

RAHWAY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Rahway, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Rahway School District

Rahway, New Jersey

For The Fiscal Year Ended June 30, 2019

Prepared by

Business Office

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	ii
Roster of Officials	iii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-13
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	18
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	20
B-6 Statement of Cash Flows	21
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	22
B-8 Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements	24-64
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	65-73
C-2 Budgetary Comparison Schedule – Special Revenue Fund	74
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Required Supplementary Information	75

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

		<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L.	Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)	
L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	76
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	77
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	78
L-4	Notes to Required Supplementary Information	79
L-5	Required Supplementary Information – Schedule of District’s Proportionate Share of OPEB Liability	80
L-6	Notes to Required Supplementary Information – OPEB Liability	81
 OTHER SUPPLEMENTARY INFORMATION		
D.	School Level Schedules – Not Applicable	
E.	Special Revenue Fund	
E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	82-83
E-2	Statement of Preschool Education Aid Expenditures – Budgetary Basis	84
F.	Capital Projects Fund	
F-1	Summary Schedule of Project Expenditures	85
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	86
F-2a –		
F-2I	Schedule of Project Revenues, Expenditures, Project Balance and Project Status	87-98
G.	Proprietary Funds	
	<i>Enterprise Fund</i>	
G-1	Combining Statement of Net Position – Not Applicable	99
G-2	Combining Statements of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	99
G-3	Combining Statements of Cash Flows – Not Applicable	99
H.	Fiduciary Funds	
H-1	Combining Statement of Agency Assets and Liabilities	100
H-2	Statement of Changes in Fiduciary Net Position – Not Applicable	101
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	102
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	103
I.	Long-Term Debt	
I-1	Schedule of Payable Bonds	104
I-2	Schedule of Obligations Under Lease Purchase Agreements	105
I-3	Debt Service Fund Budgetary Comparison Schedule	106

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	107
J-2	Changes in Net Position	108-109
J-3	Fund Balances – Governmental Funds	110
J-4	Changes in Fund Balances - Governmental Funds	111
J-5	General Fund Other Local Revenue by Source	112
J-6	Assessed Value and Actual Value of Taxable Property	113
J-7	Property Tax Rates	114
J-8	Principal Property Taxpayers	115
J-9	Property Tax Levies and Collections	116
J-10	Ratios of Outstanding Debt by Type	117
J-11	Ratios of Net General Bonded Debt Outstanding	118
J-12	Computation of Direct and Overlapping Debt	119
J-13	Legal Debt Margin Information	120
J-14	Demographic and Economic Statistics	121
J-15	Principal Employers	122
J-16	Full-Time Equivalent District Employees by Function/Program	123
J-17	Operating Statistics	124
J-18	School Building Information	125
J-19	Schedule of Required Maintenance for School Facilities	126
J-20	Schedule of Insurance	127

K. SINGLE AUDIT SECTION

K-1	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	128-129
K-2	Report on Compliance for each Major Federal and State program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	130-132
K-3	Schedule of Expenditures of Federal Awards	133
K-4	Schedule of Expenditures of State Financial Assistance	134-135
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	136-137
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	138-139
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	140
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	141-144
K-8	Summary Schedule of Prior Year Findings	145

INTRODUCTORY SECTION

Patricia Wilson
Business Administrator/Board Secretary
(732) 396-1010
Email: pwilson@rahway.net

December 11, 2019

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

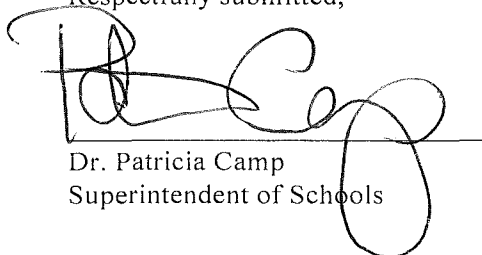
Dear Board Members:

The comprehensive annual financial report of the Rahway School District ("District") for the fiscal year ended June 30, 2019 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.

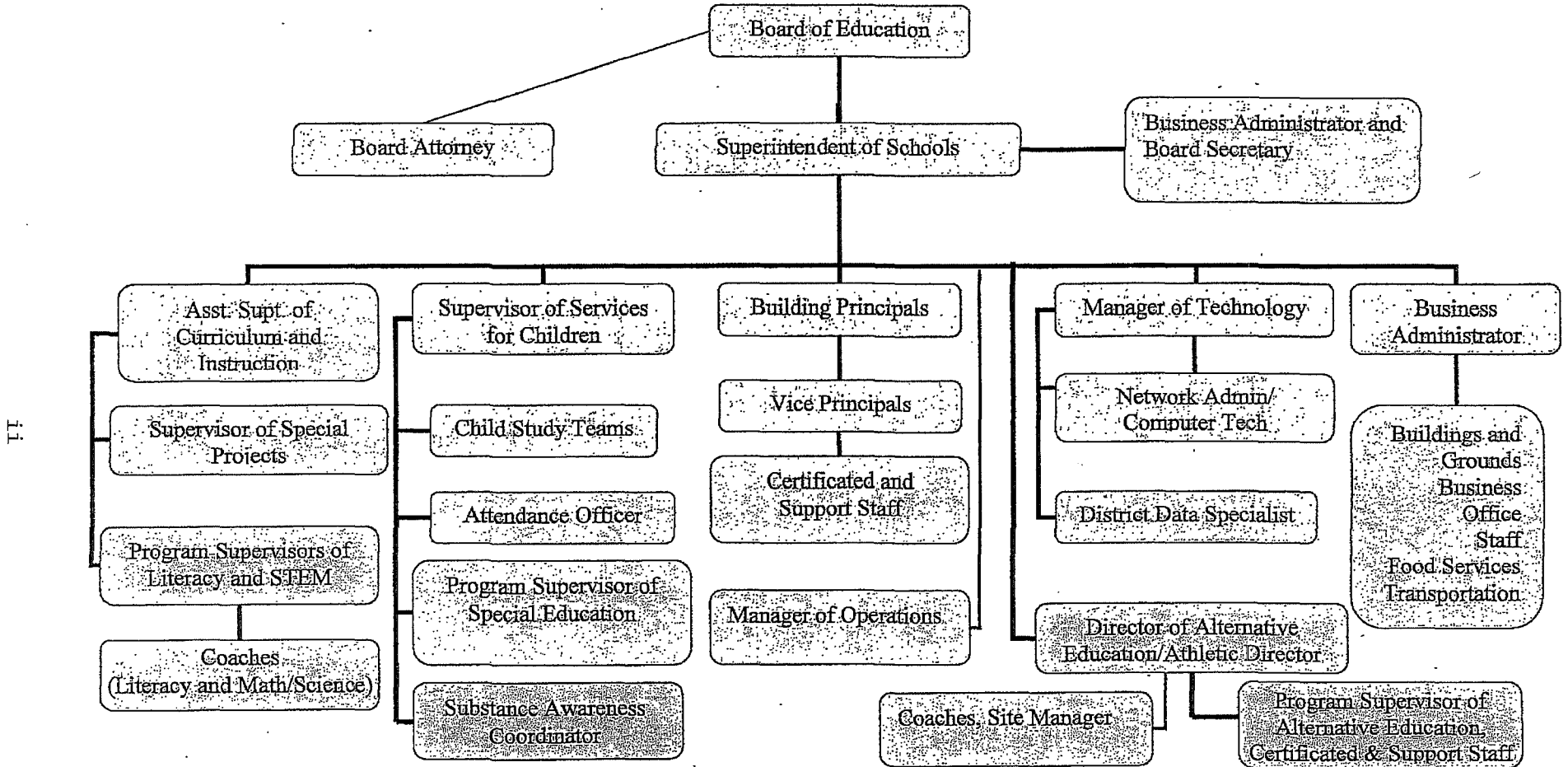
Respectfully submitted,


Dr. Patricia Camp
Superintendent of Schools


Patricia Wilson
Business Administrator

RAHWAY PUBLIC SCHOOLS
ORGANIZATIONAL CHART

File Code: 2120



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

ROSTER OF OFFICIALS

JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ray Lopez, President	2021
Thomas O'Reilly, Vice-President	2020
Deborah Bridges	2020
John DaSilva	2019
Carlos Garay	2020
Brittany Hale	2019
Lori Kennedy	2021
Darren Lesinski	2019
Eric Miles	2021

Other Officials

Dr. Patricia Camp, Superintendent of Schools

Albert DiGiorgio, Business Administrator/Board Secretary

Margaret Miller, Board Attorney (General Counsel)

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

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
SHERYL 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, 2019 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.

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 December 11, 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
December 11, 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, 2019**

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, 2019. 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 (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2019 are as follows

- In total, net position decreased \$348,166. Net Position of Governmental Activities decreased \$362,783 which represents a 2% decrease from the prior year. Net Position of the Business-Type activity, which represents the food service program, increased \$14,617 or 2% from the prior year.
- General Revenues accounted for \$63,387,861 or 67% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,646,694 or 33% of total revenues of \$95,034,555.
- The School District had \$93,219,494 in expenses for governmental activities: only \$29,468,850 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of 63,387,861 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, 2019**

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 2019?" 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, 2019**

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, 2019 and 2018. The table on the following page provides an analysis of the changes in net position from 2018 to 2019.

