pupil Transportation	3,257,858	3,408,215			3,257,858	3,408,215
Interest on Long-Term Debt	631,501	879,093			631,501	879,093
Unallocated Depreciation	2,084,193	2,082,760			2,084,193	2,082,760
Food Service	-	-	1,999,302	1,921,104	1,999,302	1,921,104
Total Expenses	<u>92,915,547</u>	<u>91,014,944</u>	<u>1,999,302</u>	<u>1,921,104</u>	<u>94,914,849</u>	<u>92,936,048</u>
Change in Net Position	<u>\$ 1,314,748</u>	<u>\$ (1,537,702)</u>	<u>\$ 69,153</u>	<u>\$ 78,228</u>	<u>\$ 1,383,901</u>	<u>\$ (1,459,474)</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program Expenses				
Instruction				
Regular	\$ 36,120,448	\$ 33,754,182	\$ 21,713,834	\$ 21,688,206
Special Education	16,379,398	16,122,698	8,598,012	8,671,565
Other Instruction	6,688,664	7,273,051	4,488,219	4,731,912
School Sponsored Activities	2,833,299	1,710,069	2,741,083	1,274,637
Support Services				
Student and Instruction Related Services	11,038,296	11,554,534	7,019,037	8,310,976
School Administrative Services	4,278,755	4,365,967	3,969,561	3,245,670
General and Central Administrative Services	3,006,425	2,912,724	1,685,956	2,411,824
Plant Operations and Maintenance	6,596,710	6,951,651	5,743,560	6,448,403
Pupil Transportation	3,257,858	3,408,215	2,966,853	3,150,448
Interest on Long-Term Debt	631,501	879,093	565,761	807,696
Unallocated Depreciation	<u>2,084,193</u>	<u>2,082,760</u>	<u>2,084,193</u>	<u>2,082,760</u>
Total Governmental Activities	<u>\$ 92,915,547</u>	<u>\$ 91,014,944</u>	<u>\$ 61,576,069</u>	<u>\$ 62,824,097</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupil Support expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum, staff development and guidance.

General, central and school administration include expenses associated with administrative and financial supervision of the District.

Plant operations and maintenance involve keeping the school grounds, buildings, and equipment in good working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to servicing the debt of the School District.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Governmental Activities (Continued)

Unallocated depreciation relates to capital assets which are shared by many departments of the District and therefore cannot easily be allocated to various functional areas.

The District's total revenues for governmental activities were \$94,230,295 for the year ended June 30, 2018. Property taxes made up 47% of revenues for governmental activities for the Rahway School District for fiscal year 2018. Federal, State, and local grants accounted for another 52% of revenue.

Business - Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food Service revenues exceeded expenditures by \$69,153.
- Charges for services represent \$767,537 or 37% of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursements for meals, including payments for free and reduced lunches, and donated commodities amounted to \$1,300,918 or 63% of revenue.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$80,338,635 and expenditures of \$78,927,226.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2018 and 2017:

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School District's Funds (Continued)

**Summary of Governmental Fund Revenues
For the Fiscal Years Ended June 30, 2018 and 2017**

	Fiscal		Amount of	
	<u>Year Ended June 30,</u>		Increase	Percent
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Change</u>
Revenues				
Local Sources				
Tax Levy	\$ 43,973,944	\$ 43,164,767	\$ 809,177	1.9%
Other	591,247	709,450	(118,203)	-16.7%
State Sources	33,798,980	29,951,219	3,847,761	12.8%
Federal Sources	<u>1,974,464</u>	<u>1,963,366</u>	<u>11,098</u>	0.6%
Total Revenues	<u>\$ 80,338,635</u>	<u>\$ 75,788,802</u>	<u>\$ 4,549,833</u>	6.0%

Total Governmental Fund revenues increased by \$4,549,833 or 6% from the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2018 and 2017:

**Summary of Governmental Fund Expenditures
For the Fiscal Years Ended June 30, 2018 and 2017**

	Fiscal		Amount of	
	<u>Year Ended June 30,</u>		Increase	Percent
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Change</u>
Expenditures				
Instruction	\$ 51,248,409	\$ 47,537,052	\$ 3,711,357	7.8%
Support Services	24,553,293	25,147,435	(594,142)	-2.4%
Capital Outlay	223,255	42,765	180,490	422.1%
Debt Service	<u>2,902,269</u>	<u>2,914,101</u>	<u>(11,832)</u>	-0.4%
Total Expenditures	<u>\$ 78,927,226</u>	<u>\$ 75,641,353</u>	<u>\$ 3,285,873</u>	4.3%

The Governmental Fund expenditures increased by 4% from the previous year.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to appropriate additional grants and to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal year 2018, the School District had \$47,735,748, net of accumulated depreciation, invested in Land, Construction in Progress, Buildings and Building Improvements, Land Improvements and Machinery and Equipment for Governmental Activities.

**Governmental Activities Capital Assets
At June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Land	\$ 1,546,445	\$ 1,546,445
Construction in Progress	189,756	189,756
Buildings and Building Improvements	71,051,123	71,051,123
Improvements Other than Buildings	1,422,755	1,422,755
Machinery and Equipment	<u>1,991,469</u>	<u>1,800,214</u>
	76,201,548	76,010,293
Less: Accumulated Depreciation	<u>(28,465,800)</u>	<u>(26,383,097)</u>
Capital Assets, Net	<u>\$ 47,735,748</u>	<u>\$ 49,627,196</u>

Overall, capital assets, net of depreciation decreased \$1,891,448 from fiscal year 2017 to fiscal year 2018.

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

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Debt Administration

At June 30, 2018, the School District had \$37,640,178 in long-term liabilities. Below is the breakdown of outstanding long-term liabilities.

**Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Serial Bonds Payable (Including Unamortized Premium)	\$ 17,415,831	\$ 17,930,000
Obligations Under Lease Purchase Agreements	1,365,000	2,010,000
Capital Leases		326,185
Net Pension Liability	16,685,264	20,801,102
Compensated Absences	<u>2,174,083</u>	<u>2,319,023</u>
Total	<u>\$ 37,640,178</u>	<u>\$ 43,386,310</u>

At June 30, 2018, the School District's remaining legal debt margin (borrowing capacity) was \$85,939,711.

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

For the Future

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

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

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

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

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Albert DiGiorgio, Business Administrator, Rahway Board of Education, Rahway Middle School, Kline Place, Rahway, New Jersey 07065.

BASIC FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,580,577	\$ 347,531	\$ 2,928,108
Intergovernmental Receivables	4,621,590	74,240	4,695,830
Receivables, net	1,695	7,202	8,897
Inventory		15,506	15,506
Capital Assets Not Being Depreciated	1,736,201		1,736,201
Capital Assets, Being Depreciated, net	<u>45,999,547</u>	<u>277,235</u>	<u>46,276,782</u>
Total Assets	<u>54,939,610</u>	<u>721,714</u>	<u>55,661,324</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	614,087		614,087
Deferred Amount on Net Pension Liability	<u>4,362,816</u>	<u>-</u>	<u>4,362,816</u>
Total Deferred Outflows of Resources	<u>4,976,903</u>	<u>-</u>	<u>4,976,903</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	991,657	20,278	1,011,935
Accrued Interest	264,350		264,350
Payable to Other Governments	33		33
Unearned Revenue	784,435	11,992	796,427
Noncurrent Liabilities			
Due Within One Year	2,210,864		2,210,864
Due Beyond One Year	<u>35,429,314</u>	<u>-</u>	<u>35,429,314</u>
Total Liabilities	<u>39,680,653</u>	<u>32,270</u>	<u>39,712,923</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		3,933	3,933
Deferred Amount on Net Pension Liability	<u>3,458,238</u>	<u>-</u>	<u>3,458,238</u>
Total Deferred Inflows of Resources	<u>3,458,238</u>	<u>3,933</u>	<u>3,462,171</u>
NET POSITION			
Net Investment in Capital Assets	31,546,571	277,235	31,823,806
Restricted for:			
Debt Service	13,243		13,243
Maintenance	516,500		516,500
Capital Projects	1,271,046		1,271,046
Unrestricted	<u>(16,569,738)</u>	<u>408,276</u>	<u>(16,161,462)</u>
Total Net Position	<u>\$ 16,777,622</u>	<u>\$ 685,511</u>	<u>\$ 17,463,133</u>

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

**RAHWAY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 36,120,448	\$ 39,579	\$ 14,182,177	\$ 184,858	\$ (21,713,834)		\$ (21,713,834)
Special Education	16,379,398	145,339	7,627,349	8,698	(8,598,012)		(8,598,012)
Other Instruction	6,688,664		2,200,445		(4,488,219)		(4,488,219)
School Sponsored Activities	2,833,299		92,216		(2,741,083)		(2,741,083)
Support Services							
Student and Instruction Related Svcs.	11,038,296		4,019,259		(7,019,037)		(7,019,037)
General Administration	1,383,640		54,394		(1,329,246)		(1,329,246)
School Administration	4,278,755		1,241,485		(3,037,270)		(3,037,270)
Central Services	1,622,785		333,764		(1,289,021)		(1,289,021)
Plant Operations and Maintenance	6,596,710		853,150		(5,743,560)		(5,743,560)
Pupil Transportation	3,257,858		291,005		(2,966,853)		(2,966,853)
Interest on Long-Term Debt	631,501		65,740		(565,761)		(565,761)
Unallocated Depreciation	2,084,193				(2,084,193)		(2,084,193)
Total Governmental Activities	<u>92,915,547</u>	<u>184,918</u>	<u>30,960,984</u>	<u>193,556</u>	<u>(61,576,089)</u>	<u>-</u>	<u>(61,576,089)</u>
Business-Type Activities							
Food Service	<u>1,999,302</u>	<u>767,537</u>	<u>1,300,918</u>	<u>-</u>	<u>-</u>	<u>\$ 69,153</u>	<u>69,153</u>
Total business-type activities	<u>1,999,302</u>	<u>767,537</u>	<u>1,300,918</u>	<u>-</u>	<u>-</u>	<u>69,153</u>	<u>69,153</u>
Total Primary Government	<u>\$ 94,914,849</u>	<u>\$ 952,455</u>	<u>\$ 32,261,902</u>	<u>\$ 193,556</u>	<u>(61,576,089)</u>	<u>69,153</u>	<u>(61,506,936)</u>
General Revenues:							
Property Taxes Levied for:							
General Purposes					41,616,506		41,616,506
Debt Service					2,357,438		2,357,438
State Aid - Unrestricted					18,387,937		18,387,937
State Aid Restricted for Debt Service					147,560		147,560
Investment Earnings					43,744		43,744
Miscellaneous Income					337,652		337,652
Total General Revenues					<u>62,890,837</u>	<u>-</u>	<u>62,890,837</u>
Change in Net Position					1,314,748	69,153	1,383,901
Net Position, Beginning of Year					<u>15,462,874</u>	<u>616,358</u>	<u>16,079,232</u>
Net Position, End of Year					<u>\$ 16,777,622</u>	<u>\$ 685,511</u>	<u>\$ 17,463,133</u>

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

FUND FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS JUNE 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 686,446	\$ 126,253	\$ 1,762,924	\$ 4,954	\$ 2,580,577
Due from Other Funds	5,278,027			1,003	5,279,030
Receivables From Other Governments	<u>152,287</u>	<u>677,629</u>	<u>3,791,674</u>	<u>-</u>	<u>4,621,590</u>
Total Assets	<u>\$ 6,116,760</u>	<u>\$ 803,882</u>	<u>\$ 5,554,598</u>	<u>\$ 5,957</u>	<u>\$ 12,481,197</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 864,002	\$ 127,655			991,657
Due to Other Funds			\$ 5,277,335		5,277,335
Payable to State Government		33			33
Unearned Revenue	<u>-</u>	<u>676,194</u>	<u>108,241</u>	<u>-</u>	<u>784,435</u>
Total Liabilities	<u>864,002</u>	<u>803,882</u>	<u>5,385,576</u>	<u>-</u>	<u>7,053,460</u>
Fund Balances					
Restricted					
Capital Reserve	1,271,046				1,271,046
Maintenance Reserve	516,500				516,500
Debt Service			7,286	\$ 5,957	13,243
Capital Projects			161,736		161,736
Excess Surplus	2,056,135				2,056,135
Excess Surplus, Designated for Subsequent Year's Expenditures	1,293,134				1,293,134
Assigned					
Year End Encumbrances	87,301				87,301
Designated for Subsequent Year's Expenditures	1,277,284				1,277,284
Unassigned	<u>(1,248,642)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,248,642)</u>
Total Fund Balances	<u>5,252,758</u>	<u>-</u>	<u>169,022</u>	<u>5,957</u>	<u>5,427,737</u>
Total Liabilities and Fund Balances	<u>\$ 6,116,760</u>	<u>\$ 803,882</u>	<u>\$ 5,554,598</u>	<u>\$ 5,957</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$76,201,548 and the accumulated depreciation is \$28,465,800. 47,735,748

Accrued interest on long-term liabilities are not reported as liabilities in the fund. (264,350)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 614,087

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

	Deferred Outflows of Resources	\$ 4,362,816	
	Deferred Inflows of Resources	<u>(3,458,238)</u>	
			904,578

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2) (37,640,178)

Net Position of Governmental Activities **\$ 16,777,622**

RAHWAY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 41,616,506			\$ 2,357,438	\$ 43,973,944
Tuition	184,918				184,918
Interest Earned on Capital Reserve Fund	100				100
Interest Earned on Maintenance Reserve Fund	100				100
Interest Earned on Investments	34,791		\$ 8,753		43,544
Miscellaneous	337,652	\$ 24,933	-	-	362,585
Total - Local Sources	42,174,067	24,933	8,753	2,357,438	44,565,191
State Sources	31,066,358	2,519,322		213,300	33,798,980
Federal Sources	162,347	1,812,117	-	-	1,974,464
Total Revenues	73,402,772	4,356,372	8,753	2,570,738	80,338,635
EXPENDITURES					
Current					
Instruction					
Regular Instruction	26,797,897	2,380,963			29,178,860
Special Education Instruction	13,145,797	919,218			14,065,015
Other Instruction	5,299,364	20,565			5,319,929
School Sponsored Co-Curricular Activities	2,684,605				2,684,605
Support Services					
Student and Instruction Related Services	8,249,332	828,583			9,077,915
General Administration Services	1,216,217			173,615	1,389,832
School Administration Services	3,496,204				3,496,204
Business/Central Services	1,352,776				1,352,776
Plant Operations and Maintenance	5,991,319				5,991,319
Pupil Transportation	3,232,687	12,560			3,245,247
Debt Service					
Principal	326,185			1,870,000	2,196,185
Interest and Other Charges	10,300			695,784	706,084
Capital Outlay	29,699	193,556	-	-	223,255
Total Expenditures	71,832,382	4,355,445	-	2,739,399	78,927,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,570,390	927	8,753	(168,661)	1,411,409
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds				14,270,000	14,270,000
Premium on Issuance of Refunding Bonds				1,906,649	1,906,649
Payment to Refunding Escrow Agent				(16,003,034)	(16,003,034)
Transfers In	8,753				8,753
Transfers Out	-	-	(8,753)	-	(8,753)
Total Other Financing Sources and Uses	8,753	-	(8,753)	173,615	173,615
Net Change in Fund Balances	1,579,143	927	-	4,954	1,585,024
Fund Balance, Beginning of Year	3,673,615	(927)	169,022	1,003	3,842,713
Fund Balance, End of Year	\$ 5,252,758	\$ -	\$ 169,022	\$ 5,957	\$ 5,427,737

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

**RAHWAY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,585,024**

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

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

Capital Outlays	\$ 223,255	
Depreciation Expense	<u>(2,114,703)</u>	(1,891,448)

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt Issued		
Refunding Bonds	(14,270,000)	
Original Issue Premium	<u>(1,906,649)</u>	(16,176,649)

Payment to Escrow Agent for Refunding		16,003,034
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Principal Repayments:		
Lease Purchase Principal	645,000	
Capital Lease Principal	326,185	
Bond Principal	<u>1,225,000</u>	2,196,185

Deferred amounts on refundings are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the Statement of Activities, the costs are amortized over the life of the bonds. These costs are an addition in the reconciliation in the year issued and a deduction for the amortization in the reconciliation.