**Statement of Net Position
as of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other Assets	\$ 6,934,137	\$ 7,203,862	\$ 335,309	\$ 444,479	\$ 7,269,446	\$ 7,648,341
Capital Assets, Net	45,642,136	47,735,748	399,064	277,235	46,041,200	48,012,983
Total Assets	<u>52,576,273</u>	<u>54,939,610</u>	<u>734,373</u>	<u>721,714</u>	<u>53,310,646</u>	<u>55,661,324</u>
Deferred Outflows of Resources	3,766,258	4,976,903	-	-	3,766,258	4,976,903
Liabilities:						
Long-Term Liabilities	33,461,960	37,640,178			33,461,960	37,640,178
Other Liabilities	2,050,185	2,040,475	32,100	32,270	2,082,285	2,072,745
Total Liabilities	<u>35,512,145</u>	<u>39,680,653</u>	<u>32,100</u>	<u>32,270</u>	<u>35,544,245</u>	<u>39,712,923</u>
Deferred Inflows of Resources	4,867,396	3,458,238	2,145	3,933	4,869,541	3,462,171
Net Position:						
Net Investment in Capital Assets	29,646,771	31,546,571	399,064	277,235	30,045,835	31,823,806
Restricted for:						
Debt Service	7,286	13,243			7,286	13,243
Maintenance	250,600	516,500			250,600	516,500
Capital Projects	1,277,042	1,271,046			1,277,042	1,271,046
Unrestricted	(15,218,709)	(16,569,738)	301,064	408,276	(14,917,645)	(16,161,462)
Total Net Position	<u>\$ 15,962,990</u>	<u>\$ 16,777,622</u>	<u>\$ 700,128</u>	<u>\$ 685,511</u>	<u>\$ 16,663,118</u>	<u>\$ 17,463,133</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 97,632	\$ 184,918	\$ 827,039	\$ 767,537	\$ 924,671	\$ 952,455
Operating Grants and Contributions	29,260,113	30,960,984	1,350,805	1,300,918	30,610,918	32,261,902
Capital Grants and Contributions	111,105	193,556			111,105	193,556
General Revenues						
Property Taxes	44,565,427	43,973,944			44,565,427	43,973,944
Grants and Entitlements	18,426,830	18,535,497			18,426,830	18,535,497
Other	395,604	381,396	-	-	395,604	381,396
Total Revenues	<u>92,856,711</u>	<u>94,230,295</u>	<u>2,177,844</u>	<u>2,068,455</u>	<u>95,034,555</u>	<u>96,298,750</u>
Program Expenses						
Instruction						
Regular	37,077,468	36,120,448			37,077,468	36,120,448
Special Education	16,515,940	16,379,398			16,515,940	16,379,398
Other Instruction	6,551,102	6,688,664			6,551,102	6,688,664
School Sponsored Activities	1,466,336	2,833,299			1,466,336	2,833,299
Support Services						
Student and Instruction Related Services	12,466,445	11,038,296			12,466,445	11,038,296
School Administration Services	3,900,152	4,278,755			3,900,152	4,278,755
General & Central Administration Services	2,525,423	3,006,425			2,525,423	3,006,425
Plant Operations and Maintenance	6,866,975	6,596,710			6,866,975	6,596,710
Pupil Transportation	3,257,638	3,257,858			3,257,638	3,257,858
Interest on Long-Term Debt	519,425	631,501			519,425	631,501
Unallocated Depreciation	2,072,590	2,084,193			2,072,590	2,084,193
Food Service	-	-	2,163,227	1,999,302	2,163,227	1,999,302
Total Expenses	<u>93,219,494</u>	<u>92,915,547</u>	<u>2,163,227</u>	<u>1,999,302</u>	<u>95,382,721</u>	<u>94,914,849</u>
Change in Net Position	<u>\$ (362,783)</u>	<u>\$ 1,314,748</u>	<u>\$ 14,617</u>	<u>\$ 69,153</u>	<u>\$ (348,166)</u>	<u>\$ 1,383,901</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Program Expenses				
Instruction				
Regular	\$ 37,077,468	\$ 36,120,448	\$ 23,548,008	\$ 21,713,834
Special Education	16,515,940	16,379,398	9,466,716	8,598,012
Other Instruction	6,551,102	6,688,664	4,764,467	4,488,219
School Sponsored Activities	1,466,336	2,833,299	1,417,323	2,741,083
Support Services				
Student and Instruction Related Services	12,466,445	11,038,296	8,784,215	7,019,037
School Administrative Services	3,900,152	4,278,755	2,959,318	3,969,561
General and Central Administrative Services	2,525,423	3,006,425	2,246,457	1,685,956
Plant Operations and Maintenance	6,866,975	6,596,710	5,687,355	5,743,560
Pupil Transportation	3,257,638	3,257,858	2,344,248	2,966,853
Interest on Long-Term Debt	519,425	631,501	459,947	565,761
Unallocated Depreciation	<u>2,072,590</u>	<u>2,084,193</u>	<u>2,072,590</u>	<u>2,084,193</u>
 Total Governmental Activities	 <u>\$ 93,219,494</u>	 <u>\$ 92,915,547</u>	 <u>\$ 63,750,644</u>	 <u>\$ 61,576,069</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, 2019**

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 \$92,856,711 for the year ended June 30, 2019. Property taxes made up 48% of revenues for governmental activities for the Rahway School District for fiscal year 2019. Federal, State, and local grants accounted for another 51% 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 \$14,617.
- Charges for services represent \$827,039, or 38% 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 \$1,350,805, or 62% 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 \$85,253,997 and expenditures of \$85,764,875.

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, 2019 and 2018:

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

School District's Funds (Continued)

**Summary of Governmental Fund Revenues
For the Fiscal Years Ended June 30, 2019 and 2018**

	Fiscal		Amount of	
	<u>Year Ended June 30,</u>		Increase	Percent
	<u>2019</u>	<u>2018</u>	(Decrease)	<u>Change</u>
Revenues				
Local Sources				
Tax Levy	\$ 44,565,427	\$ 43,973,944	\$ 591,483	1.3%
Other	546,369	591,247	(44,878)	-7.6%
State Sources	38,211,749	33,798,980	4,412,769	13.1%
Federal Sources	<u>1,930,452</u>	<u>1,974,464</u>	<u>(44,012)</u>	-2.2%
Total Revenues	<u>\$ 85,253,997</u>	<u>\$ 80,338,635</u>	<u>\$ 4,915,362</u>	6.1%

Total Governmental Funds revenues increased by \$4,915,362, or 6% from the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2019 and 2018:

**Summary of Governmental Fund Expenditures
For the Fiscal Years Ended June 30, 2019 and 2018**

	Fiscal		Amount of	
	<u>Year Ended June 30,</u>		Increase	Percent
	<u>2019</u>	<u>2018</u>	(Decrease)	<u>Change</u>
Expenditures				
Instruction	\$ 55,789,832	\$ 51,248,409	\$ 4,541,423	8.9%
Support Services	27,217,633	24,553,293	2,664,340	10.9%
Capital Outlay	202,594	223,255	(20,661)	-9.3%
Debt Service	<u>2,554,816</u>	<u>2,902,269</u>	<u>(347,453)</u>	-12.0%
Total Expenditures	<u>\$ 85,764,875</u>	<u>\$ 78,927,226</u>	<u>\$ 6,837,649</u>	8.7%

The Governmental Funds expenditures increased by 9% from the previous year.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2019, the School District had \$45,642,136 and \$399,064, net of accumulated depreciation, invested in Land, Construction in Progress, Buildings and Building Improvements, Land Improvements and Machinery and Equipment for Governmental Activities and Business Type Activities.

**Governmental Activities Capital Assets
At June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Land	\$ 1,546,445	\$ 1,546,445
Construction in Progress	12,000	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>2,182,063</u>	<u>1,991,469</u>
	76,214,386	76,201,548
Less: Accumulated Depreciation	<u>(30,572,250)</u>	<u>(28,465,800)</u>
Capital Assets, Net	<u>\$ 45,642,136</u>	<u>\$ 47,735,748</u>

Overall, capital assets, net of depreciation decreased \$2,093,612 from fiscal year 2018 to fiscal year 2019.

**Business Type Activities Capital Assets
At June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Machinery and Equipment	789,605	634,332
Less: Accumulated Depreciation	<u>(390,541)</u>	<u>(357,096)</u>
Capital Assets, Net	<u>\$ 399,064</u>	<u>\$ 277,236</u>

Overall, capital assets, net of depreciation increased \$121,828 from fiscal year 2018 to fiscal year 2019.

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, 2019**

Debt Administration

At June 30, 2019, the School District had \$33,461,960 in long-term liabilities. Below is the breakdown of outstanding long-term liabilities.

**Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u> (Restated)
Serial Bonds Payable (Including Unamortized Premium)	\$ 15,977,526	\$ 17,415,831
Obligations Under Lease Purchase Agreements	1,352,544	1,816,849
Net Pension Liability	14,368,167	16,685,264
Compensated Absences	<u>1,763,723</u>	<u>2,174,083</u>
Total	<u>\$ 33,461,960</u>	<u>\$ 38,092,027</u>

At June 30, 2019, the School District's remaining legal debt margin (borrowing capacity) was \$91,010,232.

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, 2019**

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 Patricia Wilson, 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, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,212,705		\$ 2,212,705
Cash with Fiscal Agents	17,896		17,896
Intergovernmental Receivables	4,448,678	\$ 77,838	4,526,516
Receivables, net	486,401	10,579	496,980
Internal Balances	(231,543)	231,543	
Inventory		15,349	15,349
Capital Assets Not Being Depreciated	1,558,445		1,558,445
Capital Assets, Being Depreciated, net	<u>44,083,691</u>	<u>399,064</u>	<u>44,482,755</u>
Total Assets	<u>52,576,273</u>	<u>734,373</u>	<u>53,310,646</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	515,425		515,425
Deferred Amount on Net Pension Liability	<u>3,250,833</u>	<u>-</u>	<u>3,250,833</u>
Total Deferred Outflows of Resources	<u>3,766,258</u>	<u>-</u>	<u>3,766,258</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,158,091	20,087	1,178,178
Accrued Interest	238,602		238,602
Payable to Other Governments	663		663
Unearned Revenue	652,829	12,013	664,842
Noncurrent Liabilities			
Due Within One Year	1,960,000		1,960,000
Due Beyond One Year	<u>31,501,960</u>	<u>-</u>	<u>31,501,960</u>
Total Liabilities	<u>35,512,145</u>	<u>32,100</u>	<u>35,544,245</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,145	2,145
Deferred Amount on Net Pension Liability	<u>4,867,396</u>	<u>-</u>	<u>4,867,396</u>
Total Deferred Inflows of Resources	<u>4,867,396</u>	<u>2,145</u>	<u>4,869,541</u>
NET POSITION			
Net Investment in Capital Assets	29,646,771	399,064	30,045,835
Restricted for:			
Debt Service	7,286		7,286
Maintenance	250,600		250,600
Capital Projects	1,277,042		1,277,042
Unrestricted	<u>(15,218,709)</u>	<u>301,064</u>	<u>(14,917,645)</u>
Total Net Position	<u>\$ 15,962,990</u>	<u>\$ 700,128</u>	<u>\$ 16,663,118</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, 2019**

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	\$ 37,077,468	\$ 7,000	\$ 13,429,823	\$ 92,637	\$ (23,548,008)		\$ (23,548,008)
Special Education	16,515,940	90,632	6,953,463	5,129	(9,466,716)		(9,466,716)
Other Instruction	6,551,102		1,773,296	13,339	(4,764,467)		(4,764,467)
School Sponsored Activities	1,466,336		49,013		(1,417,323)		(1,417,323)
Support Services							
Student and Instruction Related Svcs.	12,466,445		3,682,230		(8,784,215)		(8,784,215)
General Administration	1,115,899		28,037		(1,087,862)		(1,087,862)
School Administration	3,900,152		940,834		(2,959,318)		(2,959,318)
Central Services	1,409,524		250,929		(1,158,595)		(1,158,595)
Plant Operations and Maintenance	6,866,975		1,179,620		(5,687,355)		(5,687,355)
Pupil Transportation	3,257,638		913,390		(2,344,248)		(2,344,248)
Interest on Long-Term Debt	519,425		59,478		(459,947)		(459,947)
Unallocated Depreciation	2,072,590	-	-	-	(2,072,590)	-	(2,072,590)
Total Governmental Activities	93,219,494	97,632	29,260,113	111,105	(63,750,644)	-	(63,750,644)
Business-Type Activities							
Food Service	2,163,227	827,039	1,350,805	-	-	\$ 14,617	14,617
Total business-type activities	2,163,227	827,039	1,350,805	-	-	14,617	14,617
Total Primary Government	\$ 95,382,721	\$ 924,671	\$ 30,610,918	\$ 111,105	(63,750,644)	14,617	(63,736,027)
General Revenues:							
Property Taxes Levied for:							
General Purposes					42,229,149		42,229,149
Debt Service					2,336,278		2,336,278
State Aid - Unrestricted					18,273,727		18,273,727
State Aid Restricted for Debt Service					153,103		153,103
Interest on Deposits					88,982		88,982
Miscellaneous Income					306,622	-	306,622
Total General Revenues					63,387,861	-	63,387,861
Change in Net Position					(362,783)	14,617	(348,166)
Net Position, Beginning of Year (Restated)					16,325,773	685,511	17,011,284
Net Position, End of Year					\$ 15,962,990	\$ 700,128	\$ 16,663,118

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, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 76,422		\$ 2,136,283		\$ 2,212,705
Due from Other Funds	5,293,476	\$ 194,713			5,488,189
Receivables From Other Governments	127,266	529,738	3,791,674		4,448,678
Other Receivables	484,462				484,462
Restricted Assets					
Cash with Fiscal Agents	-	-	17,896	-	17,896
Total Assets	\$ 5,981,626	\$ 724,451	\$ 5,945,853	-	\$ 12,651,930
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 978,891	\$ 179,200			1,158,091
Due to Other Funds	426,256		\$ 5,291,537		5,717,793
Payable to State Government		663			663
Unearned Revenue	-	544,588	108,241	-	652,829
Total Liabilities	1,405,147	724,451	5,399,778	-	7,529,376
Fund Balances					
Restricted					
Capital Reserve	899,989				899,989
Maintenance Reserve	250,600				250,600
Debt Service			7,286		7,286
Capital Projects			538,789		538,789
Excess Surplus	1,956,303				1,956,303
Excess Surplus, Designated for Subsequent Year's Expenditures	2,056,135				2,056,135
Assigned					
Year End Encumbrances Designated for Subsequent Year's Expenditures	178,308				178,308
Unassigned	514,283				514,283
	(1,279,139)	-	-	-	(1,279,139)
Total Fund Balances	4,576,479	-	546,075	-	5,122,554
Total Liabilities and Fund Balances	\$ 5,981,626	\$ 724,451	\$ 5,945,853	\$ -	
Amounts reported for <i>governmental activities</i> 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 \$76,214,386 and the accumulated depreciation is \$30,572,250.					
					45,642,136
Accrued interest on long-term liabilities are not reported as liabilities in the fund.					
					(238,602)
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.					
					515,425
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	\$ 3,250,833		
		Deferred Inflows of Resources	(4,867,396)		
					(1,616,563)
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)					
					(33,461,960)
Net Position of Governmental Activities					\$ 15,962,990

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

RAHWAY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 42,229,149			\$ 2,336,278	\$ 44,565,427
Tuition	97,632				97,632
Interest Earned on Capital Reserve Fund	100				100
Interest Earned on Maintenance Reserve Fund	100				100
Interest on Deposits	73,377		\$ 15,405		88,782
Miscellaneous	<u>306,622</u>	<u>\$ 53,133</u>	<u>-</u>	<u>-</u>	<u>359,755</u>
Total - Local Sources	42,706,980	53,133	15,405	2,336,278	45,111,796
State Sources	33,497,079	4,502,089		212,581	38,211,749
Federal Sources	<u>208,683</u>	<u>1,721,769</u>	<u>-</u>	<u>-</u>	<u>1,930,452</u>
Total Revenues	<u>76,412,742</u>	<u>6,276,991</u>	<u>15,405</u>	<u>2,548,859</u>	<u>85,253,997</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	29,071,922	4,059,954	187,500		33,319,376
Special Education Instruction	14,313,455	954,919			15,268,374
Other Instruction	5,772,429	30,484			5,802,913
School Sponsored Co-Curricular Activities	1,399,169				1,399,169
Support Services					
Student and Instruction Related Services	10,288,234	1,120,073			11,408,307
General Administration Services	1,201,399		500		1,201,899
School Administration Services	3,564,583				3,564,583
Business/Central Services	1,375,720				1,375,720
Plant Operations and Maintenance	6,420,066	456			6,420,522
Pupil Transportation	3,246,602				3,246,602
Debt Service					
Principal				1,840,000	1,840,000
Interest and Other Charges				714,816	714,816
Capital Outlay	<u>79,489</u>	<u>111,105</u>	<u>12,000</u>	<u>-</u>	<u>202,594</u>
Total Expenditures	<u>76,733,068</u>	<u>6,276,991</u>	<u>200,000</u>	<u>2,554,816</u>	<u>85,764,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	<u>(320,326)</u>	<u>-</u>	<u>(184,595)</u>	<u>(5,957)</u>	<u>(510,878)</u>
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds			205,695		205,695
Transfers In	15,204		371,157		386,361
Transfers Out	<u>(371,157)</u>	<u>-</u>	<u>(15,204)</u>	<u>-</u>	<u>(386,361)</u>
Total Other Financing Sources and Uses	<u>(355,953)</u>	<u>-</u>	<u>561,648</u>	<u>-</u>	<u>205,695</u>
Net Change in Fund Balances	(676,279)	-	377,053	(5,957)	(305,183)
Fund Balance, Beginning of Year	<u>5,252,758</u>	<u>-</u>	<u>169,022</u>	<u>5,957</u>	<u>5,427,737</u>
Fund Balance, End of Year	<u>\$ 4,576,479</u>	<u>\$ -</u>	<u>\$ 546,075</u>	<u>\$ -</u>	<u>\$ 5,122,554</u>

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, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (305,183)

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 depreciation exceeds capital outlays in the current period.

Capital Outlays	\$ 202,594	
Depreciation Expense	<u>(2,106,450)</u>	(1,903,856)

The net effect of miscellaneous transactions involving capital assets (i.e. sales, disposals) is to decrease net position. These transactions are not reported in the governmental fund financial statements.

Abandonment of Capital Assets		(189,756)
-------------------------------	--	-----------

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		
Lease Purchase Proceeds		(205,695)
Principal Repayments:		
Lease Purchase Principal	670,000	
Bond Principal	<u>1,170,000</u>	
		1,840,000

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		(98,662)

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	25,748	
Amortization of Original Issue Premium	268,305	
Increase in Pension Expenses	(204,044)	
Decrease in Compensated Absences	<u>410,360</u>	
		<u>500,369</u>

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (362,783)**

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

**Business-Type
Activities
Enterprise Fund
Food Service**

ASSETS

Current Assets

Accounts Receivable	
Intergovernmental	77,838
Accounts	10,579
Due from Other Funds	231,543
Inventory	<u>15,349</u>

Total Current Assets 335,309

Capital Assets

Furniture, Machinery and Equipment	789,605
Less: Accumulated Depreciation	<u>(390,541)</u>

Total Capital Assets, Net of Accumulated Depreciation 399,064

Total Assets 734,373

LIABILITIES

Current Liabilities

Accounts Payable	20,087
Unearned Revenue	<u>12,013</u>

Total Current Liabilities 32,100

Total Liabilities 32,100

DEFERRED INFLOWS OF RESOURCES

Deferred Commodities Revenue	<u>2,145</u>
------------------------------	--------------

Total Deferred Inflows of Resources 2,145

NET POSITION

Investment in Capital Assets	399,064
Unrestricted	<u>301,064</u>

Total Net Position \$ 700,128

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, 2019**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 410,770
Daily Sales - Non-Reimbursable Programs	384,249
Other Sales	<u>32,020</u>
Total Operating Revenues	<u>827,039</u>
OPERATING EXPENSES	
Cost of Sales	
Reimbursable Programs	755,586
Non-Reimbursable Programs	84,572
USDA Commodities	148,011
Salaries and Wages	764,659
Employee Benefits	27,561
Management Fee	77,999
Other Purchased Technical Services	6,000
Other Purchased Services	14,323
Supplies and Materials	13,489
Repairs and Maintenance	18,398
Insurance	60,307
Laundry/Uniforms	7,176
Other Expenses	151,701
Depreciation	<u>33,445</u>
Total Operating Expenses	<u>2,163,227</u>
Operating Loss	<u>(1,336,188)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	23,381
Federal Sources	
National School Lunch Program	
Cash Assistance	1,005,293
Non-Cash Assistance	148,011
National School Breakfast Program	<u>174,120</u>
Total Nonoperating Revenues	<u>1,350,805</u>
Change in Net Position	14,617
Net Position, Beginning of Year	<u>685,511</u>
Net Position, End of Year	<u>\$ 700,128</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, 2019**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 823,683
Payments for Employees Salaries and Benefits	(792,220)
Payments to Suppliers	<u>(1,191,373)</u>
Net Cash Used for Operating Activities	<u>(1,159,910)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments to Other Funds	(231,544)
Receipts from State and Federal Subsidies	<u>1,199,196</u>
Net Cash Provided By Non-Capital Financing Activities	<u>967,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(155,273)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(155,273)</u>
Net Decrease in Cash and Cash Equivalents	(347,531)
Cash and Cash Equivalents—Beginning of Year	<u>347,531</u>
Cash and Cash Equivalents—End of Year	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ <u>(1,336,188)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	33,445
Food Distribution (USDA Commodities) National School Lunch Program	148,011
Changes in Assets, Liabilities and Deferred Inflows of Resources	
Increase in Accounts Receivable, Net	(3,377)
Decrease in Inventory	157
Decrease in Deferred Inflows of Resources	(1,788)
Increase in Unearned Revenue	21
Decrease in Accounts Payable	<u>(191)</u>
Total Adjustments	<u>176,278</u>
Net Cash Used For Operating Activities	<u>\$ (1,159,910)</u>
Non Cash Financing Activities	
Fair Value of Food Distribution Program	<u>\$ 146,223</u>