Current Year Amortization:		
Deferred Amount on Refunding		(45,060)

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

Decrease in Accrued Interest	28,825	
Amortization of Original Issue Premium	90,818	
Increase in Pension Expenses	(620,921)	
Increase in Compensated Absences	<u>144,940</u>	(356,338)

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 1,314,748**

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

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	347,531
Accounts Receivable		
Intergovernmental		74,240
Accounts		7,202
Inventory		<u>15,506</u>
Total Current Assets		<u>444,479</u>
Capital Assets		
Furniture, Machinery and Equipment		634,331
Less: Accumulated Depreciation		<u>(357,096)</u>
Total Capital Assets, Net of Accumulated Depreciation		<u>277,235</u>
Total Assets		<u>721,714</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		20,278
Unearned Revenue		<u>11,992</u>
Total Current Liabilities		<u>32,270</u>
Total Liabilities		<u>32,270</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue		<u>3,933</u>
Total Deferred Inflows of Resources		<u>3,933</u>
NET POSITION		
Investment in Capital Assets		277,235
Unrestricted		<u>408,276</u>
Total Net Position	\$	<u><u>685,511</u></u>

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

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 343,830
Daily Sales - Non-Reimbursable Programs	373,209
Other Sales	<u>50,498</u>
 Total Operating Revenues	 <u>767,537</u>
OPERATING EXPENSES	
Cost of Sales	
Reimbursable Programs	661,731
Non-Reimbursable Programs	116,776
USDA Commodities	152,600
Salaries and Wages	690,706
Employee Benefits	43,332
Management Fee	73,232
Other Purchased Technical Services	2,500
Other Purchased Services	6,827
Supplies and Materials	76,797
Repairs and Maintenance	39,868
Insurance	83,117
Laundry/Uniforms	10,418
Other Expenses	16,884
Depreciation	<u>24,514</u>
 Total Operating Expenses	 <u>1,999,302</u>
 Operating Loss	 <u>(1,231,765)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	22,476
Federal Sources	
National School Lunch Program	
Cash Assistance	961,008
Non-Cash Assistance	152,600
National School Breakfast Program	<u>164,834</u>
 Total Nonoperating Revenues	 <u>1,300,918</u>
 Change in Net Position	 69,153
Net Position, Beginning of Year	<u>616,358</u>
Net Position, End of Year	<u><u>\$ 685,511</u></u>

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

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 774,098
Payments for Employees Salaries and Benefits	(734,038)
Payments to Suppliers	<u>(1,119,088)</u>
Net Cash Used for Operating Activities	<u>(1,079,028)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipts from State and Federal Subsidies	<u>1,167,506</u>
Net Cash Provided By Non-Capital Financing Activities	<u>1,167,506</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(63,784)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(63,784)</u>
Net Increase in Cash and Cash Equivalents	24,694
Cash and Cash Equivalents—Beginning of Year	<u>322,837</u>
Cash and Cash Equivalents—End of Year	<u>\$ 347,531</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,231,765)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	24,514
Food Distribution (USDA Commodities) National School Lunch Program	152,600
Changes in Assets, Liabilities and Deferred Inflows of Resources	
Decrease in Accounts Receivable, Net	706
Increase in Inventory	(2,069)
Decrease in Deferred Inflows of Resources	(2,544)
Increase in Unearned Revenue	5,855
Decrease in Accounts Payable	<u>(26,325)</u>
Total Adjustments	<u>152,737</u>
Net Cash Used For Operating Activities	<u>\$ (1,079,028)</u>
Non Cash Financing Activities	
Fair Value of Food Distribution Program	\$ 150,056

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

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 151,540	\$ 330,869	\$ 2,089,125
Accounts Receivable			
Due from Other Funds	-	37,911	-
Total Assets	151,540	368,780	\$ 2,089,125
LIABILITIES			
Intergovernmental Accounts Payable		3,908	
Payable to Student Groups			\$ 190,621
Due to Other Funds			39,606
Payroll Deductions and Withholdings			187,628
Reserve for Flex Spending Account			11,924
Summer Savings			1,640,446
Accrued Salaries and Wages	-	-	18,900
Total Liabilities	-	3,908	\$ 2,089,125
NET POSITION			
Held In Trust For Unemployment Claims		364,872	
Reserved for Scholarships	151,540	-	
Total Net Position	\$ 151,540	\$ 364,872	

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions		
Employee		\$ 63,928
Other	\$ 24,815	-
Total Contributions	<u>24,815</u>	<u>63,928</u>
Investment Earnings		
Interest	<u>1,389</u>	<u>672</u>
Net Investment Earnings	<u>1,389</u>	<u>672</u>
Total Additions	<u>26,204</u>	<u>64,600</u>
Deductions:		
Unemployment Claims and Contributions		31,247
Scholarships Awarded	<u>11,343</u>	<u>-</u>
Total Deductions	<u>11,343</u>	<u>31,247</u>
Change in Net Position	14,861	33,353
Net Position, Beginning of Year	<u>136,679</u>	<u>331,519</u>
Net Position, End of Year	<u>\$ 151,540</u>	<u>\$ 364,872</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rahway School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Rahway School District this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

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

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20-40
Heavy Equipment	10-15
Office Equipment and Furniture	10
Computer Equipment	5

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

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

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

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance

District-Wide Statements

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

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3).

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$37,640,178 difference are as follows:

Bonds Payable	\$ 17,415,831
Obligations Under Lease Purchase	1,365,000
Compensated Absences Payable	2,174,083
Net Pension Liability	<u>16,685,264</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 37,640,178</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

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

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$4,170,060. The increase was funded by additional state aid appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The District has an unassigned fund deficit of \$1,248,642 in the General Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2017/2018 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficits does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

B. Deficit Fund Equity

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$1,248,642 in the General Fund is less than the delayed state aid payments at June 30, 2018.

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 170,946
Increased by:		
Interest Earnings	\$ 100	
Deposits Approved by Board Resolution	<u>1,100,000</u>	
		<u>1,100,100</u>
Balance, June 30, 2018		<u>\$ 1,271,046</u>

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 716,400
Increased by		
Interest Earnings	<u>100</u>	
		716,500
Decreased by:		
Budgeted Withdrawal	<u>200,000</u>	
Balance, June 30, 2018		<u>\$ 516,500</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$3,349,269. Of this amount, \$1,293,134 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$2,056,135 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,499,642 and bank and brokerage firm balances of the Board's deposits amounted to \$7,460,055. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>7,460,055</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board's bank balances were not exposed to custodial credit risk as follows:

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts				\$ 7,202	\$ 7,202
Intergovernmental-					
Federal		\$ 677,629		72,846	750,475
State	\$ 63,812		\$ 3,791,674	1,394	3,856,880
Local	88,475	-	-	-	88,475
Gross Receivables	152,287	677,629	3,791,674	81,442	4,703,032
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 152,287</u>	<u>\$ 677,629</u>	<u>\$ 3,791,674</u>	<u>\$ 81,442</u>	<u>\$ 4,703,032</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 566,954
Grant Draw Downs Reserved for Encumbrances	109,240
Capital Projects Fund	
Unrealized School Facilities Grants	<u>108,241</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 784,435</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance, June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	<u>189,756</u>	-	\$ -	<u>189,756</u>
Total Capital Assets, Not Being Depreciated	<u>1,736,201</u>	<u>-</u>	<u>-</u>	<u>1,736,201</u>
 Capital Assets, Being Depreciated:				
Buildings and Building Improvements	71,051,123			71,051,123
Improvements other than Buildings	1,422,755			1,422,755
Machinery and Equipment	<u>1,800,214</u>	\$ 223,255	<u>(32,000)</u>	<u>1,991,469</u>
Total Capital Assets Being Depreciated	<u>74,274,092</u>	<u>223,255</u>	<u>(32,000)</u>	<u>74,465,347</u>
 Less Accumulated Depreciation for:				
Buildings and Building Improvements	(24,514,383)	(1,995,361)		(26,509,744)
Improvements other than Buildings	(570,752)	(59,679)		(630,431)
Machinery and Equipment	<u>(1,297,962)</u>	<u>(59,663)</u>	<u>32,000</u>	<u>(1,325,625)</u>
Total Accumulated Depreciation	<u>(26,383,097)</u>	<u>(2,114,703)</u>	<u>32,000</u>	<u>(28,465,800)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>47,890,995</u>	 <u>(1,891,448)</u>	 <u>-</u>	 <u>45,999,547</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 49,627,196</u>	 <u>\$ (1,891,448)</u>	 <u>\$ -</u>	 <u>\$ 47,735,748</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 570,547	\$ 63,784	-	\$ 634,331
Total Capital Assets Being Depreciated	<u>570,547</u>	<u>63,784</u>	-	<u>634,331</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(332,582)	(24,514)	-	(357,096)
Total Accumulated Depreciation	<u>(332,582)</u>	<u>(24,514)</u>	-	<u>(357,096)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 237,965</u>	<u>\$ 39,270</u>	<u>\$ -</u>	<u>\$ 277,235</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 6,588
Total Instruction	<u>6,588</u>
Support Services	
Support Services - Students	821
General Administration	6,558
School Administration	665
Transportation	4,294
Operations and Maintenance of Plant	11,584
Total Support Services	<u>23,922</u>
Unallocated	<u>2,084,193</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,114,703</u>
Business-Type Activities:	
Food Service Fund	\$ 24,514
Total Depreciation Expense-Business-Type Activities	<u>\$ 24,514</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 5,276,332
General Fund	Payroll Agency Fund	1,695
Unemployment Compensation Trust Fund	Payroll Agency Fund	37,911
Debt Service Fund	Capital Projects Fund	<u>1,003</u>
 Total		 <u>\$ 5,316,941</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

The District expects all interfund balances to be liquidated within one year other than the Capital Projects fund amount due to General Fund. This interfund will be liquidated upon collection of the School Development Authority (SDA) grants receivable in the Capital Projects Fund.

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	<u>\$ 8,753</u>	<u>\$ 8,753</u>
	<u>\$ 8,753</u>	<u>\$ 8,753</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Lease Purchase Agreements

The District has entered into lease purchase agreements and issued certificates of participation ("COPS") for additions and renovations to school facilities.

In January 2007, the District issued \$6,050,000 in School District Private Placement Refunding Certificates of Participation having an interest rate of 3.97%. These certificates were issued in order to advance refund \$5,485,000 of its \$9,130,000

original issue lease.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 670,000	\$ 54,191	\$ 724,191
2020	<u>695,000</u>	<u>27,592</u>	<u>722,592</u>
	<u>\$ 1,365,000</u>	<u>\$ 81,783</u>	<u>\$ 1,446,783</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2018 are comprised of the following issues:

\$3,025,000, 2003 Taxable Refunding Bonds, due in annual installments of \$245,000 to \$255,000 through April 1, 2020, interest at 5.93%	\$500,000
\$22,800,000, 2011 School Bonds, due in an annual installment of \$925,000 on February 15, 2019, interest at 3.50%	925,000
\$14,270,000, 2017 Refunding School Bonds, due in annual installments of \$860,000 to \$1,365,000 through February 15, 2030, interest at 3% to 5%	<u>14,175,000</u>
Total	<u>\$15,600,000</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 1,170,000	\$ 660,625	\$ 1,830,625
2020	1,115,000	613,722	1,728,722
2021	1,300,000	572,800	1,872,800
2022	1,310,000	533,800	1,843,800
2023	1,330,000	481,400	1,811,400
2024-2028	6,655,000	1,531,250	8,186,250
2029-2030	2,720,000	149,650	2,869,650
	<u>\$ 15,600,000</u>	<u>\$ 4,543,247</u>	<u>\$ 20,143,247</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 101,539,711
Less: Net Debt Issued	<u>15,600,000</u>
Remaining Borrowing Power	<u>\$ 85,939,711</u>

Advance and Current Refundings of Debt

On October 12, 2017, the District issued \$14,270,000 in School District Refunding Bonds having interest rates of 2.00% to 5.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2010 School District Bonds of the District. The total bond principal defeased was \$15,375,000 and the total interest payments defeased through the call date on February 15, 2019, was \$915,375. The net proceeds of \$16,003,054 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$628,034. This amount has been reported as a Deferred Outflows of Resources on the financial statements and will be amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,145,354 and resulted in an economic gain of \$970,537.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increased</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 17,930,000	\$ 14,270,000	\$ (16,600,000)	\$ 15,600,000	\$ 1,170,000
Unamortized Premium on Bonds	-	1,906,649	(90,818)	1,815,831	-
Bonds Payable, Net	17,930,000	16,176,649	(16,690,818)	17,415,831	1,170,000
Obligations Under Lease Purchase	2,010,000		(645,000)	1,365,000	670,000
Capital Leases Payable	326,185		(326,185)		
Net Pension Liability	20,801,102		(4,115,838)	16,685,264	
Compensated Absences Payable	2,319,023	150,788	(295,728)	2,174,083	370,864
Long-Term Liabilities	<u>\$ 43,386,310</u>	<u>\$ 16,327,437</u>	<u>\$ (22,073,569)</u>	<u>\$ 37,640,178</u>	<u>\$ 2,210,864</u>

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

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2018	None	\$ 63,928	\$ 31,247	\$ 364,872
2017	None	52,849	16,017	331,519
2016	None	55,130	44,891	294,095

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represent 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 tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 664,011	\$ 4,180,542	\$ 18,383
2017	623,943	3,062,394	43,545
2016	589,460	2,269,005	37,283

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$7,677 and \$3,724, respectively for PERS and the State contributed \$5,054 and \$5,851, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,165,674 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$16,685,264 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .07167 percent, which was an increase of .00144 percent from its proportionate share measured as of June 30, 2016 of .07023 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,284,932 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 392,880	
Changes of Assumptions	3,361,506	\$ 3,349,182
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	113,615	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>494,815</u>	<u>109,056</u>
Total	<u>\$ 4,362,816</u>	<u>\$ 3,458,238</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 468,745
2020	659,243
2021	458,944
2022	(369,415)
2023	(312,939)
Thereafter	<u>-</u>
	<u>\$ 904,578</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,716,650 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$183,567,827. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .27226 percent, which was a decrease of .01113 percent from its proportionate share measured as of June 30, 2016 of .28339 percent.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 218,084,337</u>	<u>\$ 183,567,827</u>	<u>\$ 155,132,976</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>\$366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$2,700,123, \$2,551,671 and \$2,701,759, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$8,055,675. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$129,098,281. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .24068 percent, which was an increase of .00046 percent from its proportionate share measured as of June 30, 2016 of .24022 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>138,925,132</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 5,761,043
Interest on the Total OPEB Liability	4,082,447
Changes of Assumptions	(17,055,751)
Gross Benefit Payments	(2,714,546)
Contributions from the Member	<u>99,956</u>
Net Changes	\$ <u>(9,826,851)</u>
Balance, June 30, 2017 Measurement Date	<u>\$ 129,098,281</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>153,248,974</u>	\$ <u>129,098,281</u>	\$ <u>109,941,722</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>106,170,856</u>	\$ <u>129,098,281</u>	\$ <u>159,545,631</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Rahway School District, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-f

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 41,616,506		\$ 41,616,506	41,616,506	
Tuition from Other LEA's within the State				39,579	\$ 39,579
Tuition - Other	10,985		10,985	145,339	134,354
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned in Maintenance Reserve Fund	100		100	100	
Interest on Investments and Deposits				34,791	34,791
Unrestricted Miscellaneous Revenues	154,133	-	154,133	337,652	183,519
Total Local Sources	41,781,824	-	41,781,824	42,174,067	392,243
State Sources					
Special Education Aid	2,263,445		2,263,445	2,263,445	
Equalization Aid	17,565,441	\$ 689,620	18,255,061	18,255,061	
Security Aid	473,055		473,055	473,055	
Transportation Aid	209,420		209,420	209,420	
Under Adequacy Aid	86,609		86,609	86,609	
PARCC Readiness Aid	36,460		36,460	36,460	
Per Pupil Growth Aid	36,460		36,460	36,460	
Professional Learning Community Aid	36,910		36,910	36,910	
Extraordinary Aid	450,345		450,345	656,073	205,728
Nonpublic Transportation Aid				63,812	63,812
Lead Testing for Schools Aid				12,074	12,074
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				4,081,494	4,081,494
NCGI Premium				99,048	99,048
Post-Retirement Medical				2,700,123	2,700,123
Long Term Disability Insurance				5,054	5,054
Reimbursed Social Security	-	-	-	2,165,674	2,165,674
Total State Sources	21,158,145	689,620	21,847,765	31,180,772	9,333,007
Federal Sources					
Medicaid Reimbursements	119,088	-	119,088	162,347	43,259
Total Federal Sources	119,088	-	119,088	162,347	43,259
Total Revenues	63,059,057	689,620	63,748,677	73,517,186	9,768,509
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	928,485	16,148	944,633	944,132	501
Grades 1-5	5,781,299	121,864	5,903,163	5,796,338	106,825
Grades 6-8	3,751,964	75,000	3,826,964	3,825,906	1,058
Grades 9-12	5,315,861	(113,352)	5,202,509	5,178,593	23,916
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	16,000	46,000	40,445	5,555
Purchased Professional-Educational Services	45,126	(16,000)	29,126	4,456	24,670
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	449,606		449,606	424,795	24,811
Purchased Professional-Educational Services	11,600	36,075	47,675	46,415	1,260
Other Purchased Services	328,971	39,306	368,277	357,525	10,752
General Supplies	675,020	53,184	728,204	607,174	121,030
Textbooks	401,292	(14,197)	387,095	321,425	65,670
Other Objects	113,196	6,000	119,196	96,238	22,958
Total Regular Programs	17,832,420	220,028	18,052,448	17,643,442	409,006