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, 2019**

	<u>Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 148,673	\$ 331,541	\$ 2,119,765
Due from Other Funds	<u>-</u>	<u>83,810</u>	<u>-</u>
Total Assets	<u>148,673</u>	<u>415,351</u>	<u>\$ 2,119,765</u>
LIABILITIES			
Accounts Payable	6,250		
Intergovernmental Accounts Payable		2,727	\$ 246,667
Due to Other Funds			85,749
Payroll Deductions and Withholdings			45,765
Reserve for Flex Spending Account			18,201
Summer Savings			1,740,914
Accrued Salaries and Wages	<u>-</u>	<u>-</u>	<u>(17,531)</u>
Total Liabilities	<u>6,250</u>	<u>2,727</u>	<u>\$ 2,119,765</u>
NET POSITION			
Held In Trust For Unemployment Claims		412,624	
Reserved for Scholarships	<u>142,423</u>	<u>-</u>	
Total Net Position	<u>\$ 142,423</u>	<u>\$ 412,624</u>	

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

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions		
Employee		\$ 63,862
Other	\$ 7,915	-
Total Contributions	<u>7,915</u>	<u>63,862</u>
Investment Earnings		
Interest	<u>1,394</u>	<u>671</u>
Net Investment Earnings	<u>1,394</u>	<u>671</u>
Total Additions	<u>9,309</u>	<u>64,533</u>
Deductions:		
Unemployment Claims and Contributions		16,781
Scholarships Awarded	<u>18,426</u>	<u>-</u>
Total Deductions	<u>18,426</u>	<u>16,781</u>
Change in Net Position	(9,117)	47,752
Net Position, Beginning of Year	<u>151,540</u>	<u>364,872</u>
Net Position, End of Year	<u>\$ 142,423</u>	<u>\$ 412,624</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, 2019**

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 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 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.

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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
Improvements Other than Buildings	20
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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category 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.

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 and proprietary fund types in the fund 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.

RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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.

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.

RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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, 2018 audited excess surplus that was appropriated in the 2019/2020 original budget certified for taxes.

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 2019/2020 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. The District has no committed fund balances at year end.

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, 2019**

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 2017-2018 and 2018-2019 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, 2019**

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 \$33,461,960 difference are as follows:

Bonds Payable, Including Unamortized Premium on Bonds	\$ 15,977,526
Obligations Under Lease Purchase	1,352,544
Compensated Absences Payable	1,763,723
Net Pension Liability	<u>14,368,167</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 33,461,960</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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$2,334,829. The increase was funded by the appropriation of maintenance reserve and capital reserve funds, additional 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, 2019**

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.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Custodial Services			
Energy (Electricity)	\$505,000	\$526,225	\$21,225

The above variance was the result of an audit adjustment and was offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,279,139 in the General Fund as of June 30, 2019 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 2018/2019 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.

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 \$1,279,139 in the General Fund is less than the delayed state aid payments at June 30, 2019.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 1,271,046
Increased by:	
Interest Earnings	<u>100</u>
	1,271,146
Decreased by:	
Withdrawals Approved by Board Resolution	<u>371,157</u>
Balance, June 30, 2019	<u>\$ 899,989</u>

E. 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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 516,500
Increased by	
Interest Earnings	<u>100</u>
	516,600
Decreased by:	
Withdrawal Approved by Board Resolution	<u>266,000</u>
Balance, June 30, 2019	<u>\$ 250,600</u>

F. 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, 2019 is \$4,012,438. Of this amount, \$2,056,135 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,956,303 will be appropriated in the 2020/2021 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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. 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, 2019, the book value of the Board's deposits were \$4,830,580 and bank and brokerage firm balances of the Board's deposits amounted to \$6,930,571. 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>\$ 6,930,571</u>
---------	---------------------

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, 2019 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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, 2019, 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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 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	\$ 484,462				\$ 484,462
Intergovernmental-					
Federal		\$ 529,738		\$ 76,379	606,117
State	62,060		\$ 3,791,674	1,459	3,855,193
Local	65,206	-	-	10,579	75,785
Gross Receivables	<u>611,728</u>	<u>529,738</u>	<u>3,791,674</u>	<u>88,417</u>	<u>5,021,557</u>
Less: Allowance for					
Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 611,728</u>	<u>\$ 529,738</u>	<u>\$ 3,791,674</u>	<u>\$ 88,417</u>	<u>\$ 5,021,557</u>

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	\$ 527,991
Grant Draw Downs Reserved for Encumbrances	16,597
Capital Projects Fund	
Unrealized School Facilities Grants	<u>108,241</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 652,829</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, <u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	<u>189,756</u>	<u>12,000</u>	<u>\$ 189,756</u>	<u>12,000</u>
Total Capital Assets, Not Being Depreciated	<u>1,736,201</u>	<u>12,000</u>	<u>189,756</u>	<u>1,558,445</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>1,991,469</u>	<u>\$ 190,594</u>	<u>-</u>	<u>2,182,063</u>
Total Capital Assets Being Depreciated	<u>74,465,347</u>	<u>190,594</u>	<u>-</u>	<u>74,655,941</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(26,509,744)	(1,991,867)		(28,501,611)
Improvements other than Buildings	(630,431)	(59,499)		(689,930)
Machinery and Equipment	<u>(1,325,625)</u>	<u>(55,084)</u>	<u>-</u>	<u>(1,380,709)</u>
Total Accumulated Depreciation	<u>(28,465,800)</u>	<u>(2,106,450)</u>	<u>-</u>	<u>(30,572,250)</u>
Total Capital Assets, Being Depreciated, Net	<u>45,999,547</u>	<u>(1,915,856)</u>	<u>-</u>	<u>44,083,691</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,735,748</u>	<u>\$ (1,903,856)</u>	<u>\$ 189,756</u>	<u>\$ 45,642,136</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 634,332	\$ 155,273	-	\$ 789,605
Total Capital Assets Being Depreciated	<u>634,332</u>	<u>155,273</u>	-	<u>789,605</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(357,096)</u>	<u>(33,445)</u>	-	<u>(390,541)</u>
Total Accumulated Depreciation	<u>(357,096)</u>	<u>(33,445)</u>	-	<u>(390,541)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 277,236</u>	<u>\$ 121,828</u>	<u>\$ -</u>	<u>\$ 399,064</u>

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

Governmental Activities:

Instruction	
Regular	\$ 10,207
Total Instruction	<u>10,207</u>
Support Services	
Support Services - Students	849
General Administration	6,558
School Administration	
Transportation	4,294
Operations and Maintenance of Plant	<u>11,952</u>
Total Support Services	<u>23,653</u>
Unallocated	<u>2,072,590</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,106,450</u>

Business-Type Activities:

Food Service Fund	\$ 33,445
Total Depreciation Expense-Business-Type Activities	<u>\$ 33,445</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2019:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Acquisition and Installation of Security Cameras		\$ 216,157
Installation of Turf Field	\$ 12,000	<u>143,000</u>
	<u>\$ 12,000</u>	<u>\$ 359,157</u>

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	\$ 5,291,537
General Fund	Payroll Agency Fund	1,939
Special Revenue Fund	General Fund	194,713
Food Service Fund	General Fund	231,543
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>83,810</u>
Total		<u>\$ 5,803,542</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>Capital Projects Fund</u>	<u>Total</u>
<u>Transfer Out:</u>			
General Fund		\$ 371,157	\$ 371,157
Capital Projects Fund	\$ 15,204	-	<u>15,204</u>
	<u>\$ 15,204</u>	<u>\$ 371,157</u>	<u>\$ 386,361</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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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.

The District has also entered into a lease-purchase agreement for the acquisition of technology supplies. The lease is for a term of three (3) years.

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>Lease Purchase</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 695,000	\$ 27,592			\$ 722,592
2021			\$ 209,235	\$ 28,422	237,657
2022			219,770	17,888	237,658
2023	-	-	228,539	9,119	237,658
	<u>\$ 695,000</u>	<u>\$ 27,592</u>	<u>\$ 657,544</u>	<u>\$ 55,429</u>	<u>\$ 1,435,565</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 and other purposes permitted by statute. 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 an annual installment of \$255,000 on April 1, 2020, interest at 5.93%	\$255,000
\$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>\$14,430,000</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	
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	1,325,000	428,200	1,753,200
2025-2029	6,685,000	1,211,750	7,896,750
2030	<u>1,365,000</u>	<u>40,950</u>	<u>1,405,950</u>
	<u>\$ 14,430,000</u>	<u>\$ 3,882,622</u>	<u>\$ 18,312,622</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 105,440,232
Less: Net Debt Issued	<u>14,430,000</u>
Remaining Borrowing Power	<u>\$ 91,010,232</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u> (Restated)	<u>Increased</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 15,600,000		\$ (1,170,000)	\$ 14,430,000	\$ 1,115,000
Unamortized Premium on Bonds	1,815,831	-	(268,305)	1,547,526	-
Bonds Payable, Net	17,415,831	-	(1,438,305)	15,977,526	1,115,000
Obligations Under Lease Purchases	1,816,849	\$ 205,695	(670,000)	1,352,544	695,000
Net Pension Liability	16,685,264		(2,317,097)	14,368,167	
Compensated Absences Payable	2,174,083	-	(410,360)	1,763,723	150,000
Long-Term Liabilities	<u>\$ 38,092,027</u>	<u>\$ 205,695</u>	<u>\$ (4,835,762)</u>	<u>\$ 33,461,960</u>	<u>\$ 1,960,000</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 Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group 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, 2019**

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 Group 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
2019	None	\$ 63,862	\$ 16,781	\$ 412,624
2018	None	63,928	31,247	364,872
2017	None	52,849	16,017	331,519

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, 2019, 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, 2019, 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, 2019**

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 Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, 2019**

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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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, 2019**

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2019, 2018 and 2017 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 725,853	\$ 5,638,841	\$ 30,576
2018	664,011	4,180,542	18,383
2017	623,943	3,062,394	43,545

In addition, for fiscal years 2019, 2018 and 2017 the District contributed \$2,900, \$7,677 and \$3,724, respectively for PERS and the State contributed \$4,746, \$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 \$2,217,139 during the fiscal year ended June 30, 2019 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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense 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, 2019**

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 (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$14,368,167 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .07297 percent, which was an increase of .0013 percent from its proportionate share measured as of June 30, 2017 of .07167 percent.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$929,897 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 274,003	\$ 74,087
Changes of Assumptions	2,367,636	4,594,176
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		134,774
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>609,194</u>	<u>64,359</u>
Total	<u>\$ 3,250,833</u>	<u>\$ 4,867,396</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, 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>
2020	\$ 206,974
2021	6,675
2022	(821,684)
2023	(765,206)
2024	(243,322)
Thereafter	-
	<u>\$ (1,616,563)</u>

Actuarial Assumptions

The District’s total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 18,066,315</u>	<u>\$ 14,368,167</u>	<u>\$ 11,265,658</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report 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, 2019**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,278,790 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$176,319,156. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .27715 percent, which was an increase of .00489 percent from its proportionate share measured as of June 30, 2017 of .27226 percent.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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, 2019**

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
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 208,405,894</u>	<u>\$ 176,319,156</u>	<u>\$ 149,720,032</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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, 2019**

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, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 45 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$2,557,769, \$2,700,123 and \$2,551,671, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$5,520,534. 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, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$113,797,085. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At both June 30, 2018 and 2017, the state's share of the OPEB liability attributable to the District was 0.24 percent.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2018. 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 Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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, 2017 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, 2018.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 129,098,281
Changes Recognized for the Fiscal Year:	
Service Cost	4,752,737
Interest on the Total OPEB Liability	4,739,743
Differences Between Expected and Actual Experience	(8,797,165)
Changes of Assumptions	(13,058,785)
Gross Benefit Payments	(3,042,894)
Contributions from the Member	105,168
Net Changes	<u>\$ (15,301,196)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 113,797,085</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 135,085,350	\$ 113,797,085	\$ 96,911,031

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 93,587,102	\$ 113,797,085	\$ 140,635,705

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 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.