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instruction - Special Education					
Learning /Language Disabilities					
Salaries of Teachers	\$ 243,628		\$ 243,628	\$ 243,628	
Other Salaries for Instruction	72,956	\$ 43,000	115,956	114,708	\$ 1,248
General Supplies	6,460	4,000	10,460	8,086	2,374
Total Learning /Language Disabilities	323,044	47,000	370,044	366,422	3,622
Behavioral Disabilities					
Salaries of Teachers	408,665		408,665	408,665	
Other Salaries for Instruction	84,224	15,000	99,224	97,715	1,509
General Supplies	6,859	317	7,176	6,132	1,044
Other Objects	-	143	143	143	-
Total Behavioral Disabilities	499,748	15,460	515,208	512,655	2,553
Multiple Disabilities					
Salaries of Teachers	303,331	925	304,256	304,255	1
Other Salaries for Instruction	169,421		169,421	145,136	24,285
General Supplies	3,174		3,174	2,470	704
Other Objects	313	2,668	2,981	2,115	866
Total Multiple Disabilities	476,239	3,593	479,832	453,976	25,856
Resource Room/Resource Center					
Salaries of Teachers	3,416,570		3,416,570	3,377,532	39,038
Other Salaries for Instruction	483,721		483,721	449,619	34,102
General Supplies	20,200		20,200	17,901	2,299
Textbooks	3,550	1,294	4,844	3,050	1,794
Total Resource Room/Resource Center	3,924,041	1,294	3,925,335	3,848,102	77,233
Autism					
Salaries of Teachers	76,953		76,953	70,653	6,300
Other Salaries for Instruction	48,560		48,560	28,616	19,944
General Supplies	1,000	16	1,016	1,015	1
Total Autism	126,513	16	126,529	100,284	26,245
Preschool Disabilities - Part - Time					
Salaries of Teachers	186,444		186,444	173,570	12,874
Other Salaries for Instruction	74,582	900	75,482	75,401	81
General Supplies	3,300	-	3,300	2,924	376
Total Preschool Disabilities - Part - Time	264,326	900	265,226	251,895	13,331
Preschool Disabilities - Full - Time					
Salaries of Teachers	215,057	5,600	220,657	220,628	29
Other Salaries for Instruction	119,436	18,500	137,936	137,193	743
General Supplies	17,000	-	17,000	16,066	934
Total Preschool Disabilities - Full - Time	351,493	24,100	375,593	373,887	1,706

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 70,000		\$ 70,000	\$ 45,051	\$ 24,949
Purchased Professional-Educational Services	20,000	-	20,000	9,048	10,952
Total Home Instruction	90,000	-	90,000	54,099	35,901
Total Special Education	6,055,404	\$ 92,363	6,147,767	5,961,320	186,447
Basic Skills/Remedial					
Salaries of Teachers	1,161,901		1,161,901	1,150,933	10,968
General Supplies	3,500	2,666	6,166	6,166	-
Total Basic Skills/Remedial	1,165,401	2,666	1,168,067	1,157,099	10,968
Bilingual Education					
Salaries of Teachers	880,559		880,559	723,152	157,407
Other Salaries for Instruction	161,771		161,771	142,979	18,792
General Supplies	7,000		7,000	6,829	171
Textbooks	3,000	-	3,000	1,153	1,847
Total Bilingual Education	1,052,330	-	1,052,330	874,113	178,217
School Sponsored Co/Extra Curricular Activities					
Salaries	256,096	(11,200)	244,896	230,700	14,196
Purchased Services	95,438	3,330	98,768	83,177	15,591
Supplies and Materials	60,000	3,235	63,235	51,748	11,487
Other Objects	14,350	15,216	29,566	28,979	587
Transfers to Cover Deficit (Agency Funds)	28,000	-	28,000	25,446	2,554
Total School Sponsored Co/Extra Curricular Activities	453,884	10,581	464,465	420,050	44,415
School Sponsored Athletics - Instruction					
Salaries	414,284		414,284	409,130	5,154
Purchased Services	125,883	(29,600)	96,283	78,647	17,636
Supplies and Materials	163,900	24,600	188,500	188,494	6
Other Objects	29,500	25,000	54,500	49,890	4,610
Total School Sponsored Athletics - Instruction	733,567	20,000	753,567	726,161	27,406
Before/After School Programs - Instruction					
Salaries of Teachers		900	900	888	12
Salaries of Teacher Tutors	79,753	(900)	78,853	50,634	28,219
Total Before/After School Programs - Instruction	79,753	-	79,753	51,522	28,231
Summer School - Instruction					
Salaries of Teachers	25,262	(1,512)	23,750	21,042	2,708
Salaries of Reading Specialists		1,682	1,682	1,680	2
General Supplies	3,450	345	3,795	685	3,110
Total Summer School - Support Services	28,712	515	29,227	23,407	5,820

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Alternative Ed Program - Instruction					
Salaries of Teachers	\$ 792,222	\$ 2,775	\$ 794,997	\$ 794,996	\$ 1
General Supplies	10,000	260	10,260	10,251	9
Textbooks	5,000	-	5,000	4,934	66
Total Instructional Alternative Ed Program - Instruction	807,222	3,035	810,257	810,181	76
Instructional Alternative Ed Program - Support Svcs.					
Salaries	387,264	500	387,764	387,746	18
Purchased Services	2,784	-	2,784	2,784	-
Supplies and Materials	2,500	(260)	2,240	1,723	517
Other Objects	2,500	-	2,500	-	2,500
Total Instructional Alternative Ed Program-Support Svcs.	395,048	240	395,288	392,253	3,035
Total Alternative Education Programs	1,202,270	3,275	1,205,545	1,202,434	3,111
Other Alternative Ed Programs - Instruction					
Salaries of Teachers	130,173	2,298	132,471	132,471	-
Total Other Alternative Ed Programs - Instruction	130,173	2,298	132,471	132,471	-
Other Alternative Ed Programs - Support Services					
Salaries	77,506	(5,573)	71,933	68,980	2,953
Total Other Alternative Ed Programs - Support Services	77,506	(5,573)	71,933	68,980	2,953
Total Other Alternative Ed Programs	207,679	(3,275)	204,404	201,451	2,953
Total - Instruction	28,811,420	346,153	29,157,573	28,260,999	896,574
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular		10,441	10,441	10,440	1
Tuition to Other LEAs Within State-Special	1,213,379	(870)	1,212,509	1,201,447	11,062
Tuition to County Voc. School- Regular	730,500	(25,000)	705,500	680,450	25,050
Tuition to County Voc. School- Special	172,000	(9,962)	162,038	106,694	55,344
Tuition to Private School for Disabled W/I	3,531,293	(507,851)	3,023,442	2,846,003	177,439
Tuition - State Facilities	71,571	-	71,571	71,571	-
Total Undistributed Expenditures - Instruction	5,718,743	(533,242)	5,185,501	4,916,605	268,896
Attendance and Social Work					
Salaries	243,251	106,793	350,044	345,422	4,622
Other Purchased Services	500	-	500	75	425
Supplies and Materials	5,500	(1,943)	3,557	1,387	2,170
Total Attendance and Social Work	249,251	104,850	354,101	346,884	7,217

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 500,168	\$ (13,147)	\$ 487,021	437,873	\$ 49,148
Purchased Professional and Technical Services	59,157	13,000	72,157	70,803	1,354
Other Purchased Services	7,249		7,249	6,948	301
Supplies and Materials	11,825	280	12,105	10,279	1,826
Other Objects	792	147	939	938	1
Total Health Services	579,191	280	579,471	526,841	52,630
Speech, OT, PT & Related Services					
Salaries	427,380	(7,222)	420,158	413,380	6,778
Purchased Professional - Educational Services	497,700	93,222	590,922	589,869	1,053
Supplies and Materials	1,900	9	1,909	1,909	
Other Objects	-	1,125	1,125	900	225
Total Speech, OT, PT & Related Services	926,980	87,134	1,014,114	1,006,058	8,056
Other Support Services - Students - Extra Svc					
Salaries	341,276	62,000	403,276	396,427	6,849
Purchased Professional - Educational Services	536,679	320,000	856,679	783,169	73,510
Other Objects	1,600	4,005	5,605	4,719	886
Total Other Support Services - Students - Extra Svc.	879,555	386,005	1,265,560	1,184,315	81,245
Guidance					
Salaries of Other Professional Staff	604,340		604,340	602,326	2,014
Salaries of Secretarial and Clerical Assistants	120,136		120,136	120,136	
Other Salaries	63,916	812	64,728	64,728	
Purchased Professional - Educational Services	108,346		108,346	107,845	501
Other Purchased Professional and Technical Services	8,000	1,000	9,000	9,000	
Supplies and Materials	31,000		31,000	15,431	15,569
Other Objects	7,325	-	7,325	1,480	5,845
Total Undistributed Expenditures - Guidance	943,063	1,812	944,875	920,946	23,929
Child Study Teams					
Salaries of Other Professional Staff	1,304,434		1,304,434	1,240,271	64,163
Salaries of Secretarial and Clerical Assistants	108,405		108,405	108,405	
Purchased Professional - Educational Services	108,127		108,127	103,187	4,940
Miscellaneous Purchased Services	17,322	22,710	40,032	35,867	4,165
Supplies and Materials	30,900	-	30,900	17,783	13,117
Total Undistributed Expenditures - Child Study Teams	1,569,188	22,710	1,591,898	1,505,513	86,385
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	793,707	(18,767)	774,940	771,879	3,061
Salaries of Other Professional Staff	70,630	-	70,630	58,929	11,701
Salaries of Secretarial and Clerical Assistants	203,162	(1,505)	201,657	192,112	9,545
Unused Vacation Payment to Terminated/Retired		18,767	18,767	18,767	
Other Purchased Services	14,104		14,104	8,361	5,743
Supplies and Materials	21,500	6,600	28,100	20,837	7,263
Other Objects	8,750	-	8,750	4,119	4,631
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	1,111,853	5,095	1,116,948	1,075,004	41,944

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 363,984	\$ (63,980)	\$ 300,004	\$ 295,442	\$ 4,562
Supplies and Materials	56,646	2,974	59,620	52,353	7,267
Total Educational Media Services/School Library	<u>420,630</u>	<u>(61,006)</u>	<u>359,624</u>	<u>347,795</u>	<u>11,829</u>
Instructional Staff Training Serv.					
Salaries of Other Professional Staff	2,000	58	2,058	2,058	
Purchased Professional-Educational Services	7,000		7,000		7,000
Other Purchased Services	19,500	(58)	19,442	17,634	1,808
Other Objects	6,000	-	6,000	4,632	1,368
Total Instructional Staff Training Serv.	<u>34,500</u>	<u>-</u>	<u>34,500</u>	<u>24,324</u>	<u>10,176</u>
Support Services General Administration					
Salaries	377,361	100	377,461	377,403	58
Legal Services	90,000	45,000	135,000	133,106	1,894
Audit Fees	39,500		39,500	38,615	885
Architect/Engineering Services	11,900		11,900	10,710	1,190
Other Purchased Professional Services	19,400		19,400	16,903	2,497
Purchased Technical Services	20,400		20,400	12,473	7,927
Communications/Telephone	149,792	(20,000)	129,792	100,867	28,925
BOE Other Purchased Services	6,000		6,000	1,945	4,055
Miscellaneous Purchased Services	347,943	(35,206)	312,737	290,716	22,021
General Supplies	4,000		4,000	1,043	2,957
BOE In-House Training/Meeting Supplies	1,700		1,700	420	1,280
Miscellaneous Expenditures	9,000	100	9,100	9,068	32
BOE Member Dues & Fees	25,000	-	25,000	24,592	408
Total Support Services General Administration	<u>1,101,996</u>	<u>(10,006)</u>	<u>1,091,990</u>	<u>1,017,861</u>	<u>74,129</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,649,454	(10,068)	1,639,386	1,596,859	42,527
Salaries of Secretarial and Clerical Assistants	526,292	48,856	575,148	548,442	26,706
Unused Vacation Payment to Terminated/Retired		17,716	17,716	15,421	2,295
Purchased Professional and Technical Services	3,000		3,000		3,000
Other Purchased Services	181,114	3,010	184,124	166,831	17,293
Supplies and Materials	54,000	10,042	64,042	57,549	6,493
Other Objects	42,450	(520)	41,930	35,762	6,168
Total Support Services School Administration	<u>2,456,310</u>	<u>69,036</u>	<u>2,525,346</u>	<u>2,420,864</u>	<u>104,482</u>
Central Services					
Salaries	386,575	593	387,168	379,024	8,144
Purchased Technical Services	100,000	6,478	106,478	76,841	29,637
Miscellaneous Purchased Services	50,768	23,522	74,290	65,045	9,245
Supplies and Materials	20,000	3,000	23,000	11,816	11,184
Miscellaneous Expenditures	19,000	-	19,000	4,662	14,338
Total Central Services	<u>576,343</u>	<u>33,593</u>	<u>609,936</u>	<u>537,388</u>	<u>72,548</u>
Admin. Info. Technology					
Salaries	401,019	3,536	404,555	401,400	3,155
Other Purchased Services	36,113	3,689	39,802	39,747	55
Supplies and Materials	2,500		2,500	2,494	6
Other Objects	2,000	-	2,000	1,695	305
Total Admin. Info. Technology	<u>441,632</u>	<u>7,225</u>	<u>448,857</u>	<u>445,336</u>	<u>3,521</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 358,179	\$ (3,032)	\$ 355,147	293,613	\$ 61,534
Unused Vacation Payment to Terminated/Retired		3,032	3,032	3,032	
Cleaning, Repair and Maintenance Services	278,000	191,338	469,338	420,620	48,718
General Supplies	87,500	127,575	215,075	207,763	7,312
Other Objects	3,000	-	3,000	859	2,141
Total Required Maint. for School Facilities	726,679	318,913	1,045,592	925,887	119,705
Custodial Services					
Salaries	1,749,124	55,922	1,805,046	1,749,380	55,666
Unused Vacation Payment to Terminated/Retired		15,689	15,689	15,688	1
Purchased Professional and Technical Services	15,000		15,000	10,945	4,055
Cleaning, Repair and Maintenance Services	221,715	51,711	273,426	268,817	4,609
Rental of Land & Bldg. Other Than Lease Purchase Agreement	121,054	(4,660)	116,394	102,193	14,201
Other Purchased Property Services	109,245	12,600	121,845	94,946	26,899
Insurance	117,805		117,805	117,805	
General Supplies	198,000	33,985	231,985	231,016	969
Energy (Natural Gas)	509,000	(114,000)	395,000	312,331	82,669
Energy (Electricity)	580,000	-	580,000	480,003	99,997
Total Custodial Services	3,620,943	51,247	3,672,190	3,383,124	289,066
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	50,000	29,000	79,000	69,275	9,725
General Supplies	50,000	-	50,000	18,362	31,638
Total Care & Upkeep of Grounds	100,000	29,000	129,000	87,637	41,363
Security					
Salaries	509,156	5,500	514,656	509,606	5,050
Purchased Professional and Technical Services	13,000	(7,062)	5,938	2,184	3,754
Cleaning, Repair and Maintenance Services	1,800	-	1,800	1,800	
Supplies and Materials	-	1,562	1,562	1,532	30
Total Security	523,956	-	523,956	513,322	10,634
Total Undist. Expend. - Oper & Main of Plant Serv.	4,971,578	399,160	5,370,738	4,909,970	460,768
Student Transportation Services					
Salaries for Non-Instructional Aides	6,000		6,000	6,000	
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	26,119		26,119	16,164	9,955
Salaries for Pupil Transportation (Other Than Between Home and School)	12,000	2,600	14,600	13,627	973
Cleaning, Repair and Maintenance Services	10,000		10,000	4,676	5,324
Rental Payments - School Buses	2,000		2,000	775	1,225
Lease Purchase Payments - School Buses	17,000		17,000	17,000	
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools	137,020		137,020	126,401	10,619
Contracted Services - Aid in Lieu of Payments - Charter Schools	7,072		7,072	7,000	72
Contracted Services - Aid in Lieu of Payments - Choice Schools	3,536		3,536	3,000	536
Contracted Services (Between Home and School) - Vendors	526,838	54,292	581,130	576,486	4,644
Contracted Services (Other than Between Home and School) - Vendors	182,840	(21,000)	161,840	138,248	23,592
Contracted Services - (Spec. Ed. Students) - Vendors	571,572	(54,292)	517,280	512,003	5,277
Contracted Services (Regular Students) - ESCs and CTSA's	145,271	121,854	267,125	248,646	18,479
Contracted Services (Spd. Ed. Students) - ECSs & CTSA's	1,871,384	(124,454)	1,746,930	1,540,599	206,331
Misc. Purchased Services- Transportation	10,000		10,000	4,250	5,750
General Supplies	12,000		12,000	2,268	9,732
Other Objects	4,000	-	4,000	394	3,606
Total Student Transportation Services	3,544,652	(21,000)	3,523,652	3,217,537	306,115

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contribution	\$ 624,089	\$ 85,000	\$ 709,089	\$ 686,983	\$ 22,106
Other Retirement Contributions - PERS	784,300	(16,536)	767,764	690,071	77,693
Workmen's Compensation	367,221	10,106	377,327	377,326	1
Health Benefits	8,853,007	(500,251)	8,352,756	7,225,562	1,127,194
Tuition Reimbursement	132,000		132,000	125,049	6,951
Other Employee Benefits	403,290	160,169	563,459	557,055	6,404
Unused Sick Payment to Terminated/Retired Staff	150,000	167,000	317,000	295,728	21,272
Total Unallocated Benefits - Employee Benefits	<u>11,313,907</u>	<u>(94,512)</u>	<u>11,219,395</u>	<u>9,957,774</u>	<u>1,261,621</u>
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				4,081,494	(4,081,494)
NCGI Premium				99,048	(99,048)
Post-Retirement Medical				2,700,123	(2,700,123)
Long Term Disability Insurance				5,054	(5,054)
Reimbursed Social Security	-	-	-	2,165,674	(2,165,674)
Total On-Behalf TPAF Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,051,393</u>	<u>(9,051,393)</u>
Total Undistributed Expenditures	<u>36,839,372</u>	<u>397,134</u>	<u>37,236,506</u>	<u>43,412,408</u>	<u>(6,175,902)</u>
Interest Earned on Maintenance Reserve	100	-	100	-	100
Total Current Expenditures	<u>65,650,892</u>	<u>743,287</u>	<u>66,394,179</u>	<u>71,673,407</u>	<u>(5,279,228)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		6,331	6,331	6,331	
Guidance		4,098	4,098		4,098
Custodial Services	-	24,762	24,762	24,161	601
Total Equipment	<u>-</u>	<u>35,191</u>	<u>35,191</u>	<u>30,492</u>	<u>4,699</u>
Facilities Acquisition and Construction Serv.					
Assessment for Debt Service on SDA Funding	38,595	-	38,595	38,595	-
Total Facilities Acquisition and Constr. Services	<u>38,595</u>	<u>-</u>	<u>38,595</u>	<u>38,595</u>	<u>-</u>
Interest Deposit to Capital Reserve	100	-	100	-	100
Total Capital Outlay	<u>38,695</u>	<u>35,191</u>	<u>73,886</u>	<u>69,087</u>	<u>4,799</u>
Transfer Funds to Charter School	89,888	-	89,888	89,888	-
Total Expenditures	<u>65,779,475</u>	<u>778,478</u>	<u>66,557,953</u>	<u>71,832,382</u>	<u>(5,274,429)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,720,418)</u>	<u>(88,858)</u>	<u>(2,809,276)</u>	<u>1,684,804</u>	<u>4,494,080</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	8,753	\$ 8,753
Total Other Financing Sources (Uses)	-	-	-	8,753	8,753
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$ (2,720,418)	\$ (88,858)	\$ (2,809,276)	1,693,557	4,502,833
Fund Balances, Beginning of Year	<u>6,333,003</u>	-	<u>6,333,003</u>	<u>6,333,003</u>	-
Fund Balances, End of Year	<u>\$ 3,612,585</u>	<u>\$ (88,858)</u>	<u>\$ 3,523,727</u>	<u>8,026,560</u>	<u>\$ 4,502,833</u>
 <u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Reserve				1,271,046	
Maintenance Reserve				516,500	
Excess Surplus, Designated for Subsequent Year's Expenditures				1,293,134	
Excess Surplus				2,056,135	
Assigned					
Year End Encumbrances				87,301	
Designated for Subsequent Year's Expenditures				1,277,284	
Unassigned				<u>1,525,160</u>	
				8,026,560	
 Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis (June 30, 2018)				<u>(2,773,802)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>5,252,758</u>	

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources		\$ 101,184	\$ 101,184	\$ 42,125	\$ (59,059)
State Sources	\$ 755,026	2,733,209	3,488,235	2,608,243	(879,992)
Federal Sources	1,390,600	557,189	1,947,789	1,806,155	(141,634)
Total Revenues	<u>2,145,626</u>	<u>3,391,582</u>	<u>5,537,208</u>	<u>4,456,523</u>	<u>(1,080,685)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	829,414	607,003	1,436,417	1,276,790	159,627
Other Salaries for Instruction	231,008	121,937	352,945	306,824	46,121
Purchased Professional-Educational Services		221,771	221,771	202,951	18,820
Tuition	900,000	13,964	913,964	913,964	
General Supplies		247,417	247,417	199,197	48,220
Textbooks	2,055	(1,672)	383	367	16
Other Objects	-	1,050	1,050	825	225
Total Instruction	<u>1,962,477</u>	<u>1,211,470</u>	<u>3,173,947</u>	<u>2,900,918</u>	<u>273,029</u>
Support Services					
Salaries of Supervisors of Instruction	14,238	110,762	125,000	82,922	42,078
Salaries of Program Directors	81,707		81,707	81,707	
Salaries of Other Professional Staff	31,574	116,887	148,461	107,539	40,922
Salaries of Secretarial and Clerical Asst.	29,466	25,167	54,633	54,633	
Salaries of Master Teachers		103,618	103,618	103,618	
Other Salaries		57,648	57,648	57,648	
Personal Services - Employee Benefits	21,088	587,771	608,859	528,771	80,088
Purchased Educational Services - Contracted Pre-K		90,000	90,000	20,887	69,113
Other Purchased Prof. Services	5,076	315,616	320,692	140,432	180,260
Contracted Services - Transportation		61,470	61,470	15,560	45,910
Other Purchased Services		49,934	49,934	40,019	9,915
Supplies and Materials		229,390	229,390	43,957	185,433
Other Objects	-	21,479	21,479	2,155	19,324
Total Support Services	<u>183,149</u>	<u>1,769,742</u>	<u>1,952,891</u>	<u>1,279,848</u>	<u>673,043</u>
Facilities Acquisition and Construction					
Instructional Equipment		328,167	328,167	184,858	143,309
Noninstructional Equipment	-	82,203	82,203	90,899	(8,696)
Total Facilities Acq. & Construction	<u>-</u>	<u>410,370</u>	<u>410,370</u>	<u>275,757</u>	<u>134,613</u>
Total Expenditures	<u>2,145,626</u>	<u>3,391,582</u>	<u>5,537,208</u>	<u>4,456,523</u>	<u>1,080,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$ 73,517,186	(C-2) \$ 4,456,523
Difference - Budget to GAAP		
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
Prior Year Encumbrances		8,162
Current Year Encumbrances		(109,240)
State Aid payments recognized for GAAP Purposes not recognized for Budgetary statements. (June 30, 2018)	(2,773,802)	
State Aid payments recognized for budgetary purposes not recognized for GAAP statements. (June 30, 2017)	<u>2,659,388</u>	<u>927</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>73,402,772</u>	(B-2) \$ <u>4,356,372</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1) \$ 71,832,382	(C-2) \$ 4,456,523
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
Prior Year Encumbrances		\$ 8,162
Current Year Encumbrances	<u>-</u>	<u>(109,240)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>71,832,382</u>	(B-2) \$ <u>4,355,445</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07167%	0.07023%	0.06856%	0.06829%	0.06979%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 16,685,264	\$ 20,801,102	\$ 15,391,074	\$ 12,786,008	\$ 13,339,666
District's Covered-Employee Payroll	\$ 5,050,038	\$ 4,988,875	\$ 4,776,139	\$ 5,999,031	\$ 4,920,450
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	330.40%	416.95%	322.25%	213.13%	271.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%	48.72%

09 The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 664,011	\$ 623,943	\$ 589,460	\$ 562,984	\$ 522,017
Contributions in Relation to the Contractually Required Contribution	<u>664,011</u>	<u>623,943</u>	<u>589,460</u>	<u>562,984</u>	<u>522,017</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,050,038	\$ 4,988,875	\$ 5,999,031	\$ 5,999,031	\$ 4,920,450
Contributions as a Percentage of Covered-Employee Payroll	13.15%	12.51%	9.83%	9.38%	10.61%

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 183,567,827</u>	<u>\$ 222,939,941</u>	<u>\$ 178,289,678</u>	<u>\$ 146,406,723</u>	<u>\$ 135,393,508</u>
Total	<u>\$ 183,567,827</u>	<u>\$ 222,939,941</u>	<u>\$ 178,289,678</u>	<u>\$ 146,406,723</u>	<u>\$ 135,393,508</u>
District's Covered-Employee Payroll	\$ 29,260,202	\$ 28,564,832	\$ 28,147,406	\$ 32,555,698	\$ 29,449,382
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
OP _{NS} Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.74%	33.64%	33.76%

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

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

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5.

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 5,761,043
Interest on Total OPEB Liability	4,082,447
Changes of Assumptions or Other Inputs	(17,055,751)
Gross Benefit Payments	(2,714,546)
Contribution from the Member	99,956
Net Change in Total OPEB Liability	(9,826,851)
Total OPEB Liability - Beginning	138,925,132
Total OPEB Liability - Ending	\$ 129,098,281
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	129,098,281
Total OPEB Liability - Ending	\$ 129,098,281
District's Covered-Employee Payroll	\$ 34,310,240
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4.

SPECIAL REVENUE FUND

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Exhibit E-1a Totals	IDEA						Title III Immigrant	Grand Total
		Basic 2017-18	Preschool 2017-18	Title I	Title I SIA	Title II-A	Title III		
REVENUES									
Intergovernmental									
State	\$ 2,608,243								\$ 2,608,243
Federal		\$ 971,980	\$ 28,630	\$ 593,127	\$ 31,502	\$ 105,768	\$ 68,909	\$ 6,239	1,806,155
Local	42,125	-	-	-	-	-	-	-	42,125
Total Revenues	\$ 2,650,368	\$ 971,980	\$ 28,630	\$ 593,127	\$ 31,502	\$ 105,768	\$ 68,909	\$ 6,239	\$ 4,456,523
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 879,567			\$ 377,322	\$ 6,143		\$ 7,962	\$ 5,796	\$ 1,276,790
Other Salaries for Instruction	250,774						56,050		306,824
Purchased Prof. and Educational Services	191,251			11,700					202,951
Tuition		\$ 885,334	\$ 28,630						913,964
General Supplies	98,972	5,254		83,193	11,778				199,197
Textbooks	367								367
Other Objects	825								825
Total Instruction	1,421,756	890,588	28,630	472,215	17,921	-	64,012	5,796	2,900,918
Support Services									
Salaries of Supervisors of Instruction	82,922								82,922
Salaries of Program Directors	81,707								81,707
Salaries of Other Prof. Staff	101,927			3,186	2,426				107,539
Salaries of Sec. & Clerical Asst.	54,633								54,633
Salaries of Master Teachers	103,618								103,618
Other Salaries	21,127					\$ 36,521			57,648
Personal Svcs-Employee Benefits	403,005			116,977	655	2,794	4,897	443	528,771
Purchased Educational Services - Contracted Pre-K	20,887								20,887
Other Purchased Prof. Services	22,124	66,955			10,500	40,853			140,432
Contracted Services- Transp.	12,560	3,000							15,560
Other Purchased Services	11,725	1,945		749		25,600			40,019
Supplies and Materials	43,163	794							43,957
Other Objects	2,155								2,155
Total Support Services	961,553	72,694	-	120,912	13,581	105,768	4,897	443	1,279,848
Facilities Acquisition and Construction									
Instructional Equipment	184,858								184,858
Noninstructional Equipment	82,201	8,698							90,899
Total Facilities Acq. & Construction	267,059	8,698	-	-	-	-	-	-	275,757
Total Expenditures	\$ 2,650,368	\$ 971,980	\$ 28,630	\$ 593,127	\$ 31,502	\$ 105,768	\$ 68,909	\$ 6,239	\$ 4,456,523

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Preschool Education Aid	NJ Non-Public Aid					Ch 193 Corrective Speech	Other Local/ Private Grants	Totals Carried Forward
		Textbook	Nursing	Technology	Security				
REVENUES									
Intergovernmental									
State	\$ 2,605,626	\$ 367	\$ 679	\$ 252	\$ 515	\$ 804		\$ 2,608,243	
Local Sources	-	-	-	-	-	-	\$ 42,125	42,125	
Total Revenues	\$ 2,605,626	\$ 367	\$ 679	\$ 252	\$ 515	\$ 804	\$ 42,125	\$ 2,650,368	
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 879,567							\$ 879,567	
Other Salaries for Instruction	249,498						\$ 1,276	250,774	
Purchased Prof. and Educational Services	174,501						16,750	191,251	
Other Purchased Services									
Tuition									
General Supplies	97,258						1,714	98,972	
Textbooks		\$ 367						367	
Other Objects	-	-	-	-	-	-	825	825	
Total Instruction	1,400,824	367	-	-	-	-	20,565	1,421,756	
Support Services									
Salaries of Supervisors of Instruction	82,922							82,922	
Salaries of Program Directors	81,707							81,707	
Salaries of Other Prof. Staff	101,927							101,927	
Salaries of Sec. & Clerical Asst.	54,633							54,633	
Salaries of Master Teachers	103,618							103,618	
Other Salaries	21,127							21,127	
Personal Svcs-Employee Benefits	403,005							403,005	
Purchased Educational Services - Contracted Pre-K	20,887							20,887	
Other Purchased Prof. Services	19,874		\$ 679	\$ 252	\$ 515	\$ 804		22,124	
Contracted Services- Transp.	12,560							12,560	
Other Purchased Services	7,381						4,344	11,725	
Supplies and Materials	41,441						1,722	43,163	
Other Objects	-	-	-	-	-	-	2,155	2,155	
Total Support Services	951,082	-	679	252	515	804	8,221	961,553	
Facilities Acquisition and Construction									
Instructional Equipment	184,858							184,858	
Noninstructional Equipment	68,862						13,339	82,201	
Total Facilities Acq. & Construction	253,720	-	-	-	-	-	13,339	267,059	
Total Expenditures	\$ 2,605,626	\$ 367	\$ 679	\$ 252	\$ 515	\$ 804	\$ 42,125	\$ 2,650,368	

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**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

District-Wide Totals

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Instruction					
Salaries of Teachers	\$ 393,995	\$ 640,000	\$ 1,033,995	\$ 879,567	\$ 154,428
Other Salaries for Instruction	180,827	114,792	295,619	249,498	46,121
Purchased Professional-Educational Services		187,950	187,950	174,501	13,449
General Supplies	-	97,259	97,259	97,258	1
Total Instruction	<u>574,822</u>	<u>1,040,001</u>	<u>1,614,823</u>	<u>1,400,824</u>	<u>213,999</u>
Support Services					
Salaries of Supervisors of Instruction	14,238	110,762	125,000	82,922	42,078
Salaries of Program Directors	81,707		81,707	81,707	
Salaries of Other Professional Staff	31,574	70,354	101,928	101,927	1
Salaries of Secretarial and Clerical Asst.	29,466	25,167	54,633	54,633	
Other Salaries		46,751	46,751	21,127	25,624
Salaries of Master Teachers		103,619	103,619	103,618	1
Personal Services - Employee Benefits	16,088	554,187	570,275	403,005	167,270
Purchased Educational Services - Contracted Pre-K		90,000	90,000	20,887	69,113
Other Purchased Prof. Services		19,874	19,874	19,874	
Contracted Services- Transp.		58,000	58,000	12,560	45,440
Other Purchased Services		11,147	11,147	7,381	3,766
Supplies and Materials	-	219,495	219,495	41,441	178,054
Total Support Services	<u>173,073</u>	<u>1,309,356</u>	<u>1,482,429</u>	<u>951,082</u>	<u>531,347</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		319,469	319,469	184,858	134,611
Non-Instructional Equipment	-	68,864	68,864	68,862	2
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>388,333</u>	<u>388,333</u>	<u>253,720</u>	<u>134,613</u>
Total Expenditures	<u>\$ 747,895</u>	<u>\$ 2,737,690</u>	<u>\$ 3,485,585</u>	<u>\$ 2,605,626</u>	<u>\$ 879,959</u>

Calculation of Budget & Carryover

Total Revised 2017-18 Preschool Education Aid Allocation	\$ 3,415,718
Actual Preschool Education Aid Carryover (June 30, 2017)	69,867
Cancelled Prior Year Accounts Payable	-
Total Preschool Education Aid Funds Available for 2017-18 Budget	<u>3,485,585</u>
Less: 2017-18 Budgeted Preschool Education Aid (Including Prior year budgeted carryover)	<u>3,485,585</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	<u>-</u>
Add: June 30, 2018 Unexpended Preschool Education Aid	879,959
2017-18 Carryover- Preschool Education Aid	<u>\$ 879,959</u>
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2018-19	<u>\$ 300,000</u>