G. Restatement

The governmental activities net position, beginning of year, has been restated to reflect a previously unrecorded lease purchase. The net effect of this restatement is a reduction in net position of \$451,849, from an original balance of \$16,777,622 to a restated balance of \$16,325,773.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 42,229,149		\$ 42,229,149	42,229,149	
Tuition from Other LEA's within the State	47,691		47,691	90,632	\$ 42,941
Tuition - Other				7,000	7,000
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned in Maintenance Reserve Fund	100		100	100	
Interest on Deposits				73,377	73,377
Unrestricted Miscellaneous Revenues	<u>154,133</u>	<u>-</u>	<u>154,133</u>	<u>306,622</u>	<u>152,489</u>
Total Local Sources	<u>42,431,173</u>	<u>-</u>	<u>42,431,173</u>	<u>42,706,980</u>	<u>275,807</u>
State Sources					
Special Education Aid	2,263,445		2,263,445	2,263,445	
Equalization Aid	18,255,061		18,255,061	18,255,061	
Security Aid	1,032,364		1,032,364	1,032,364	
Transportation Aid	916,421		916,421	916,421	
Extraordinary Aid	450,345		450,345	766,945	316,600
Nonpublic Transportation Aid				62,060	62,060
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				5,523,225	5,523,225
NCGI Premium				115,616	115,616
Post-Retirement Medical				2,557,769	2,557,769
Long Term Disability Insurance				4,746	4,746
Reimbursed Social Security	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,217,139</u>	<u>2,217,139</u>
Total State Sources	<u>22,917,636</u>	<u>-</u>	<u>22,917,636</u>	<u>33,714,791</u>	<u>10,797,155</u>
Federal Sources					
Medicaid Reimbursements	<u>126,504</u>	<u>-</u>	<u>126,504</u>	<u>208,683</u>	<u>82,179</u>
Total Federal Sources	<u>126,504</u>	<u>-</u>	<u>126,504</u>	<u>208,683</u>	<u>82,179</u>
Total Revenues	<u>65,475,313</u>	<u>-</u>	<u>65,475,313</u>	<u>76,630,454</u>	<u>11,155,141</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	925,984	114,250	1,040,234	1,030,083	10,151
Grades 1-5	5,942,633	67,500	6,010,133	5,994,357	15,776
Grades 6-8	4,052,413		4,052,413	3,877,717	174,696
Grades 9-12	5,500,125	(67,500)	5,432,625	5,331,098	101,527
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	20,000	50,000	45,462	4,538
Purchased Professional-Educational Services	45,126	(20,000)	25,126	21,163	3,963
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	445,939		445,939	427,669	18,270
Purchased Professional-Educational Services	35,913	600	36,513	36,346	167
Other Purchased Services	320,458	(15,000)	305,458	276,070	29,388
General Supplies	758,324	(23,776)	734,548	647,333	87,215
Textbooks	200,241	15,776	216,017	195,158	20,859
Other Objects	<u>128,396</u>	<u>10,150</u>	<u>138,546</u>	<u>106,326</u>	<u>32,220</u>
Total Regular Programs	<u>18,385,552</u>	<u>102,000</u>	<u>18,487,552</u>	<u>17,988,782</u>	<u>498,770</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instruction - Special Education					
Learning /Language Disabilities					
Salaries of Teachers	\$ 247,519	\$ (18,000)	\$ 229,519	\$ 228,765	\$ 754
Other Salaries for Instruction	114,664	10,408	125,072	123,829	1,243
General Supplies	<u>6,460</u>	<u>-</u>	<u>6,460</u>	<u>6,408</u>	<u>52</u>
Total Learning /Language Disabilities	<u>368,643</u>	<u>(7,592)</u>	<u>361,051</u>	<u>359,002</u>	<u>2,049</u>
Behavioral Disabilities					
Salaries of Teachers	419,061	(55,000)	364,061	361,120	2,941
Other Salaries for Instruction	100,413	19,216	119,629	116,694	2,935
General Supplies	<u>6,859</u>	<u>25</u>	<u>6,884</u>	<u>6,785</u>	<u>99</u>
Total Behavioral Disabilities	<u>526,333</u>	<u>(35,759)</u>	<u>490,574</u>	<u>484,599</u>	<u>5,975</u>
Multiple Disabilities					
Salaries of Teachers	317,525	(6,000)	311,525	311,480	45
Other Salaries for Instruction	167,362	16,300	183,662	175,206	8,456
General Supplies	3,174	307	3,481	2,972	509
Other Objects	<u>1,313</u>	<u>-</u>	<u>1,313</u>	<u>1,313</u>	<u>-</u>
Total Multiple Disabilities	<u>489,374</u>	<u>10,607</u>	<u>499,981</u>	<u>490,971</u>	<u>9,010</u>
Resource Room/Resource Center					
Salaries of Teachers	3,481,899	(50,000)	3,431,899	3,410,346	21,553
Other Salaries for Instruction	418,833	82,425	501,258	496,654	4,604
General Supplies	20,200	(6,000)	14,200	10,189	4,011
Textbooks	<u>3,550</u>	<u>(2,356)</u>	<u>1,194</u>	<u>894</u>	<u>300</u>
Total Resource Room/Resource Center	<u>3,924,482</u>	<u>24,069</u>	<u>3,948,551</u>	<u>3,918,083</u>	<u>30,468</u>
Autism					
Salaries of Teachers	142,174	1,944	144,118	144,118	
Other Salaries for Instruction	54,312	4,974	59,286	58,279	1,007
General Supplies	<u>16,000</u>	<u>4,000</u>	<u>20,000</u>	<u>18,134</u>	<u>1,866</u>
Total Autism	<u>212,486</u>	<u>10,918</u>	<u>223,404</u>	<u>220,531</u>	<u>2,873</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	420,837	2,750	423,587	419,745	3,842
Other Salaries for Instruction	251,065	-	251,065	217,327	33,738
General Supplies	<u>22,300</u>	<u>2,000</u>	<u>24,300</u>	<u>19,610</u>	<u>4,690</u>
Total Preschool Disabilities - Full - Time	<u>694,202</u>	<u>4,750</u>	<u>698,952</u>	<u>656,682</u>	<u>42,270</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 80,000		\$ 80,000	\$ 78,384	\$ 1,616
Purchased Professional-Educational Services	20,000	-	20,000	11,681	8,319
Total Home Instruction	100,000	-	100,000	90,065	9,935
Total Special Education	6,315,520	\$ 6,993	6,322,513	6,219,933	102,580
Basic Skills/Remedial					
Salaries of Teachers	1,178,085		1,178,085	1,164,512	13,573
General Supplies	3,500	-	3,500	2,378	1,122
Total Basic Skills/Remedial	1,181,585	-	1,181,585	1,166,890	14,695
Bilingual Education					
Salaries of Teachers	795,340		795,340	778,611	16,729
Other Salaries for Instruction	149,244		149,244	128,844	20,400
General Supplies	7,000		7,000	4,163	2,837
Textbooks	4,000	-	4,000	1,727	2,273
Total Bilingual Education	955,584	-	955,584	913,345	42,239
School Sponsored Co/Extra Curricular Activities					
Salaries	266,984	(4,486)	262,498	217,280	45,218
Purchased Services	113,608	(3,460)	110,148	65,873	44,275
Supplies and Materials	70,000	5,874	75,874	46,672	29,202
Other Objects	16,140	1,935	18,075	18,071	4
Transfers to Cover Deficit (Agency Funds)	30,000	-	30,000	20,730	9,270
Total School Sponsored Co/Extra Curricular Activities	496,732	(137)	496,595	368,626	127,969
School Sponsored Athletics - Instruction					
Salaries	421,383		421,383	415,182	6,201
Purchased Services	125,883	(19,633)	106,250	88,523	17,727
Supplies and Materials	185,900	(8,962)	176,938	176,875	63
Other Objects	34,500	17,700	52,200	46,508	5,692
Total School Sponsored Athletics - Instruction	767,666	(10,895)	756,771	727,088	29,683
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	79,348	20,000	99,348	59,736	39,612
Total Before/After School Programs - Instruction	79,348	20,000	99,348	59,736	39,612
Summer School - Instruction					
Salaries of Teachers	39,472	-	39,472	34,078	5,394
General Supplies	3,450	-	3,450	3,030	420
Total Summer School - Support Services	42,922	-	42,922	37,108	5,814

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 877,234		\$ 877,234	\$ 868,593	\$ 8,641
General Supplies	12,000		12,000	5,687	6,313
Textbooks	7,000	\$ (3,375)	3,625	1,748	1,877
Total Instructional Alternative Ed Program - Instruction	896,234	(3,375)	892,859	876,028	16,831
Instructional Alternative Ed Program - Support Svcs.					
Salaries	399,953	500	400,453	397,764	2,689
Purchased Services	2,784	3,375	6,159	5,231	928
Supplies and Materials	2,500	(500)	2,000	1,334	666
Other Objects	2,500	-	2,500	1,272	1,228
Total Instructional Alternative Ed Program-Support Svcs.	407,737	3,375	411,112	405,601	5,511
Total Alternative Education Programs	1,303,971	-	1,303,971	1,281,629	22,342
Other Alternative Ed Programs - Instruction					
Salaries of Teachers	134,856	-	134,856	119,427	15,429
Total Other Alternative Ed Programs - Instruction	134,856	-	134,856	119,427	15,429
Other Alternative Ed Programs - Support Services					
Salaries	70,697	-	70,697	70,697	-
Total Other Alternative Ed Programs - Support Services	70,697	-	70,697	70,697	-
Total Other Alternative Ed Programs	205,553	-	205,553	190,124	15,429
Total - Instruction	29,734,433	117,961	29,852,394	28,953,261	899,133
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular		16,277	16,277		16,277
Tuition to Other LEAs Within State-Special	1,129,704	32,115	1,161,819	1,149,823	11,996
Tuition to County Voc. School- Regular	701,500	31,349	732,849	732,849	
Tuition to County Voc. School- Special	110,000	3,110	113,110	103,910	9,200
Tuition to CSSD and Regional Day Schools	92,952	(46,244)	46,708	46,708	
Tuition to Private School for Disabled W/I	3,291,835	(54,822)	3,237,013	3,213,814	23,199
Total Undistributed Expenditures - Instruction	5,325,991	(18,215)	5,307,776	5,247,104	60,672
Attendance and Social Work					
Salaries	356,944	(69,000)	287,944	279,091	8,853
Other Purchased Services	500	-	500	95	405
Supplies and Materials	7,500	2,169	9,669	7,432	2,237
Total Attendance and Social Work	364,944	(66,831)	298,113	286,618	11,495

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 464,830	\$ 11,000	\$ 475,830	470,105	\$ 5,725
Purchased Professional and Technical Services	60,412	510	60,922	56,536	4,386
Other Purchased Services	7,249		7,249	6,948	301
Supplies and Materials	12,025	977	13,002	12,839	163
Other Objects	800	-	800	638	162
Total Health Services	545,316	12,487	557,803	547,066	10,737
Speech, OT, PT & Related Services					
Salaries	453,619	42,086	495,705	495,703	2
Purchased Professional - Educational Services	569,481	73,687	643,168	643,168	
Supplies and Materials	1,900	(86)	1,814	1,487	327
Other Objects	1,125	-	1,125	928	197
Total Speech, OT, PT & Related Services	1,026,125	115,687	1,141,812	1,141,286	526
Other Support Services - Students - Extra Svc					
Salaries	461,731	(15,000)	446,731	422,897	23,834
Purchased Professional - Educational Services	834,343	160,713	995,056	877,512	117,544
Other Objects	1,600	11,000	12,600	8,673	3,927
Total Other Support Services - Students - Extra Svc.	1,297,674	156,713	1,454,387	1,309,082	145,305
Guidance					
Salaries of Other Professional Staff	624,811	(617)	624,194	606,797	17,397
Salaries of Secretarial and Clerical Assistants	123,720	-	123,720	107,339	16,381
Other Salaries	66,670	617	67,287	67,287	
Purchased Professional - Educational Services	111,596	41	111,637	111,636	1
Other Purchased Professional and Technical Services	9,000	6,583	15,583	15,309	274
Supplies and Materials	34,683	(1,998)	32,685	18,391	14,294
Other Objects	7,325	-	7,325	2,146	5,179
Total Undistributed Expenditures - Guidance	977,805	4,626	982,431	928,905	53,526
Child Study Teams					
Salaries of Other Professional Staff	1,359,914	(2,961)	1,356,953	1,348,695	8,258
Salaries of Secretarial and Clerical Assistants	112,387		112,387	112,387	
Unused Vacation Payment to Terminated/Retired		13,272	13,272	13,272	
Purchased Professional - Educational Services	126,932	(40,435)	86,497	85,054	1,443
Miscellaneous Purchased Services	17,322	29,309	46,631	41,134	5,497
Supplies and Materials	30,900	(454)	30,446	15,642	14,804
Total Undistributed Expenditures - Child Study Teams	1,647,455	(1,269)	1,646,186	1,616,184	30,002
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	905,537	(129,245)	776,292	774,354	1,938
Salaries of Other Professional Staff	66,357		66,357	50,392	15,965
Salaries of Secretarial and Clerical Assistants	202,497	(7,144)	195,353	171,568	23,785
Unused Vacation Payment to Terminated/Retired		7,144	7,144	7,134	10
Other Purchased Services	15,104	1,450	16,554	9,401	7,153
Supplies and Materials	22,000	2,727	24,727	19,871	4,856
Other Objects	8,900	(2,200)	6,700	1,580	5,120
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	1,220,395	(127,268)	1,093,127	1,034,300	58,827

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 297,519		\$ 297,519	\$ 297,519	
Other Purchased Services		\$ 8,032	8,032	8,031	\$ 1
Supplies and Materials	58,646	(7,910)	50,736	44,144	6,592
Total Educational Media Services/School Library	356,165	122	356,287	349,694	6,593
Instructional Staff Training Serv.					
Salaries of Other Professional Staff	4,500		4,500		4,500
Purchased Professional-Educational Services	15,000		15,000	3,336	11,664
Other Purchased Services	10,000	31,500	41,500	24,228	17,272
Other Objects	7,000	-	7,000	3,911	3,089
Total Instructional Staff Training Serv.	36,500	31,500	68,000	31,475	36,525
Support Services General Administration					
Salaries	382,055	(9,862)	372,193	362,101	10,092
Unused Vacation Payment to Terminated/Retired Staff		14,478	14,478	14,477	1
Legal Services	100,000	(500)	99,500	92,841	6,659
Audit Fees	41,080	500	41,580	41,080	500
Other Purchased Professional Services	15,800		15,800	10,603	5,197
Purchased Technical Services	17,500		17,500	12,715	4,785
Rentals/Leases		4,260	4,260	3,360	900
Communications/Telephone	147,792		147,792	118,462	29,330
BOE Other Purchased Services	6,000		6,000	2,001	3,999
Miscellaneous Purchased Services	307,624	(4,260)	303,364	295,595	7,769
General Supplies	4,000	253	4,253	1,395	2,858
BOE In-House Training/Meeting Supplies	2,000		2,000	328	1,672
Miscellaneous Expenditures	12,000		12,000	9,566	2,434
BOE Member Dues & Fees	27,000	-	27,000	24,692	2,308
Total Support Services General Administration	1,062,851	4,869	1,067,720	989,216	78,504
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,635,637	(7,105)	1,628,532	1,609,468	19,064
Salaries of Secretarial and Clerical Assistants	550,428	(3,599)	546,829	492,772	54,057
Unused Vacation Payment to Terminated/Retired		10,704	10,704	10,703	1
Purchased Professional and Technical Services	3,000		3,000		3,000
Other Purchased Services	199,728		199,728	156,677	43,051
Supplies and Materials	58,782	76	58,858	47,079	11,779
Other Objects	51,154	1,012	52,166	42,329	9,837
Total Support Services School Administration	2,498,729	1,088	2,499,817	2,359,028	140,789
Central Services					
Salaries	457,798	(60,000)	397,798	388,169	9,629
Miscellaneous Purchased Services	63,448	900	64,348	61,683	2,665
Supplies and Materials	20,000	(900)	19,100	8,564	10,536
Miscellaneous Expenditures	21,000	-	21,000	5,434	15,566
Total Central Services	562,246	(60,000)	502,246	463,850	38,396
Admin. Info. Technology					
Salaries	428,907	11,187	440,094	429,068	11,026
Purchased Professional Services	24,000		24,000		24,000
Other Purchased Services	39,748		39,748	39,556	192
Supplies and Materials	2,500	(1,600)	900	251	649
Other Objects	2,000	1,600	3,600	3,524	76
Total Admin. Info. Technology	497,155	11,187	508,342	472,399	35,943

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 380,034	\$ (14,000)	\$ 366,034	345,894	\$ 20,140
Cleaning, Repair and Maintenance Services	411,500	229,382	640,882	620,754	20,128
General Supplies	145,150	39,768	184,918	181,898	3,020
Other Objects	3,000	-	3,000	386	2,614
Total Required Maint. for School Facilities	939,684	255,150	1,194,834	1,148,932	45,902
Custodial Services					
Salaries	1,621,034	67,308	1,688,342	1,675,121	13,221
Unused Vacation Payment to Terminated/Retired		33,290	33,290	33,289	1
Purchased Professional and Technical Services	20,000	2,613	22,613	21,822	791
Cleaning, Repair and Maintenance Services	299,173	(51,000)	248,173	225,171	23,002
Rental of Land & Bldg. Other Than Lease					
Purchase Agreement	121,269		121,269	110,735	10,534
Other Purchased Property Services	95,829	5,000	100,829	99,040	1,789
Insurance	123,696		123,696	123,696	
General Supplies	184,500	11,000	195,500	194,267	1,233
Energy (Natural Gas)	509,000	(200,000)	309,000	301,957	7,043
Energy (Electricity)	655,000	(150,000)	505,000	526,225	(21,225)
Total Custodial Services	3,629,501	(281,789)	3,347,712	3,311,323	36,389
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	58,000	42,250	100,250	92,537	7,713
General Supplies	56,700	(17,000)	39,700	21,203	18,497
Total Care & Upkeep of Grounds	114,700	25,250	139,950	113,740	26,210
Security					
Salaries	630,272	(20,000)	610,272	590,390	19,882
Purchased Professional and Technical Services	13,000	(3,244)	9,756	3,412	6,344
Cleaning, Repair and Maintenance Services	1,800	(1,791)	9	9	9
Supplies and Materials	-	5,035	5,035	5,035	-
Total Security	645,072	(20,000)	625,072	598,837	26,235
Total Undist. Expend.-Oper & Main of Plant Serv.	5,328,957	(21,389)	5,307,568	5,172,832	134,736
Student Transportation Services					
Salaries for Non-Instructional Aides	6,000	21,560	27,560	24,934	2,626
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	28,773		28,773	21,693	7,080
Salaries for Pupil Transportation (Other Than Between Home and School)	13,000	6,000	19,000	16,919	2,081
Cleaning, Repair and Maintenance Services	10,000		10,000	2,282	7,718
Rental Payments - School Buses	2,000		2,000	1,900	100
Lease Purchase Payments - School Buses					
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools	150,000	(33,061)	116,939	105,260	11,679
Contracted Services - Aid in Lieu of Payments - Charter Schools	8,000	3,000	11,000	9,500	1,500
Contracted Services - Aid in Lieu of Payments - Choice Schools	4,000	4,000	8,000	8,000	
Contracted Services (Between Home and School) - Vendors	602,126	(8,097)	594,029	578,182	15,847
Contracted Services (Other than Between Home and School) - Vendors	182,950	(20,300)	162,650	122,133	40,517
Contracted Services - (Spec. Ed. Students) - Vendors	547,139	3,598	550,737	541,979	8,758
Contracted Services (Regular Students) - ESCs and CTAs	156,584	45,000	201,584	200,978	606
Contracted Services (Spd. Ed. Students) - ESCs & CTAs	1,962,086	(255,000)	1,707,086	1,573,935	133,151
Misc. Purchased Services- Transportation	10,000		10,000	4,250	5,750
General Supplies	15,000		15,000	3,794	11,206
Other Objects	4,000	-	4,000	400	3,600
Total Student Transportation Services	3,701,658	(233,300)	3,468,358	3,216,139	252,219