CAPITAL PROJECTS FUND

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original</u> <u>Appropriations</u>	<u>Prior Year</u> <u>Transfers</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Balance</u> <u>June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>		
2009 Referendum						
High School Room Renovations	\$ 11,465,395	\$ 974,673	12,424,557			\$ 15,511
High School Electrical Service and Distribution Upgrades	299,026	450	298,268		\$ 1,208	
High School Roof Replacement	1,253,680	-	1,253,680			
High School Window, HVAC and Electrical Upgrades	1,294,684	(45,673)	1,249,011			
Middle School Room Renovations	2,621,177	405,659	2,984,855			41,981
Middle School Boilers, Fire Alarms and Electrical Panels	4,806,199	21,029	4,796,868			30,360
Franklin School Fire Alarm System Replacement	203,323	62,161	265,484			
Cleveland School Additions and Renovations	8,707,838	(508,776)	8,133,935			65,127
Cleveland School Electrical Service Upgrades	206,541	(1)	206,239		301	
Cleveland School Fire Alarm System Replacement	130,208	62,183	192,391			
Madison School Fire Alarm System Replacement and Installation of Secure Entry Vestibule	256,044	(1)	256,043			
Roosevelt School Fire Alarm System and Security Doors	196,995	88,035	285,030			
High School Photovoltaic Panels	1,385,387	(565,646)	819,741			
Middle School Photovoltaic Panels	1,272,873	(494,093)	778,780			
68 High School New Emergency Generator	244,000		152,158			91,842
Cleveland School Boiler Replacement	263,000	-	168,280	-	-	94,720
	<u>\$ 34,606,370</u>	<u>\$ -</u>	<u>\$ 34,265,320</u>	<u>\$ -</u>	<u>\$ 1,509</u>	<u>\$ 339,541</u>
						\$ 339,541
						7,286
						(108,241)
						<u>(69,564)</u>
						\$ 169,022

Unexpended Project Authorizations	\$ 339,541
Add: Excess Proceeds - Restricted for Debt Service	7,286
Less: Unearned Revenue - SDA Grants	(108,241)
Unfunded Local Share	<u>(69,564)</u>
Fund Balance (GAAP Basis)	<u>\$ 169,022</u>

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources

Local Sources	
Interest on Investments	\$ <u>8,753</u>
 Total Revenues and Other Financing Sources	 <u>8,753</u>

Expenditures and Other Financing Uses

Transfers Out	
General Fund	<u>8,753</u>
 Total Expenditures and Other Financing Uses	 <u>8,753</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-
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Fund Balance- Beginning of Year	<u>277,263</u>
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Fund Balance- Ending of Year	<u>\$ 277,263</u>
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Recapitulation:

Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Available for Capital Project Expenditures	<u>269,977</u>
	277,263

Reconciliation to Governmental Funds Statements (GAAP):

Unearned Revenue - SDA Grants	<u>(108,241)</u>
 Fund Balance, GAAP Basis	 <u>\$ 169,022</u>

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 4,304,169		\$ 4,304,169	\$ 4,304,169
Bond Proceeds	8,135,899	\$ -	8,135,899	8,135,899
	<u>12,440,068</u>	<u>-</u>	<u>12,440,068</u>	<u>12,440,068</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	917,783		917,783	917,783
Supplies and Materials	161,468		161,468	161,468
Construction Services	11,345,306	-	11,345,306	11,360,817
	<u>12,424,557</u>	<u>-</u>	<u>12,424,557</u>	<u>12,440,068</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 15,511</u>	<u>\$ -</u>	<u>\$ 15,511</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-050-09-1013			
Grant Date	7/23/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 8,068,322			
Bonds Issued	\$ 8,068,322			
Original Authorized Cost	\$ 11,465,395			
Additional Authorized Cost	\$ 974,673			
Revised Authorized Cost	\$ 12,440,068			
Percentage Increase(Decrease) Over Original				
Authorized Cost	8.5%			
Percentage Completion	99.88%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2015			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ELECTRICAL SERVICE AND DISTRIBUTION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 142,815		\$ 142,815	\$ 142,815
Bond Proceeds	<u>156,661</u>	<u>-</u>	<u>156,661</u>	<u>156,661</u>
Total Revenues and Other Financing Sources	<u>299,476</u>	<u>-</u>	<u>299,476</u>	<u>299,476</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	48,468		48,468	48,468
Construction Services	249,800		249,800	249,800
Cancelled	<u>1,208</u>	<u>\$ -</u>	<u>1,208</u>	<u>1,208</u>
Total Expenditures and Other Financing Uses	<u>299,476</u>	<u>-</u>	<u>299,476</u>	<u>299,476</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-050-09-2001
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 156,661
Bonds Issued	\$ 156,661
Original Authorized Cost	\$ 299,026
Additional Authorized Cost	\$ 450
Revised Authorized Cost	\$ 299,476

Percentage Increase(Decrease) Over Original Authorized Cost	0.2%
Percentage Completion	100.00%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2014

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL WINDOW, HVAC AND ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 618,341		\$ 618,341	\$ 618,341
Bond Proceeds	<u>630,670</u>	<u>-</u>	<u>630,670</u>	<u>630,670</u>
Total Revenues and Other Financing Sources	<u>1,249,011</u>	<u>-</u>	<u>1,249,011</u>	<u>1,249,011</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	105,205		105,205	105,205
Construction Services	<u>1,143,806</u>	<u>-</u>	<u>1,143,806</u>	<u>1,143,806</u>
Total Expenditures and Other Financing Uses	<u>1,249,011</u>	<u>-</u>	<u>1,249,011</u>	<u>1,249,011</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-050-09-2003
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 630,670
Bonds Issued	\$ 630,670
Original Authorized Cost	\$ 1,294,684
Additional Authorized Cost	\$ (45,673)
Revised Authorized Cost	\$ 1,249,011

Percentage Increase(Decrease) Over Original

Authorized Cost	-3.5%
Percentage Completion	100.00%
Original Target Completion Date	6/2012
Revised Target Completion Date	7/2013

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,251,875		\$ 1,251,875	\$ 1,251,875
Bond Proceeds	1,774,961	\$ -	1,774,961	1,774,961
	<u>3,026,836</u>	<u>-</u>	<u>3,026,836</u>	<u>3,026,836</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	459,222		459,222	459,222
Supplies and Materials	52,447		52,447	52,447
Construction Services	2,473,186	-	2,473,186	2,515,167
	<u>2,984,855</u>	<u>-</u>	<u>2,984,855</u>	<u>3,026,836</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 41,981</u>	<u>\$ -</u>	<u>\$ 41,981</u>	<u>\$ -</u>
Additional project information:				
Project Number	4250-060-09-2015			
Grant Date	7/7/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 1,842,538			
Bonds Issued	\$ 1,842,538			
Original Authorized Cost	\$ 2,621,177			
Additional Authorized Cost	\$ 405,659			
Revised Authorized Cost	\$ 3,026,836			
Percentage Increase(Decrease) Over Original				
Authorized Cost	15.5%			
Percentage Completion	98.61%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL BOILERS, FIRE ALARMS AND ELECTRICAL PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 2,295,442		\$ 2,295,442	\$ 2,295,442
Bond Proceeds	2,531,786	-	2,531,786	2,531,786
	<u>4,827,228</u>	<u>-</u>	<u>4,827,228</u>	<u>4,827,228</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	377,344		377,344	377,344
Construction Services	4,419,524	-	4,419,524	4,449,884
	<u>4,796,868</u>	<u>-</u>	<u>4,796,868</u>	<u>4,827,228</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 30,360</u>	<u>\$ -</u>	<u>\$ 30,360</u>	<u>\$ -</u>

Additional project information:

Project Number	4250-060-09-2004
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 2,531,786
Bonds Issued	\$ 2,531,786
Original Authorized Cost	\$ 4,806,199
Additional Authorized Cost	\$ 21,029
Revised Authorized Cost	\$ 4,827,228

Percentage Increase(Decrease) Over Original

Authorized Cost	0.4%
Percentage Completion	99.37%
Original Target Completion Date	6/2012
Revised Target Completion Date	7/2013

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL ADDITIONS AND RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,620,946		\$ 1,620,946	\$ 1,620,946
Bond Proceeds	6,578,116	-	6,578,116	6,578,116
	<u>8,199,062</u>	<u>-</u>	<u>8,199,062</u>	<u>8,199,062</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	1,199,520		1,199,520	1,199,520
Supplies and Materials	115,640		115,640	115,640
Construction Services	6,818,775	\$ -	6,818,775	6,883,902
	<u>8,133,935</u>	<u>-</u>	<u>8,133,935</u>	<u>8,199,062</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 65,127</u>	<u>\$ -</u>	<u>\$ 65,127</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-090-09-1014			
Grant Date	7/23/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 6,578,116			
Bonds Issued	\$ 6,578,116			
Original Authorized Cost	\$ 8,707,838			
Additional Authorized Cost	\$ (508,776)			
Revised Authorized Cost	\$ 8,199,062			
Percentage Increase(Decrease) Over Original				
Authorized Cost	-5.8%			
Percentage Completion	99.21%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL ELECTRICAL SERVICE UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 98,644		\$ 98,644	\$ 98,644
Bond Proceeds	107,896	-	107,896	107,896
	<u>206,540</u>	<u>-</u>	<u>206,540</u>	<u>206,540</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	51,239		51,239	51,239
Construction Services	155,000		155,000	155,000
Cancelled	301	-	301	301
	<u>206,540</u>	<u>-</u>	<u>206,540</u>	<u>206,540</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-090-09-1006
Grant Date	5/29/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 107,896
Bonds Issued	\$ 107,896
Original Authorized Cost	\$ 206,541
Additional Authorized Cost	\$ (1)
Revised Authorized Cost	\$ 206,540

Percentage Increase(Decrease) Over Original Authorized Cost	0.0%
Percentage Completion	100.00%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2013

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL NEW EMERGENCY GENERATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 111,877		\$ 111,877	\$ 111,877
Transfer from Capital Reserve	132,123	-	132,123	132,123
	<u>244,000</u>	<u>-</u>	<u>244,000</u>	<u>244,000</u>
Expenditures and Other Financing Uses				
Purchased Professional Services				24,000
Construction Services	152,158	\$ -	152,158	220,000
	<u>152,158</u>	<u>-</u>	<u>152,158</u>	<u>244,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 91,842</u>	<u>\$ -</u>	<u>\$ 91,842</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-050-14-1002
Grant Date	12/11/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 244,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 244,000

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	62.36%
Original Target Completion Date	6/2016
Revised Target Completion Date	6/2017

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 120,589		\$ 120,589	\$ 120,589
Transfer from Capital Reserve	<u>142,411</u>	<u>-</u>	<u>142,411</u>	<u>142,411</u>
Total Revenues and Other Financing Sources	<u>263,000</u>	<u>-</u>	<u>263,000</u>	<u>263,000</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	8,380		8,380	20,000
Construction Services	<u>159,900</u>	<u>-</u>	<u>159,900</u>	<u>243,000</u>
Total Expenditures and Other Financing Uses	<u>168,280</u>	<u>-</u>	<u>168,280</u>	<u>263,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 94,720</u>	<u>\$ -</u>	<u>\$ 94,720</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-050-14-1002
Grant Date	12/11/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 263,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 263,000

Percentage Increase(Decrease) Over Original Authorized Cost	0.0%
Percentage Completion	63.98%
Original Target Completion Date	6/2016
Revised Target Completion Date	6/2017

ENTERPRISE FUND

EXHIBIT G-1

**RAHWAY SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 190,621	\$ 1,898,504	\$ 2,089,125
Total Assets	<u>\$ 190,621</u>	<u>\$ 1,898,504</u>	<u>\$ 2,089,125</u>
LIABILITIES			
Due to Student Groups	\$ 190,621		\$ 190,621
Accrued Salaries & Wages		\$ 18,900	18,900
Summer Savings		1,640,446	1,640,446
Payroll Deductions and Withholdings		187,628	187,628
Reserve for Flex Spending Account		11,924	11,924
Due to Other Funds	-	39,606	39,606
Total Liabilities	<u>\$ 190,621</u>	<u>\$ 1,898,504</u>	<u>\$ 2,089,125</u>

**RAHWAY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**RAHWAY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>School</u>	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
ELEMENTARY SCHOOLS				
Madison	\$ 1,203	\$ 18,231	\$ 18,806	\$ 628
Grover Cleveland	6,079	5,182	7,066	4,195
Roosevelt School	13,003	9,163	14,959	7,207
Franklin	<u>17,050</u>	<u>34,405</u>	<u>33,603</u>	<u>17,852</u>
Total Elementary Schools	<u>37,335</u>	<u>66,981</u>	<u>74,434</u>	<u>29,882</u>
Rahway Middle School	<u>12,387</u>	<u>82,113</u>	<u>76,017</u>	<u>18,483</u>
Rahway High School	117,278	360,622	338,903	138,997
Athletics	<u>(766)</u>	<u>72,550</u>	<u>68,525</u>	<u>3,259</u>
Total High School	<u>116,512</u>	<u>433,172</u>	<u>407,428</u>	<u>142,256</u>
Total All Schools	<u>\$ 166,234</u>	<u>\$ 582,266</u>	<u>\$ 557,879</u>	<u>\$ 190,621</u>

**RAHWAY SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,607,282	\$ 45,672,538	\$ 45,381,316	\$ 1,898,504
Total Assets	<u>\$ 1,607,282</u>	<u>\$ 45,672,538</u>	<u>\$ 45,381,316</u>	<u>\$ 1,898,504</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 18,109	\$ 20,931,899	\$ 20,762,380	\$ 187,628
Accrued Salaries and Wages	18,093	22,978,280	22,977,473	18,900
Summer Savings	1,557,959	1,637,314	1,554,827	1,640,446
Reserve for Flex Spending Account	10,985	38,945	38,006	11,924
Due to Other Funds	<u>2,136</u>	<u>86,100</u>	<u>48,630</u>	<u>39,606</u>
Total Liabilities	<u>\$ 1,607,282</u>	<u>\$ 45,672,538</u>	<u>\$ 45,381,316</u>	<u>\$ 1,898,504</u>

LONG-TERM DEBT

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT GROUP
SCHEDULE OF PAYABLE BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Taxable Refunding Bonds	04/01/03	\$ 3,025,000	04/01/19	\$ 245,000	5.93%				
			04/01/20	255,000	5.93%	\$ 730,000		\$ 230,000	\$ 500,000
2011 School Bonds	2/15/2011	22,800,000	2/15/2019	925,000	3.50%	17,200,000		16,275,000	925,000
2017 Refunding School Bonds	10/12/2017	14,270,000	2/15/2020	860,000	3.00%				
			2/15/2021	1,300,000	3.00%				
			2/15/2022	1,310,000	4.00%				
			2/15/2023	1,330,000	4.00%				
			2/15/2024	1,325,000	4.00%				
			2/15/2025	1,320,000	5.00%				
			2/15/2026	1,330,000	5.00%				
			2/15/2027	1,335,000	5.00%				
			2/15/2028	1,345,000	5.00%				
			2/15/2029	1,355,000	5.00%				
			2/15/2030	1,365,000	3.00%				
						-	\$ 14,270,000	95,000	14,175,000
						<u>\$ 17,930,000</u>	<u>\$ 14,270,000</u>	<u>\$ 16,600,000</u>	<u>\$ 15,600,000</u>
								Paid by Budget Appropriation	\$ 1,225,000
								Refunded	<u>15,375,000</u>
									<u>\$ 16,600,000</u>

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Private Placement Refunding of Certificates of Participation	\$ 6,050,000	02/15/19	\$ 670,000	3.97%			
		02/15/20	695,000	3.97%	<u>\$ 2,010,000</u>	<u>\$ 645,000</u>	<u>\$ 1,365,000</u>
			Paid by Budget Appropriation			<u>\$ 645,000</u>	

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Various Acquisitions and Improvements	440,000	Various	3.165%	\$ 98,138		\$ 98,138	
Computer Equipment	898,673	Various	3.150%	<u>228,047</u>	<u>\$ -</u>	<u>228,047</u>	<u>-</u>
				<u>\$ 326,185</u>	<u>\$ -</u>	<u>\$ 326,185</u>	<u>\$ -</u>

**RAHWAY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,357,438		\$ 2,357,438	\$ 2,357,438	
State Sources:					
Debt Service Aid	213,300	-	213,300	213,300	-
Total Revenues	<u>2,570,738</u>	<u>-</u>	<u>2,570,738</u>	<u>2,570,738</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Lease Purchases	645,000		645,000	645,000	
Interest - Lease Purchases	79,797		79,797	79,797	
Interest - Early Retirement Bonds	41,817		41,817	41,817	
Interest on Bonds	674,125	\$ (95,000)	579,125	574,170	\$ 4,955
Redemption of Principal	1,130,000	95,000	1,225,000	1,225,000	-
Total Regular Debt Service	<u>2,570,739</u>	<u>-</u>	<u>2,570,739</u>	<u>2,565,784</u>	<u>4,955</u>
Total Expenditures	<u>2,570,739</u>	<u>-</u>	<u>2,570,739</u>	<u>2,565,784</u>	<u>4,955</u>
Excess of Revenues Over Expenditures	(1)	-	(1)	4,954	4,955
Other Financing Sources Operating Transfers In	-	-	-	-	-
Excess to Fund Balance	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>4,954</u>	<u>4,955</u>
Fund Balance, Beginning of Year	1,003	-	1,003	1,003	-
Fund Balance, End of Year	<u>\$ 1,002</u>	<u>\$ -</u>	<u>\$ 1,002</u>	<u>\$ 5,957</u>	<u>\$ 4,955</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service					
Designated for Subsequent Year's Expenditures				\$ 5,957	
Available for Future Debt Service Obligations				-	
				<u>\$ 5,957</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

**RAHWAY SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	2009	2010	2011	2012	Fiscal Year Ended June 30,		2015	2016	2017	2018
					2013	2014				
Governmental Activities										
Net Investment in Capital Assets	\$ 14,626,746	\$ 15,584,645	\$ 18,787,587	\$ 25,431,951	\$ 27,654,109	\$ 28,376,683	\$ 30,207,183	\$ 30,063,065	\$ 29,781,907	\$ 31,546,571
Restricted	307,072	69,671	69,771	527,681	669,972	943,686	997,352	794,434	895,635	1,800,789
Unrestricted	(697,136)	(2,034,622)	1,127,184	1,190,788	28,717	(13,844,069)	(13,893,485)	(13,856,923)	(15,214,668)	(16,569,738)
Total Governmental Activities Net Position	\$ 14,236,682	\$ 13,619,694	\$ 19,984,542	\$ 27,150,420	\$ 28,352,798	\$ 15,476,300	\$ 17,311,050	\$ 17,000,576	\$ 15,462,874	\$ 16,777,622
Business-Type Activities										
Net Investment in Capital Assets	\$ 235,137	\$ 265,576	\$ 265,472	\$ 256,225	\$ 264,677	\$ 233,410	\$ 218,345	\$ 210,704	\$ 237,965	\$ 277,235
Unrestricted	205,565	154,235	184,596	231,009	195,444	228,535	262,250	327,426	378,393	408,276
Total Business-Type Activities Net Position	\$ 440,702	\$ 419,811	\$ 450,068	\$ 487,234	\$ 460,121	\$ 461,945	\$ 480,595	\$ 538,130	\$ 616,358	\$ 685,511
District-Wide										
Net Investment in Capital Assets	\$ 14,861,883	\$ 15,850,221	\$ 19,053,059	\$ 25,688,176	\$ 27,918,786	\$ 28,610,093	\$ 30,425,528	\$ 30,273,769	\$ 30,019,872	\$ 31,823,806
Restricted	307,072	69,671	69,771	527,681	669,972	943,686	997,352	794,434	895,635	1,800,789
Unrestricted	(491,571)	(1,880,387)	1,311,780	1,421,797	224,161	(13,615,534)	(13,631,235)	(13,529,497)	(14,836,275)	(16,161,462)
Total District Net Position	\$ 14,677,384	\$ 14,039,505	\$ 20,434,610	\$ 27,637,654	\$ 28,812,919	\$ 15,938,245	\$ 17,791,645	\$ 17,538,706	\$ 16,079,232	\$ 17,463,133

Source: District financial statements

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 22,173,733	\$ 22,220,613	\$ 23,568,789	\$ 23,888,111	\$ 25,821,649	\$ 25,260,411	\$ 29,461,782	\$ 30,435,067	\$ 33,754,182	\$ 36,120,448
Special Education	10,359,294	11,222,777	11,451,321	11,636,310	12,535,921	12,586,875	13,953,279	15,323,175	16,122,698	16,379,398
Other Instruction	2,962,843	5,441,177	4,061,426	4,108,964	4,692,567	4,860,384	5,910,360	6,366,627	7,273,051	6,688,664
School Sponsored Activities And Athletics	1,085,334	1,098,023	1,049,424	1,074,072	1,177,594	1,249,951	1,864,893	1,509,226	1,710,069	2,833,299
Support Services:										
Student & Instruction Related Services	7,288,681	8,122,908	7,473,003	8,018,218	8,833,846	8,897,984	10,061,008	10,378,087	11,554,534	11,038,296
School Administrative Services	3,033,637	2,906,966	2,537,009	2,996,306	3,166,528	3,186,233	3,744,723	3,905,494	4,365,967	4,278,755
General and Business Administration	2,271,089	2,584,292	2,117,293	2,689,673	2,244,216	2,322,957	2,410,863	2,611,111	2,912,724	3,006,425
Plant Operations And Maintenance	5,054,411	5,440,585	4,573,440	5,466,038	5,464,098	6,218,664	5,421,145	6,118,554	6,951,651	6,596,710
Pupil Transportation	2,696,878	2,752,725	2,640,741	2,790,171	2,840,044	2,850,016	2,979,789	3,188,226	3,408,215	3,257,858
Interest On Long-Term Debt	462,604	718,404	1,205,961	1,172,265	1,115,673	1,011,585	1,010,774	964,640	879,093	631,501
Unallocated Depreciation	823,193	851,731	849,664	849,755	841,318	854,153	829,339	2,088,171	2,082,760	2,084,193
Total Governmental Activities Expenses	<u>58,211,697</u>	<u>63,360,201</u>	<u>61,528,071</u>	<u>64,689,883</u>	<u>68,733,454</u>	<u>69,299,213</u>	<u>77,647,955</u>	<u>82,888,378</u>	<u>91,014,944</u>	<u>92,915,547</u>
Business-Type Activities:										
Food Service	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792	1,824,015	1,847,465	1,921,104	1,999,302
Total Business-Type Activities Expense	<u>1,605,559</u>	<u>1,691,139</u>	<u>1,611,194</u>	<u>1,662,163</u>	<u>1,789,373</u>	<u>1,797,792</u>	<u>1,824,015</u>	<u>1,847,465</u>	<u>1,921,104</u>	<u>1,999,302</u>
Total District Expenses	<u>\$ 59,817,256</u>	<u>\$ 65,051,340</u>	<u>\$ 63,139,265</u>	<u>\$ 66,352,046</u>	<u>\$ 70,522,827</u>	<u>\$ 71,097,005</u>	<u>\$ 79,471,970</u>	<u>\$ 84,735,843</u>	<u>\$ 92,936,048</u>	<u>\$ 94,914,849</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 11,902	\$ 31,577				\$ 134,282	\$ 236,132	\$ 331,789	\$ 350,879	\$ 184,918
Operating Grants And Contributions	10,359,049	14,345,346	\$ 10,301,085	\$ 11,163,717	\$ 11,965,006	11,361,400	18,852,052	21,803,690	27,806,766	30,960,984
Capital Grants And Contributions	-	795,923	2,735,332	6,074,067	1,695,651	68,040	762,087	54,915	33,202	193,556
Total Governmental Activities Program Revenues	<u>10,370,951</u>	<u>15,172,846</u>	<u>13,036,417</u>	<u>17,237,784</u>	<u>13,660,657</u>	<u>11,563,722</u>	<u>19,850,271</u>	<u>22,190,394</u>	<u>28,190,847</u>	<u>31,339,458</u>
Business-Type Activities:										
Charges For Services										
Food Service	\$ 671,312	\$ 680,700	\$ 638,708	\$ 633,039	\$ 600,301	\$ 619,787	\$ 607,632	\$ 641,764	\$ 692,435	\$ 767,537
Operating Grants And Contributions	872,866	989,548	1,002,743	1,066,290	1,161,959	1,179,829	1,235,033	1,263,236	1,306,897	1,300,918
Total Business Type Activities Program Revenues	<u>1,544,178</u>	<u>1,670,248</u>	<u>1,641,451</u>	<u>1,699,329</u>	<u>1,762,260</u>	<u>1,799,616</u>	<u>1,842,665</u>	<u>1,905,000</u>	<u>1,999,332</u>	<u>2,068,455</u>
Total District Program Revenues	<u>\$ 11,915,129</u>	<u>\$ 16,843,094</u>	<u>\$ 14,677,868</u>	<u>\$ 18,937,113</u>	<u>\$ 15,422,917</u>	<u>\$ 13,363,338</u>	<u>\$ 21,692,936</u>	<u>\$ 24,095,394</u>	<u>\$ 30,190,179</u>	<u>\$ 33,407,913</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	\$ (47,840,746)	\$ (48,187,355)	\$ (48,491,654)	\$ (47,452,099)	\$ (55,072,797)	\$ (57,735,491)	\$ (57,797,684)	\$ (60,697,984)	\$ (62,824,097)	\$ (61,576,089)
Business-Type Activities	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824	18,650	57,535	78,228	69,153
Total District-Wide Net Expense	<u>\$ (47,902,127)</u>	<u>\$ (48,208,246)</u>	<u>\$ (48,461,397)</u>	<u>\$ (47,414,933)</u>	<u>\$ (55,099,910)</u>	<u>\$ (57,733,667)</u>	<u>\$ (57,779,034)</u>	<u>\$ (60,640,449)</u>	<u>\$ (62,745,869)</u>	<u>\$ (61,506,936)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 32,606,723	\$ 33,729,835	\$ 35,456,665	\$ 35,085,956	\$ 36,104,262	\$ 37,911,982	\$ 39,216,163	\$ 40,000,486	\$ 40,800,496	\$ 41,616,506
Taxes Levied For Debt Service	1,078,853	747,449	2,378,143	2,308,913	2,353,966	2,360,104	2,359,901	2,341,924	2,364,271	2,357,438
Federal and State Aid - Unrestricted	15,063,039	12,898,546	16,111,871	16,909,704	17,518,403	17,601,370	17,637,507	17,685,449	17,725,995	18,387,937
State Aid Restricted for Debt Service					122,822	128,002	131,346	136,551	141,947	147,560
Investment Earnings	27,758	33,797	34,303	16,241	540	5,203	5,864	4,958	7,184	43,744
Miscellaneous Income	114,968	160,740	875,520	297,163	243,920	191,998	281,653	218,142	246,502	337,652
Total Governmental Activities	<u>48,891,341</u>	<u>47,570,367</u>	<u>54,856,502</u>	<u>54,617,977</u>	<u>56,343,913</u>	<u>58,198,659</u>	<u>59,632,434</u>	<u>60,387,510</u>	<u>61,286,395</u>	<u>62,890,837</u>
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 48,891,341</u>	<u>\$ 47,570,367</u>	<u>\$ 54,856,502</u>	<u>\$ 54,617,977</u>	<u>\$ 56,343,913</u>	<u>\$ 58,198,659</u>	<u>\$ 59,632,434</u>	<u>\$ 60,387,510</u>	<u>\$ 61,286,395</u>	<u>\$ 62,890,837</u>
Change in Net Position										
Governmental Activities	\$ 1,050,595	\$ (616,988)	\$ 6,364,848	\$ 7,165,878	\$ 1,271,116	\$ 463,168	\$ 1,834,750	\$ (310,474)	\$ (1,537,702)	\$ 1,314,748
Business-Type Activities	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824	18,650	57,535	78,228	69,153
Total District	<u>\$ 989,214</u>	<u>\$ (637,879)</u>	<u>\$ 6,395,105</u>	<u>\$ 7,203,044</u>	<u>\$ 1,244,003</u>	<u>\$ 464,992</u>	<u>\$ 1,853,400</u>	<u>\$ (252,939)</u>	<u>\$ (1,459,474)</u>	<u>\$ 1,383,901</u>

Source: District financial statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,624,468	\$ 1,756,243								
Unreserved	(1,015,267)	(1,327,256)								
Restricted			\$ 3,066,124	\$ 4,860,253	\$ 3,711,368	\$ 3,123,665	\$ 3,266,531	\$ 3,242,254	\$ 3,156,217	\$ 5,136,815
Assigned			885,307	435,446	953,457	1,182,358	1,561,419	1,313,967	1,633,539	1,364,585
Unassigned	-	-	(680,663)	(771,180)	(809,765)	(780,017)	(1,083,300)	(1,032,327)	(1,116,141)	(1,248,642)
Total General Fund	<u>\$ 1,609,201</u>	<u>\$ 428,987</u>	<u>\$ 3,270,768</u>	<u>\$ 4,524,519</u>	<u>\$ 3,855,060</u>	<u>\$ 3,526,006</u>	<u>\$ 3,744,650</u>	<u>\$ 3,523,894</u>	<u>\$ 3,673,615</u>	<u>\$ 5,252,758</u>
All Other Governmental Funds										
Reserved		\$ 4,385,266								
Unreserved	\$ 20,958	17,271,103								
Restricted			\$ 16,289,550	\$ 3,742,499	\$ 313,986	\$ 235,327	\$ 258,772	\$ 171,370	\$ 170,025	\$ 174,979
Unassigned	-	-	(11,674)	-	-	-	(8,931)	-	(927)	-
Total All Other Governmental Funds	<u>\$ 20,958</u>	<u>\$ 21,656,369</u>	<u>\$ 16,277,876</u>	<u>\$ 3,742,499</u>	<u>\$ 313,986</u>	<u>\$ 235,327</u>	<u>\$ 249,841</u>	<u>\$ 171,370</u>	<u>\$ 169,098</u>	<u>\$ 174,979</u>

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Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

Sources: District financial statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 33,685,576	\$ 34,477,284	\$ 37,834,808	\$ 37,394,869	\$ 38,458,228	\$ 40,272,086	\$ 41,576,064	\$ 42,342,410	\$ 43,164,767	\$ 43,973,944
Tuition Charges	11,902	31,577				134,282	236,132	331,789	350,879	184,918
Interest Earnings	27,758	33,797	34,303	16,241	29,196	5,203	5,864	4,958	7,184	43,744
Miscellaneous	361,508	447,744	1,092,664	345,290	277,833	229,026	1,015,179	310,280	351,387	362,585
State Sources	23,181,601	21,829,815	26,172,540	31,083,778	29,116,805	27,194,310	28,279,334	29,006,061	29,951,219	33,798,980
Federal Sources	1,993,947	5,922,996	2,758,604	3,015,583	2,122,508	1,921,288	2,017,130	1,965,221	1,963,366	1,974,464
Total Revenue	59,262,292	62,743,213	67,892,919	71,855,761	70,004,570	69,756,195	73,129,703	73,960,719	75,788,802	80,338,635
Expenditures										
Instruction										
Regular Instruction	22,221,922	22,276,160	23,671,516	23,811,083	25,806,138	25,153,720	26,325,219	26,086,026	26,695,428	29,178,860
Special Education Instruction	10,378,893	11,244,734	11,487,367	11,613,104	12,534,009	12,553,276	13,025,789	13,957,864	13,784,205	14,065,015
Other Instruction	4,053,077	6,348,041	5,125,244	5,169,059	5,868,806	6,110,335	6,529,226	6,764,472	7,057,419	8,004,534
Support Services:										
Student and Inst. Related Services	7,340,328	8,126,287	7,540,559	7,921,412	8,832,689	8,887,441	9,409,499	9,142,151	9,517,981	9,077,915
General Administration	1,358,133	1,365,768	979,602	1,002,539	1,081,696	1,078,082	1,097,749	1,185,225	1,132,094	1,389,832
School Administrative Services	3,051,170	2,846,306	2,660,848	2,929,842	3,151,345	3,177,700	3,384,777	3,387,118	3,522,731	3,496,204
Central Services	934,707	1,184,678	1,186,161	1,174,567	1,240,417	1,187,603	1,263,954	1,308,361	1,372,351	1,352,776
Plant Operations And Maintenance	5,041,200	5,274,866	4,775,164	5,315,600	5,542,099	6,144,933	5,426,941	5,958,799	6,205,672	5,991,319
Pupil Transportation	2,694,158	2,750,005	2,640,741	2,790,171	2,840,044	2,845,722	2,974,809	3,180,317	3,396,606	3,245,247
Capital Outlay			8,142,237	18,658,345	5,131,879	609,538	1,213,129	143,181	42,765	223,255
Debt Service:										
Principal	1,135,223	793,853	1,569,789	1,604,500	1,656,000	1,824,339	2,141,601	2,184,163	2,031,201	2,196,185
Refunding Escrow	427,692	379,158	-	-	-	-	-	-	-	-
Interest and Other Charges	95,448	2,298,160	1,176,615	1,147,165	1,096,236	1,031,219	1,002,525	962,269	882,900	706,084
Total Expenditures	58,731,951	65,088,016	70,955,843	83,137,387	74,781,358	70,603,908	73,795,218	74,259,946	75,641,353	78,927,226
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	530,341	(2,344,803)	(3,062,924)	(11,281,626)	(4,776,788)	(847,713)	(665,515)	(299,227)	147,449	1,411,409
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)			526,212		678,816	440,000	898,673			
Cancellation of State Grant Receivable										16,176,649
Proceeds from Bond Sale		22,800,000								(16,003,034)
Proceeds From Refunding Lease										
Payment to Refunding Escrow Agent										
Transfers In	118,714	118,714	19,040	5,176	440	1,549	505,872	1,126	3,246	8,753
Transfers Out	(118,714)	(118,714)	(19,040)	(5,176)	(440)	(1,549)	(505,872)	(1,126)	(3,246)	(8,753)
Total Other Financing Sources (Uses)	-	22,800,000	526,212	-	678,816	440,000	898,673	-	-	173,615
Net Change in Fund Balances	\$ 530,341	\$ 20,455,197	\$ (2,536,712)	\$ (11,281,626)	\$ (4,097,972)	\$ (407,713)	\$ 233,158	\$ (299,227)	\$ 147,449	\$ 1,585,024
Debt Service as a Percentage of										
Noncapital Expenditures	2.82%	5.33%	4.37%	4.27%	3.95%	4.08%	4.33%	4.25%	3.85%	3.69%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