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 660,295	\$ 88,732	\$ 749,027	\$ 746,133	\$ 2,894
Other Retirement Contributions - PERS	799,639	(40,000)	759,639	759,329	310
Workmen's Compensation	436,754	(35,434)	401,320	400,816	504
Health Benefits	8,724,784	33,382	8,758,166	8,757,375	791
Tuition Reimbursement	132,000	24,951	156,951	112,762	44,189
Other Employee Benefits	597,893	36,000	633,893	620,667	13,226
Unused Sick Payment to Terminated/Retired Staff	321,000	147,155	468,155	468,155	-
Total Unallocated Benefits - Employee Benefits	11,672,365	254,786	11,927,151	11,865,237	61,914
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				5,523,225	(5,523,225)
NCGI Premium				115,616	(115,616)
Post-Retirement Medical				2,557,769	(2,557,769)
Long Term Disability Insurance				4,746	(4,746)
Reimbursed Social Security	-	-	-	2,217,139	(2,217,139)
Total On-Behalf TPAF Contributions	-	-	-	10,418,495	(10,418,495)
Total Undistributed Expenditures	38,122,331	64,793	38,187,124	47,448,910	(9,261,786)
Interest Earned on Maintenance Reserve	100	-	100	-	100
Total Current Expenditures	67,856,864	182,754	68,039,618	76,402,171	(8,362,553)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		13,802	13,802	13,802	
Support Service - Students		4,098	4,098	4,098	
Custodial Services		2,650	2,650		2,650
Required Maintenance for School Facilities		6,136	6,136	6,136	
School Sponsored Activities	40,000	2,035	42,035	29,185	12,850
School Sponsored Athletics	8,000	17,262	25,262	21,621	3,641
Total Equipment	48,000	45,983	93,983	74,842	19,141
Facilities Acquisition and Construction Serv.					
Assessment for Debt Service on SDA Funding	38,595	-	38,595	38,595	-
Total Facilities Acquisition and Constr. Services	38,595	-	38,595	38,595	-
Interest Deposit to Capital Reserve	100	-	100	-	100
Total Capital Outlay	86,695	45,983	132,678	113,437	19,241
Transfer Funds to Charter School	102,172	124,564	226,736	217,460	9,276
Total Expenditures	68,045,731	353,301	68,399,032	76,733,068	(8,334,036)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,570,418)	(353,301)	(2,923,719)	(102,614)	2,821,105

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Other Financing Sources (Uses)					
Operating Transfers In				15,204	\$ 15,204
Capital Reserve Transfer to Capital Projects	-	(371,157)	(371,157)	(371,157)	-
Total Other Financing Sources (Uses)	-	(371,157)	(371,157)	(355,953)	15,204
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$ (2,570,418)	\$ (724,458)	\$ (3,294,876)	(458,567)	2,836,309
Fund Balances, Beginning of Year	8,026,560	-	8,026,560	8,026,560	-
Fund Balances, End of Year	\$ 5,456,142	\$ (724,458)	\$ 4,731,684	7,567,993	\$ 2,836,309
<u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Reserve				899,989	
Maintenance Reserve				250,600	
Excess Surplus, Designated for Subsequent Year's Expenditures				2,056,135	
Excess Surplus				1,956,303	
Assigned					
Year End Encumbrances				178,308	
Designated for Subsequent Year's Expenditures				514,283	
Unassigned				<u>1,712,375</u>	
				7,567,993	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis (June 30, 2019)				<u>(2,991,514)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>4,576,479</u>	

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources		\$ 82,254	\$ 82,254	\$ 35,941	\$ (46,313)
State Sources	\$ 3,851,020	875,876	4,726,896	4,412,241	(314,655)
Federal Sources	1,419,714	652,241	2,071,955	1,736,166	(335,789)
Total Revenues	<u>5,270,734</u>	<u>1,610,371</u>	<u>6,881,105</u>	<u>6,184,348</u>	<u>(696,757)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,351,712	140,191	1,491,903	1,429,410	62,493
Other Salaries for Instruction	328,616	113,608	442,224	413,705	28,519
Purchased Professional-Educational Services		119,928	119,928	72,632	47,296
Other Purchased Services		10	10		10
Tuition	900,000	45,821	945,821	945,821	
General Supplies	200,000	76,951	276,951	232,301	44,650
Textbooks	2,055	(1,681)	374	326	48
Other Objects	-	6,184	6,184	348	5,836
Total Instruction	<u>2,782,383</u>	<u>501,012</u>	<u>3,283,395</u>	<u>3,094,543</u>	<u>188,852</u>
Support Services					
Salaries of Supervisors of Instruction	117,875	(6,391)	111,484	111,484	
Salaries of Program Directors	81,707	3,242	84,949	84,948	1
Salaries of Other Professional Staff	169,013	60,780	229,793	128,611	101,182
Salaries of Secretarial and Clerical Asst.	67,253	2,811	70,064	66,917	3,147
Salaries of Master Teachers	149,840	2,881	152,721	152,721	
Other Salaries	24,060	23,764	47,824	45,958	1,866
Unused Sick Payment to Terminated/Retired Staff		11,471	11,471	11,470	1
Personal Services - Employee Benefits	574,475	314,647	889,122	760,679	128,443
Purchased Professional-Educational Services	2,640	196,932	199,572	114,271	85,301
Purchased Educational Services - Contracted Pre-K	965,770	415,990	1,381,760	1,381,759	1
Other Purchased Prof. Services	3,240	161,126	164,366	67,784	96,582
Contracted Services - Transportation		57,180	57,180	53,570	3,610
Other Purchased Services	13,283	73,878	87,161	38,852	48,309
Supplies and Materials	19,195	41,434	60,629	37,580	23,049
Other Objects	-	20,512	20,512	4,297	16,215
Total Support Services	<u>2,188,351</u>	<u>1,380,257</u>	<u>3,568,608</u>	<u>3,060,901</u>	<u>507,707</u>
Facilities Acquisition and Construction					
Instructional Equipment		28,904	28,904	28,904	-
Noninstructional Equipment	300,000	(299,802)	198	-	198
Total Facilities Acq. & Construction	<u>300,000</u>	<u>(270,898)</u>	<u>29,102</u>	<u>28,904</u>	<u>198</u>
Total Expenditures	<u>5,270,734</u>	<u>1,610,371</u>	<u>6,881,105</u>	<u>6,184,348</u>	<u>696,757</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, 2019**

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

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

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

	General Fund		Special Revenue Fund
Sources/Inflows of Resources			
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$ 76,630,454	(C-2) \$	6,184,348
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			109,240
Current Year Encumbrances			(16,597)
State Aid payments recognized for GAAP Purposes not recognized for Budgetary statements. (June 30, 2019)	(2,991,514)		
State Aid payments recognized for budgetary purposes not recognized for GAAP statements. (June 30, 2018)	<u>2,773,802</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>76,412,742</u>	(B-2) \$	<u>6,276,991</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1) \$ 76,733,068	(C-2) \$	6,184,348
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			109,240
Current Year Encumbrances	<u>-</u>		<u>(16,597)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>76,733,068</u>	(B-2) \$	<u>6,276,991</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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07297%	0.07167%	0.07023%	0.06856%	0.06829%	0.06979%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 14,368,167</u>	<u>\$ 16,685,264</u>	<u>\$ 20,801,102</u>	<u>\$ 15,391,074</u>	<u>\$12,786,008</u>	<u>\$ 13,339,666</u>
District's Covered Payroll	<u>\$ 5,002,754</u>	<u>\$ 5,050,038</u>	<u>\$ 4,988,875</u>	<u>\$ 4,776,139</u>	<u>\$ 5,999,031</u>	<u>\$ 4,920,450</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	287.21%	330.40%	416.95%	322.25%	213.13%	271.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 725,853	\$ 664,011	\$ 623,943	\$ 589,460	\$ 562,984	\$ 522,017
Contributions in Relation to the Contractually Required Contribution	<u>725,853</u>	<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>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 5,002,754</u>	<u>\$ 5,050,038</u>	<u>\$ 4,988,875</u>	<u>\$ 5,999,031</u>	<u>\$5,999,031</u>	<u>\$ 4,920,450</u>
Contributions as a Percentage of Covered Payroll	14.51%	13.15%	12.51%	9.83%	9.38%	10.61%

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

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2019</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 176,319,156</u>	<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>\$ 176,319,156</u>	<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 Payroll	<u>\$ 30,073,515</u>	<u>\$ 29,260,202</u>	<u>\$ 28,564,832</u>	<u>\$ 28,147,406</u>	<u>\$ 32,555,698</u>	<u>\$ 29,449,382</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	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, 2019**

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 5D.

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

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 4,752,737	\$ 5,761,043
Interest on Total OPEB Liability	4,739,743	4,082,447
Differences Between Expected and Actual Experience	(8,797,165.0)	
Changes of Assumptions	(13,058,785)	(17,055,751)
Gross Benefit Payments	(3,042,894)	(2,714,546)
Contribution from the Member	<u>105,168</u>	<u>99,956</u>
Net Change in Total OPEB Liability	(15,301,196)	(9,826,851)
Total OPEB Liability - Beginning	<u>129,098,281</u>	<u>138,925,132</u>
Total OPEB Liability - Ending	<u>\$ 113,797,085</u>	<u>\$ 129,098,281</u>
District's Proportionate Share of OPEB Liability	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>113,797,085</u>	<u>129,098,281</u>
Total OPEB Liability - Ending	<u>\$ 113,797,085</u>	<u>\$ 129,098,281</u>
District's Covered Payroll	<u>\$ 35,076,269</u>	<u>\$ 34,310,240</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5E.