Fiscal Year Ended June 30,	Interest Earned	Tuition	Refunds	Athletic Admissions	BPU Solar Rebates	E-Rate Reimbursement	Miscellaneous	Total
2009	\$ 27,757	\$ 11,902	\$ 36,571				\$ 78,397	\$ 154,627
2010	15,271	31,577					160,740	207,588
2011	15,263		12,273	\$ 10,373	\$ 730,154		122,720	890,783
2012	11,065		43,157	13,967	112,738	\$ 89,736	37,565	308,228
2013	28,656		76,649	8,854		6,240	123,621	244,020
2014	5,203	134,282	53,130	11,416		23,619	102,284	329,934
2015	4,521	236,132	12,270	10,525	43,730	72,520	142,608	522,306
2016	3,632	331,789	28,725	11,636	36,600	51,066	90,315	553,763
2017	4,940	350,879	37,885	14,634	72,900	4,317	116,766	602,321
2018	34,991	184,918	44,285	13,144	98,800	43,218	138,205	557,561

Source: District financial statements

RAHWAY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 11,789,600	\$ 987,647,900			\$ 130,122,400	\$ 372,609,900	\$ 44,586,400	\$ 1,546,756,200	\$ 3,606,215	\$ 1,550,362,415	\$ 3,828,138,891	\$ 2.200
2010	11,200,000	987,262,900			129,440,800	373,484,500	44,586,400	1,545,974,600	3,577,916	1,549,552,516	3,673,356,914	2.334
2011	10,625,300	987,397,100			128,833,700	309,425,900	50,009,000	1,486,291,000	3,576,279	1,489,867,279	3,322,684,380	2.525
2012	10,294,500	985,103,000			128,012,600	289,782,400	49,617,000	1,462,809,500	3,594,184	1,466,403,684	3,168,507,632	2.587
2013	9,763,100	972,363,760			128,005,200	289,642,900	52,046,200	1,451,821,160	3,378,404	1,455,199,564	2,851,343,672	2.706
2014	11,552,100	969,683,500			125,353,600	288,210,100	51,914,900	1,446,714,200	3,097,847	1,449,812,047	2,719,883,294	2.823
2015	11,693,800	965,379,100			128,395,100	288,458,100	51,824,500	1,445,750,600	3,442,157	1,449,192,757	2,525,811,497	2.896
2016	9,648,500	967,400,100			132,439,900	272,162,800	72,261,000	1,453,912,300	3,542,314	1,457,454,614	2,529,176,515	2.935
2017	9,758,100	966,655,600			130,209,200	272,104,200	72,236,600	1,450,963,700	57	1,450,963,757	2,543,223,255	3.003
2018	13,442,400	968,768,800			128,482,600	249,791,200	67,738,510	1,428,223,510	55	1,428,223,565	2,582,162,059	3.100

Source: County Abstract of Ratables

^a Tax rates are per \$100

**RAHWAY SCHOOL DISTRICT
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Calendar Year	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2009	\$ 4.899	\$ 2.199	\$ 1.838	\$ 0.862
2010	5.128	2.334	1.885	0.909
2011	5.765	2.525	2.291	0.949
2012	5.840	2.590	2.280	0.970
2013	6.047	2.706	2.367	0.974
2014	6.204	2.823	2.399	0.982
2015	6.317	2.896	2.490	0.931
2016	6.389	2.935	2.519	0.935
2017	6.528	3.003	2.581	0.944
2018	6.693	3.100	2.642	0.951

Source: Tax Duplicate, City of Rahway

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

2018		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 193,325,200	13.54%
Park Square TIC LLC	14,505,410	1.02%
80 E Milton Avenue LLC	10,265,400	0.72%
Park Terrace at Rahway, LLC	6,684,500	0.47%
Alard Realty Assoc, LLC	5,477,900	0.38%
3101-15 Ave LLC	5,362,000	0.38%
Family Hospitality LLC	5,307,000	0.37%
Meridia Brownstones Urban Renewal	4,434,800	0.31%
Woodbridge Avenel LLC	4,025,300	0.28%
Rahway Industrial Sites Inc.	3,752,700	0.26%
	<u>\$ 253,140,210</u>	<u>17.26%</u>

2009		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 312,087,200	20.13%
Carriage City Properties, LLC	27,128,400	1.75%
Park Terrace at Rahway, LLC	6,684,500	0.43%
Giacobbe Investment Corp.	5,762,400	0.37%
Alard Realty Enterprises	5,477,900	0.35%
Woodbridge Plaza, LLC	4,329,500	0.28%
Rahway Industrial Site	4,296,900	0.28%
Ninette Group LP	3,659,600	0.24%
Verizon	3,606,215	0.23%
Ninette Group LP	3,659,600	0.24%
	<u>\$ 376,692,215</u>	<u>24.06%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 33,685,576	\$ 33,685,576	100.00%	N/A
2010	34,477,284	34,477,284	100.00%	N/A
2011	37,834,808	37,834,808	100.00%	N/A
2012	37,394,869	37,394,869	100.00%	N/A
2013	38,458,228	38,457,748	99.99%	\$ 480
2014	40,272,086	40,272,086	100.00%	N/A
2015	41,576,064	41,576,064	100.00%	N/A
2016	42,342,410	42,342,410	100.00%	N/A
2017	43,164,767	43,164,767	100.00%	N/A
2018	43,973,944	43,973,944	100.00%	N/A

N/A - Not Applicable

Source: District records.

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases			
2009	\$ 2,200,000	\$ 6,340,000	\$ 187,930		\$ 8,727,930	28,998	\$ 301
2010	24,845,000	5,875,000	14,077		30,734,077	27,396	1,122
2011	23,955,000	5,385,000	350,500		29,690,500	27,983	1,061
2012	23,035,000	4,875,000	176,000		28,086,000	28,281	993
2013	22,085,000	4,345,000	678,816		27,108,816	28,502	951
2014	21,100,000	3,795,000	829,477		25,724,477	29,159	882
2015	20,080,000	3,225,000	1,176,549		24,481,549	29,570	828
2016	19,025,000	2,630,000	642,386		22,297,386	29,745	750
2017	17,930,000	2,010,000	326,185		20,266,185	30,131	673
2018	15,600,000	1,365,000			16,965,000	30,131 *	563

Source: District records

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 2,200,000		\$ 2,200,000	0.14%	\$ 76
2010	24,845,000		24,845,000	1.60%	907
2011	23,955,000		23,955,000	1.61%	856
2012	23,035,000		23,035,000	1.57%	815
2013	22,085,000		22,085,000	1.52%	775
2014	21,100,000		21,100,000	1.46%	724
2015	20,080,000		20,080,000	1.39%	679
2016	19,025,000		19,025,000	1.31%	640
2017	17,930,000		17,930,000	1.24%	595
2018	15,600,000		15,600,000	1.09%	518

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RAHWAY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Rahway School District	\$ 15,600,000	\$ 15,600,000	
City of Rahway	<u>101,411,930</u>	<u>47,100,341</u>	<u>\$ 54,311,589</u>
 Total Direct Debt	 <u>117,011,930</u>	 <u>62,700,341</u>	 <u>54,311,589</u>
 Overlapping Debt Apportioned to the Municipality:			
Union County (2)			22,102,642
Rahway Valley Sewerage Authority (3)			<u>18,011,080</u>
 Total Overlapping Debt			 <u>40,113,722</u>
 Total Direct and Overlapping Debt			 <u>\$ 94,425,311</u>

(1) Rahway's Chief Financial Officer and Annual Debt Statement - December 31, 2017.

(2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2017 equalized value by the total 2017 equalized value for Union County.

(3) Overlapping Debt Based upon the City of Rahway's share of flow to the authority.

* The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis

2017	\$ 2,600,759,455
2016	2,525,907,401
2015	<u>2,488,811,499</u>
	<u>\$ 7,615,478,355</u>

Average Equalized Valuation Of Taxable Property

\$ 2,538,492,785

Debt Limit (4% of Average Equalization)

\$ 101,539,711

Total Net Debt Applicable to Limit

15,600,000

Legal Debt Margin

\$ 85,939,711

	<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>	<u>2018</u>
Debt Limit	\$ 138,942,318	\$ 145,023,398	\$ 143,404,596	\$ 136,347,948	\$ 125,797,577	\$ 116,288,356	\$ 107,165,113	\$ 102,499,225	\$ 100,183,911	\$ 101,539,711
Total Net Debt Applicable To Limit	<u>2,200,000</u>	<u>24,845,000</u>	<u>23,955,000</u>	<u>23,035,000</u>	<u>22,085,000</u>	<u>21,100,000</u>	<u>20,080,000</u>	<u>19,025,000</u>	<u>17,930,000</u>	<u>15,600,000</u>
Legal Debt Margin	<u>\$ 136,742,318</u>	<u>\$ 120,178,398</u>	<u>\$ 119,449,596</u>	<u>\$ 113,312,948</u>	<u>\$ 103,712,577</u>	<u>\$ 95,188,356</u>	<u>\$ 87,085,113</u>	<u>\$ 83,474,225</u>	<u>\$ 82,253,911</u>	<u>\$ 85,939,711</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.58%	17.13%	16.70%	16.89%	17.56%	18.14%	18.74%	18.56%	17.90%	15.36%

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Per Capita Income (A)</u>	<u>Unemployment Rate</u>	<u>School District Population (B)</u>
2009	\$ 50,134	10.0%	28,998
2010	51,024	10.1%	27,396
2011	53,086	10.8%	27,983
2012	54,804	10.6%	28,281
2013	55,526	9.0%	28,502
2014	57,985	7.5%	29,159
2015	60,406	6.6%	29,570
2016	61,808	5.6%	29,745
2017	Not available	5.3%	30,131
2018	Not available	Not available	30,131 (B)

Source: United States Bureau of Census
School District Records

(A)- Represents County of Union

(B)- Estimated, Bureau of Census

N/A - Not Available as of date of audit

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

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Information for this schedule was not available

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

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	252	253	244	243	240	237	237	237	236	252
Special Education	112	113	110	107	101	103	103	103	103	103
Other Special Education	36	38	33	38	42	48	48	48	48	48
Support Services:										
Student and Instruction Related Services	13	27	29	29	27	28	28	28	27	31
General Administration	6	6	4	4	3	3	3	3	3	3
School Administrative Services	29	29	28	26	26	26	26	26	26	26
Central Services	5	5	5	5	5	6	6	6	6	6
Administrative Information Technology	4	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	37	37	34	34	34	37	37	37	36	36
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	67	67	54	53	54	65	65	65	65	65
Total	<u>562</u>	<u>580</u>	<u>546</u>	<u>544</u>	<u>537</u>	<u>558</u>	<u>558</u>	<u>558</u>	<u>555</u>	<u>575</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2009	3,794	\$ 57,073,588	\$ 15,043	1.31%	323	1:13	1:11	1:11	3,854	3,612	-0.03%	93.70%
2010	3,796	61,616,845	16,232	7.90%	324	1:13	1:11	1:11	3,837	3,595	-0.44%	93.69%
2011	3,758	60,067,202	15,984	-1.53%	325	1:14	1:12	1:12	3,830	3,574	-0.18%	93.32%
2012	3,734	61,727,377	16,531	3.42%	297	1:13	1:13	1:12	3,784	3,561	-1.20%	94.11%
2013	3,667	66,897,243	18,243	10.36%	307	1:13	1:13	1:12	3,700	3,479	-2.22%	94.03%
2014	3,674	67,138,812	18,274	0.17%	312	1:13	1:13	1:12	3,715	3,491	0.41%	93.97%
2015	3,674	70,651,092	19,230	5.23%	312	1:13	1:13	1:12	3,749	3,532	0.92%	94.21%
2016	3,794	70,970,333	18,706	-2.73%	315	1:14	1:14	1:13	3,754	3,535	0.13%	94.17%
2017	3,835	72,684,487	18,953	1.32%	315	1:14	1:14	1:13	3,754	3,535	0.00%	94.17%
2018	3,899	75,801,702	19,441	2.58%	319	1:13	1:12	1:11	3,813	3,561	1.57%	93.39%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**RAHWAY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Elementary										
Franklin School										
Square Feet	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760
Capacity (students)	661	661	661	661	661	661	661	661	661	661
Enrollment	542	542	542	542	542	542	542	644	661	648
Cleveland School										
Square Feet	46,375	46,375	46,375	46,375	46,375	46,375	68,825	68,825	68,825	68,825
Capacity (students)	340	340	340	340	340	340	532	540	540	540
Enrollment	336	336	336	336	336	336	528	538	543	551
Madison School										
Square Feet	54,015	54,015	54,015	54,015	54,015	54,015	54,015	54,015	54,015	54,015
Capacity (students)	322	322	322	322	322	322	322	322	322	322
Enrollment	299	299	299	299	299	299	299	365	355	350
Roosevelt School										
Square Feet	78,810	78,810	78,810	78,810	78,810	78,810	78,810	78,810	78,810	78,810
Capacity (students)	754	754	754	754	754	754	754	754	754	754
Enrollment	666	666	666	666	666	666	666	627	605	612
Middle School										
Square Feet	144,611	144,611	144,611	144,611	144,611	144,611	144,611	144,611	144,611	144,611
Capacity (students)	913	913	913	913	913	913	913	913	913	913
Enrollment	949	949	949	949	949	949	949	557	555	651
High School										
Square Feet	165,833	165,833	165,833	165,833	165,833	165,833	176,133	176,135	176,135	176,135
Capacity (students)	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084
Enrollment	1,087	1,087	1,087	1,087	1,087	1,087	1,072	1,070	1,116	1,092
Other										
Square Feet-Ace Building-St Mary's	6,893	6,893	6,893	6,893	15,000	15,000	15,000	15,000	15,000	15,000
Square Feet-Press Box-Vets Field	200	200	200	200	200	200	200	200	200	200
Square Feet-Hoagland Field House	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Square Feet-Concession Stand-Vets										
Square Feet-Athletic Office/Locker Room	2,930	2,930	2,930	2,930	2,930	2,930	2,930	2,930	2,930	2,930

Number of Schools at June 30, 2018

Elementary = 4

Middle School = 1

Senior High School = 1

Other = 5

Source: District Records

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

	<u>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>	<u>2018</u>
School Facilities										
Madison	\$ 85,013	\$ 49,699	\$ 48,028	\$ 56,825	\$ 70,710	\$ 113,789	\$ 72,874	\$ 86,606	\$ 113,132	\$ 72,157
Grover Cleveland	52,108	105,171	57,798	115,863	75,279	104,084	105,466	69,824	122,773	83,854
Roosevelt	162,649	108,396	129,306	151,196	114,555	135,447	109,027	105,831	161,912	91,211
Franklin	89,112	108,899	46,689	96,203	89,737	121,072	137,626	140,108	135,041	94,141
Middle School	222,881	220,514	92,894	123,840	113,321	92,311	160,453	192,998	169,430	207,672
High School	<u>334,533</u>	<u>184,318</u>	<u>183,120</u>	<u>196,034</u>	<u>290,801</u>	<u>359,446</u>	<u>262,409</u>	<u>233,268</u>	<u>196,296</u>	<u>278,376</u>
128 Total School Facilities	946,296	776,997	557,835	739,961	754,403	926,149	847,855	828,635	898,584	827,411
Other Facilities	<u>42,524</u>	<u>148,738</u>	<u>24,247</u>	<u>57,878</u>	<u>58,590</u>	<u>23,540</u>	<u>77,088</u>	<u>52,634</u>	<u>82,026</u>	<u>98,476</u>
Grand Total	<u>\$ 988,820</u>	<u>\$ 925,735</u>	<u>\$ 582,082</u>	<u>\$ 797,839</u>	<u>\$ 812,993</u>	<u>\$ 949,689</u>	<u>\$ 924,943</u>	<u>\$ 881,269</u>	<u>\$ 980,610</u>	<u>\$ 925,887</u>

Source: District records

**RAHWAY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG		
Property - Blanket Building & Contents	\$ 140,561,495	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Comprehensive Crime Coverage	250,000	5,000
Flood/Earthquake:		
Aggregate Subject to FEMA deductible in Flood Zone "A"; all others at \$10,000 deductible	10,000,000 10,000,000	per occurrence aggregate
NJSBAIG		
Boiler and Machinery	100,000,000	1,000
Firemen's Fund		
Excess Liability	50,000,000	
N.J. School Boards Insurance Group:		
Worker's Compensation- Professional and Clerical	35,574,457	
Worker's Compensation- Non-professional and Driver	2,570,700	
Athletic Accident- Zurich Insurance Company:		
All participants- Including Football	25,000	
Student Accident- AIG Life Insurance:		
Voluntary Participation	500,000	
Interscholastic Athletes	5,000,000	
NJSBAIG		
Environmental Liability Each Loss	1,000,000	25,000
Environmental Liability Aggregate	11,000,000	
NJ School Boards		
School Board Legal	11,000,000	10,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively January 28, 2019.

Internal Control Over Financial Reporting

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

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

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

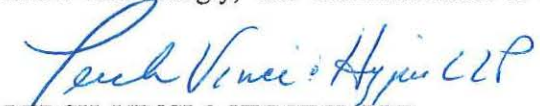
Compliance and Other Matters

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

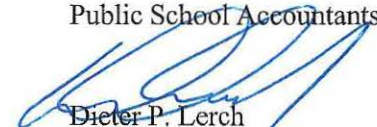
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Rahway School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 28, 2019.

Purpose of this Report

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



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



Dieter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
January 28, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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GARY W. HIGGINS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Rahway School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rahway School District's major federal and state programs for the fiscal year ended June 30, 2018. The Rahway School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Rahway School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08, and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

A 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.

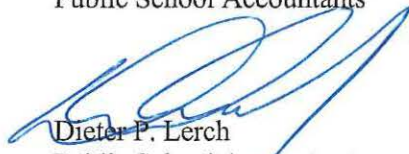
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 28, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
January 28, 2019

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Carryover Amount			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balance	Balance, June 30, 2018		Due to Grantor at June 30, 2018	MEMO GAAP Receivable
					Balance July 1, 2017	Unearned Revenue	Accounts Receivable					(Account Receivable)	Unearned Revenue		
U.S. Department of Education															
Passed-through State Department of Education															
Food Distribution Program - National School Lunch Program															
Non-Cash Assistance	10.550	181NJ304N1099	7/1/17-6/30/18	\$ 150,056			\$ 150,056	\$ 146,123				\$ 3,933			
Non-Cash Assistance	10.550	171NJ304N1099	7/1/16-6/30/17	164,444	\$ 6,477			6,477							
Cash Assistance	10.555	181NJ304N1099	7/1/17-6/30/18	961,008			901,045	961,008			\$ (59,963)		\$ 59,963		
Cash Assistance	10.555	171NJ304N1099	7/1/16-6/30/17	981,085	(76,312)		76,312							12,883	
National School Breakfast Program	10.553	181NJ304N1099	7/1/17-6/30/18	164,834			151,951	164,834			(12,883)				
National School Breakfast Program	10.553	171NJ304N1099	7/1/16-6/30/17	157,262	(15,450)		15,450								
Total U.S. Department of Agriculture - Enterprise Fund					(85,285)		1,294,814	1,278,442				(72,846)	3,933	72,846	
U.S. Department of Health and Human Services															
Passed-through State Department of Education:															
General Fund															
Medicaid Assistance	93.778	1805N15MAP	7/1/17-6/30/18	162,347			162,347	162,347							
Total U.S. Department of Health and Human Services							162,347	162,347							
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund															
IDEA Part B - Basic	84.027	H027A170100	7/1/17-6/30/18	987,318	\$ 13,646	\$ (13,646)	714,736	971,980			(286,228)	28,984		257,244	
IDEA Part B - Basic	84.027	H027A160100	7/1/16-6/30/17	989,419	11,178	(13,646)	13,646		(11,178)						
IDEA Part B - Preschool	84.173	H173A170114	7/1/17-6/30/18	28,312		318	(318)	26,976	28,630		(1,654)			1,654	
IDEA Part B - Preschool	84.173	H173A160114	7/1/16-6/30/17	28,394	318	(318)	318		(318)						
Total Special Education Cluster					11,496		741,712	1,009,610		(11,496)		(287,882)	28,984	258,898	
Title III															
Title III	84.365	S365A170030	7/1/17-6/30/18	69,335		1,253	(1,253)	40,775	68,909		(29,813)	1,679		28,134	
Title III	84.365	S365A160030	7/1/16-6/30/17	71,067	(6,262)		6,262								
Title III - Immigrant	84.365	S365A170090	7/1/17-6/30/18	10,927		2,129	(2,129)	6,239	6,239		(13,056)	6,817		6,239	
Title III - Immigrant	84.365	S365A160090	7/1/16-6/30/17	7,434	(13,731)		13,731								
Total Title III Cluster					(19,993)	3,382	(3,382)	60,768	75,148			(42,869)	8,496	34,373	
Title I															
Title I	84.010	S010A170030	7/1/17-6/30/18	592,361		12,392	(12,392)	269,145	593,127		(335,608)	11,626		323,982	
Title I	84.010	S010A160030	7/1/16-6/30/17	569,890	(116,152)		116,152								
Title I SIA	84.010	S010A170030	7/1/17-6/30/18	57,785				31,502	57,785		(57,785)	26,283		31,502	
Title IIA	84.367	S367A170029	7/1/17-6/30/18	127,805		34,208	(34,208)	76,894	105,768		(85,119)	56,245		28,874	
Title IIA	84.367	S367A160029	7/1/16-6/30/17	122,840	(16,381)		16,381								
Title IV	84.424	S424A160029	7/1/17-6/30/18	10,000											
Total U.S. Department of Education - Special Revenue Fund					(141,030)	49,982	(49,982)	1,281,052	1,806,155	(11,496)		(809,263)	131,634	677,629	
Total Federal Awards					\$ (226,315)	\$ 49,982	\$ (49,982)	\$ 2,738,213	\$ 3,246,944	\$ (11,496)	\$ -	\$ (882,109)	\$ 135,567	\$ 750,475	

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2017				Budgetary Expenditures	Transfers/Adjustment	Refund Prior Years' Balances	June 30, 2018		MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable
General Fund:														
State Department of Education:														
Equalization Aid	18-495-034-5120-078	\$ 18,255,061	7/1/17-6/30/18				\$ 16,448,335	\$ 18,255,061			\$ (1,806,726)			\$ 18,255,061
Equalization Aid	17-495-034-5120-078	17,565,441	7/1/16-6/30/17	\$ (1,743,110)			1,743,110							
Security Aid	18-495-034-5120-084	473,055	7/1/17-6/30/18				426,236	473,055			(46,819)			473,055
Security Aid	17-495-034-5120-084	473,055	7/1/16-6/30/17	(46,944)			46,944							
Special Education Aid	18-495-034-5120-089	2,263,445	7/1/17-6/30/18				2,039,429	2,263,445			(224,016)			2,263,445
Special Education Aid	17-495-034-5120-089	2,263,445	7/1/16-6/30/17	(224,613)			224,613							
Under Adequacy Aid	18-495-034-5120-096	86,609	7/1/17-6/30/18				78,037	86,609			(8,572)			86,609
Under Adequacy Aid	17-495-034-5120-096	86,609	7/1/16-6/30/17	(8,595)			8,595							
PARCC Readiness Aid	18-495-034-5120-098	36,460	7/1/17-6/30/18				32,852	36,460			(3,608)			36,460
PARCC Readiness Aid	17-495-034-5120-098	36,460	7/1/16-6/30/17	(3,618)			3,618							
Per Pupil Growth Aid	18-495-034-5120-097	36,460	7/1/17-6/30/18				32,852	36,460			(3,608)			36,460
Per Pupil Growth Aid	17-495-034-5120-097	36,460	7/1/16-6/30/17	(3,618)	-		3,618							
Professional Learning Community Aid	18-495-034-5120-101	36,910	7/1/17-6/30/18				33,257	36,910			(3,653)			36,910
Professional Learning Community Aid	17-495-034-5120-101	36,910	7/1/16-6/30/17	(3,653)	-	-	3,653							
Total State Aid Public Cluster				(2,034,161)	-	-	21,125,159	21,188,000	-	-	(2,097,002)	-	-	21,188,000
Transportation Aid	18-495-034-5120-014	209,420	7/1/17-6/30/18				188,693	209,420			(20,727)			209,420
Transportation Aid	17-495-034-5120-014	209,420	7/1/16-6/30/17	(20,782)			20,782							
Nonpublic Transportation	not available	63,812	7/1/17-6/30/18				-	63,812			(63,812)		\$ 63,812	63,812
Nonpublic Transportation	not available	34,991	7/1/16-6/30/17	(34,991)	-	-	34,991							
Total Transportation Aid Cluster				(55,773)	-	-	244,466	273,232	-	-	(84,539)	-	-	273,232
Extraordinary Aid	18-100-034-5120-473	656,073	7/1/17-6/30/18					656,073			(656,073)			656,073
Extraordinary Aid	17-100-034-5120-473	604,445	7/1/16-6/30/17	(604,445)			604,445							
Lead Testing for Schools Aid	18-495-034-5120-104	12,074	7/1/17-6/30/18				12,074	12,074						12,074
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	2,165,674	7/1/17-6/30/18				2,165,674	2,165,674						2,165,674
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	2,110,221	7/1/16-6/30/17	(103,749)			103,749							
On-Behalf TPAF Pension Contribution	18-495-034-5094-006	2,955,316	7/1/17-6/30/18				4,081,494	4,081,494						4,081,494
On-Behalf TPAF Non-Contributory Group Insurance	18-495-034-5094-007	107,078	7/1/17-6/30/18				99,048	99,048						99,048
On-Behalf TPAF Long Term Disability Insurance	18-495-034-5094-007	5,851	7/1/17-6/30/18				5,054	5,054						5,054
On-Behalf TPAF Post Retirement Medical Benefits	18-495-034-5094-001	2,551,671	7/1/17-6/30/18				2,700,123	2,700,123						2,700,123
Total General Fund				(2,798,128)	-	-	31,141,286	31,180,772	-	-	(2,837,614)	-	-	31,180,772
Special Revenue Fund:														
State Department of Education:														
N.J. Nonpublic Aid:														
Textbook Aid	18-100-034-5120-064	383	7/1/17-6/30/18				383	367					\$ 16	367
Textbook Aid	17-100-034-5120-064	692	7/1/16-6/30/17		\$ 87					\$ 87				
Nursing Services	18-100-034-5120-070	679	7/1/17-6/30/18				679	679						679
Technology Initiative	18-100-034-5120-373	259	7/1/17-6/30/18				259	252					7	252
Technology Initiative	17-100-034-5120-373	312	7/1/16-6/30/17		46					46				
Security Aid	18-100-034-5120-509	525	7/1/17-6/30/18				525	515					10	515
Security Aid	17-100-034-5120-509	650	7/1/16-6/30/17		25					25				
Handicapped Services:														
Corrective Speech	18-100-034-5120-066	804	7/1/17-6/30/18				804	804						804
Preschool Education Aid	18-495-034-5120-086	3,415,718	7/1/17-6/30/18			\$ 69,867	3,043,700	2,605,626			(372,018)	\$ 879,959		2,605,626
Preschool Education Aid	17-495-034-5120-086	707,941	7/1/16-6/30/17	(927)	-	(69,867)	70,794							
Total Special Revenue Fund				(927)	158	-	3,117,144	2,608,243	-	-	158	(372,018)	879,959	33

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Adjustment	Refund Prior Years' Balances	Balance, June 30, 2018			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund:															
Debt Service Aid - Type II	18-495-034-5120-075	\$ 213,300	7/1/17-6/30/18	-	-	-	\$ 213,300	\$ 213,300	-	-	-	-	-	-	\$ 213,300
Total Debt Service Fund				-	-	-	213,300	213,300	-	-	-	-	-	-	213,300
Enterprise Fund:															
School Lunch Program	18-100-010-3350-023	22,476	7/1/17-6/30/18	-	-	-	21,082	22,476	-	-	\$ (1,394)	-	-	\$ 1,394	22,476
School Lunch Program	17-100-010-3350-023	21,379	7/1/16-6/30/17	\$ (1,666)	-	-	1,666	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,666)	-	-	22,748	22,476	-	-	(1,394)	-	-	1,394	22,476
Capital Projects Fund:															
State Economic Development Authority															
Educational Facilities Construction & Financing Act (Schools Development Authority):															
Cleveland School Boiler Replacement	4290-090-13-G2RM	120,589		(77,159)	-	-	-	-	-	-	(120,589)	\$ 43,430	-	120,589	77,159
High School Emergency Generator	4290-050-14-G2RL	111,877		(69,766)	-	-	-	-	-	-	(111,877)	42,111	-	111,877	69,766
2009 Referendum															
High School Room Renovations	4290-050-09-00AY	4,304,169		(855,466)	-	-	-	-	-	-	(860,833)	5,367	-	860,833	4,298,802
High School Electrical Service and Distribution Upgrades	4290-050-09-02BI	142,815		-	-	-	-	-	-	-	-	-	-	-	142,815
High School Window, HVAC and Electrical Upgrades	4290-050-09-02BK	618,341		(618,341)	-	-	-	-	-	-	(618,341)	-	-	618,341	618,341
Middle School Room Renovations	4290-060-09-00AZ	1,251,875		-	-	-	-	-	-	-	-	-	-	-	1,251,875
Middle School Boilers, Fire Alarms and Electrical Panels	4290-060-09-02BL	2,295,442		(454,631)	-	-	-	-	-	-	(459,088)	4,457	-	459,088	2,290,985
Cleveland School Additions and Renovations	4290-090-09-00BA	1,620,946		(1,608,070)	-	-	-	-	-	-	(1,620,946)	12,876	-	1,620,946	1,608,070
Cleveland School Electrical Service Upgrades	4290-090-09-02BN	98,644		-	-	-	-	-	-	-	-	-	-	-	98,644
Total Capital Projects Fund				(3,683,433)	-	-	-	-	-	-	(3,791,674)	108,241	-	3,791,674	10,456,457
Total State Financial Assistance Subject to Single Audit Determination				\$ (6,484,154)	\$ 158	\$ -	\$ 34,494,478	\$ 34,024,791	\$ -	\$ 158	\$ (7,002,700)	\$ 988,200	\$ 33	\$ 3,856,880	\$ 44,481,248
Less:															
State Assistance Not Subject to Single Audit:															
TPAF Pension											(4,081,494)				
TPAF NCGI Contribution											(99,048)				
TPAF LTDI Contribution											(5,054)				
TPAF Post-Retirement Medical Contribution											(2,700,123)				
State Assistance Subject to Major Program Determination															\$ 27,139,072

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Rahway School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$114,414 for the general fund and a decrease of \$100,151 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 162,347	\$ 31,066,358	\$ 31,228,705
Special Revenue Fund	1,812,117	2,519,322	4,331,439
Capital Projects Fund			-
Debt Service Fund		213,300	213,300
Food Service Fund	<u>1,278,442</u>	<u>22,476</u>	<u>1,300,918</u>
Total Financial Assistance	<u>\$ 3,252,906</u>	<u>\$ 33,821,456</u>	<u>\$ 37,074,362</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,165,674 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$4,180,542, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,700,123 and TPAF Long-Term Disability Insurance in the amount of \$5,054 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2018-001

Our audit of district vendor contract awards indicated the following:

- Professional service contracts were not advertised upon award.
- A contract for student consultation services, the cost of which exceeded the bid threshold, was not approved by the Board in the official minutes.
- Contracts awarded through cooperative purchasing agreements were not specifically approved by the Board in the official minutes.
- Payments were made for fire alarm services, the cost of which exceeded the bid threshold, were made without solicitation of bids through public advertisement.

State program information:

Equalization Aid	495-034-5120-078
Under Adequacy Aid	495-034-5120-096
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Professional Learning Community Aid	495-034-5120-101
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs:

Unknown.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2018-001 (Continued)

Context:

- Contracts for professional services were not public advertised upon award.
- Payments in the amount of \$84,406 for a student consultation services were made without a contract being approved by the Board in the official minutes.
- Payments were made in the amounts of \$154,042 for athletic equipment, \$64,648 for school supplies, and \$63,360 for printer maintenance and service through the use of cooperative purchasing agreements in which the vendor was not approved by the Board in the official minutes.
- Payments in the amount of \$52,300 were made for fire alarm services without soliciting for bids through public advertisement.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law.

Views of Responsible Officials and Planned Corrective Action Plan:

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

**RAHWAY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

Payments to a vendor performing fire alarm services were made without the solicitation of bids or quotes.

Current Status

See Finding 2018-001.