SPECIAL REVENUE FUND

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	IDEA									
	Exhibit E-1a Totals	Basic 2018-19	Preschool 2018-19	Title I	Title I SIA	Title II-A	Title III	Title III Immigrant	Title IV	Grand Total
REVENUES										
Intergovernmental										
State	\$ 4,412,241									\$ 4,412,241
Federal		\$ 1,027,460	\$ 29,271	\$ 528,521	\$ 9,684	\$ 57,146	\$ 73,884	\$ 8,240	\$ 1,960	1,736,166
Local	35,941	-	-	-	-	-	-	-	-	35,941
Total Revenues	\$ 4,448,182	\$ 1,027,460	\$ 29,271	\$ 528,521	\$ 9,684	\$ 57,146	\$ 73,884	\$ 8,240	\$ 1,960	\$ 6,184,348
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 1,030,404			\$ 378,255	\$ 3,591		\$ 9,635	\$ 7,525		\$ 1,429,410
Other Salaries for Instruction	344,556					\$ 10,488	58,532	129		413,705
Purchased Prof. and Educational Services	72,632									72,632
Tuition		\$ 916,550	\$ 29,271							945,821
General Supplies	213,294	15,523		3,225	13		246			232,301
Textbooks	326									326
Other Objects	-	-	-	-	348	-	-	-	-	348
Total Instruction	1,661,212	932,073	29,271	381,480	3,952	10,488	68,413	7,654	-	3,094,543
Support Services										
Salaries of Supervisors of Instruction	111,484									111,484
Salaries of Program Directors	84,948									84,948
Salaries of Other Prof. Staff	123,824			3,752	1,035					128,611
Salaries of Sec. & Clerical Asst.	66,917									66,917
Salaries of Master Teachers	152,721									152,721
Other Salaries	45,958									45,958
Unused Sick Payment to Terminated/Retired Staff	11,470									11,470
Personal Svcs-Employee Benefits	620,765			132,957	354	802	5,215	586		760,679
Purchased Professional-Educational Services	456	85,525			3,500	24,790				114,271
Purchased Educational Services - Contracted Pre-K	1,381,759									1,381,759
Other Purchased Prof. Services	67,784									67,784
Contracted Services- Transp.	52,320	1,250								53,570
Other Purchased Services	3,268	3,293		10,197		20,365	234		\$ 1,495	38,852
Supplies and Materials	36,067	190		135		701	22		465	37,580
Other Objects	3,454	-	-	-	843	-	-	-	-	4,297
Total Support Services	2,763,195	90,258	-	147,041	5,732	46,658	5,471	586	1,960	3,060,901
Facilities Acquisition and Construction										
Instructional Equipment	23,775	5,129								28,904
Noninstructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	23,775	5,129	-	-	-	-	-	-	-	28,904
Total Expenditures	\$ 4,448,182	\$ 1,027,460	\$ 29,271	\$ 528,521	\$ 9,684	\$ 57,146	\$ 73,884	\$ 8,240	\$ 1,960	\$ 6,184,348

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Preschool Education Aid	NJ Non-Public Aid				Other Local/ Private Grants	Totals Carried Forward
		Textbook	Nursing	Technology	Security		
REVENUES							
Intergovernmental							
State	\$ 4,410,549	\$ 326	\$ 679	\$ 231	\$ 456	\$	\$ 4,412,241
Local Sources	-	-	-	-	-	\$ 35,941	35,941
Total Revenues	\$ 4,410,549	\$ 326	\$ 679	\$ 231	\$ 456	\$ 35,941	\$ 4,448,182
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 1,030,404						\$ 1,030,404
Other Salaries for Instruction	344,556						344,556
Purchased Prof. and Educational Services	55,882					\$ 16,750	72,632
Other Purchased Services							-
Tuition							-
General Supplies	199,329			\$ 231		13,734	213,294
Textbooks		\$ 326					326
Other Objects	-	-	-	-	-	-	-
Total Instruction	1,630,171	326	-	231	-	30,484	1,661,212
Support Services							
Salaries of Supervisors of Instruction	111,484						111,484
Salaries of Program Directors	84,948						84,948
Salaries of Other Prof. Staff	123,523					301	123,824
Salaries of Sec. & Clerical Asst.	66,917						66,917
Salaries of Master Teachers	152,721						152,721
Other Salaries	45,958						45,958
Unused Sick Payment to Terminated/Retired Staff	11,470						11,470
Personal Svcs-Employee Benefits	620,765						620,765
Purchased Professional-Educational Services					\$ 456		456
Purchased Educational Services - Contracted Pre-K	1,381,759						1,381,759
Other Purchased Prof. Services	67,105		\$ 679				67,784
Contracted Services- Transp.	52,320						52,320
Other Purchased Services	3,268						3,268
Supplies and Materials	33,567					2,500	36,067
Other Objects	798	-	-	-	-	2,656	3,454
Total Support Services	2,756,603	-	679	-	456	5,457	2,763,195
Facilities Acquisition and Construction							
Instructional Equipment	23,775						23,775
Noninstructional Equipment	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	23,775	-	-	-	-	-	23,775
Total Expenditures	\$ 4,410,549	\$ 326	\$ 679	\$ 231	\$ 456	\$ 35,941	\$ 4,448,182

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 916,293	\$ 123,600	\$ 1,039,893	\$ 1,030,404	\$ 9,489
Other Salaries for Instruction	272,321	112,042	384,363	344,556	39,807
Purchased Professional-Educational Services		55,882	55,882	55,882	
General Supplies	200,000	5,686	205,686	199,329	6,357
Total Instruction	<u>1,388,614</u>	<u>297,210</u>	<u>1,685,824</u>	<u>1,630,171</u>	<u>55,653</u>
Support Services					
Salaries of Supervisors of Instruction	117,875	(6,391)	111,484	111,484	
Salaries of Program Directors	81,707	3,242	84,949	84,948	1
Salaries of Other Professional Staff	169,013	(7,153)	161,860	123,523	38,337
Salaries of Secretarial and Clerical Asst.	67,253	2,811	70,064	66,917	3,147
Other Salaries	24,060	23,764	47,824	45,958	1,866
Salaries of Master Teachers	149,840	2,881	152,721	152,721	
Unused Sick Payment to Terminated/Retired Staff		11,471	11,471	11,470	1
Personal Services - Employee Benefits	559,758	173,476	733,234	620,765	112,469
Purchased Educational Services - Contracted Pre-K	965,770	415,990	1,381,760	1,381,759	1
Other Purchased Prof. Services		158,168	158,168	67,105	91,063
Contracted Services- Transp.		55,930	55,930	52,320	3,610
Other Purchased Services		6,840	6,840	3,268	3,572
Supplies and Materials	19,195	17,361	36,556	33,567	2,989
Other Objects	-	1,883	1,883	798	1,085
Total Support Services	<u>2,154,471</u>	<u>860,273</u>	<u>3,014,744</u>	<u>2,756,603</u>	<u>258,141</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		23,775	23,775	23,775	-
Non-Instructional Equipment	300,000	(299,802)	198	-	198
Total Facilities Acquisition and Construction Services	<u>300,000</u>	<u>(276,027)</u>	<u>23,973</u>	<u>23,775</u>	<u>198</u>
Total Expenditures	<u>\$ 3,843,085</u>	<u>\$ 881,456</u>	<u>\$ 4,724,541</u>	<u>\$ 4,410,549</u>	<u>\$ 313,992</u>

Calculation of Budget & Carryover

Total Revised 2018-19 Preschool Education Aid Allocation	\$ 4,424,541
Actual Preschool Education Aid Carryover (June 30, 2018)	879,959
Cancelled Prior Year Accounts Payable	4,875
Total Preschool Education Aid Funds Available for 2018-19 Budget	5,309,375
Less: 2018-19 Budgeted Preschool Education Aid (Including Prior year budgeted carryover)	4,724,541
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	584,834
Add: June 30, 2019 Unexpended Preschool Education Aid	313,992
2018-19 Carryover- Preschool Education Aid	\$ 898,826
2018-19 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2019-20	\$ 879,959

CAPITAL PROJECTS FUND

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original</u>	<u>Interest on</u>	<u>Prior Year</u>	<u>Expenditures to Date</u>		<u>Balance</u>
	<u>Appropriations</u>	<u>Lease Proceeds</u>	<u>Transfers</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>June 30, 2019</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		
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		
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		
High School New Emergency Generator	244,000			152,158		91,842
Cleveland School Boiler Replacement	263,000			168,280		94,720
Security Cameras	216,157					216,157
Turf Field	155,000				12,000	143,000
Lease Purchase - Apple - Acquisition of Technology Equipment	657,544	201	-	451,849	188,000	17,896
	<u>\$ 35,635,071</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 34,717,169</u>	<u>\$ 200,000</u>	<u>\$ 716,594</u>
				Unexpended Project Authorizations		\$ 716,594
				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>\$ 546,075</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, 2019**

Revenues and Other Financing Sources

Local Sources	
Lease Purchase Proceeds	\$ 205,695
Interest on Lease Purchase Proceeds	201
Transfer from Capital Reserve	371,157
Interest on Deposits	<u>15,204</u>
 Total Revenues and Other Financing Sources	 <u>592,257</u>

Expenditures and Other Financing Uses

Regular Instruction

Supplies and Equipment	187,500
------------------------	---------

General Administration

Bank Fee	500
----------	-----

Construction Services

Purchased Professional and Technical Services	12,000
---	--------

Transfers Out

General Fund	<u>15,204</u>
--------------	---------------

Total Expenditures and Other Financing Uses	<u>215,204</u>
---	----------------

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	377,053
---	---------

Fund Balance- Beginning of Year	<u>277,263</u>
---------------------------------	----------------

Fund Balance- Ending of Year	<u>\$ 654,316</u>
------------------------------	-------------------

Recapitulation:

Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Year End Encumbrances	216,157
Available for Capital Project Expenditures	<u>430,873</u>
	654,316

Reconciliation to Governmental Funds Statements (GAAP):

Unearned Revenue - SDA Grants	<u>(108,241)</u>
-------------------------------	------------------

Fund Balance, GAAP Basis	<u>\$ 546,075</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, 2019**

	<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>
Total Revenues and Other Financing Sources				
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>
Total Expenditures and Other Financing Uses				
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, 2019**

	<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	156,661	-	156,661	156,661
	<u>299,476</u>	<u>-</u>	<u>299,476</u>	<u>299,476</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	1,208	\$ -	1,208	1,208
	<u>299,476</u>	<u>-</u>	<u>299,476</u>	<u>299,476</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, 2019**

	<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, 2019**

	<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	<u>1,774,961</u>	<u>-</u>	<u>1,774,961</u>	<u>1,774,961</u>
Total Revenues and Other Financing Sources	<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	<u>2,473,186</u>	<u>-</u>	<u>2,473,186</u>	<u>2,515,167</u>
Total Expenditures and Other Financing Uses	<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, 2019**

	<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	<u>2,531,786</u>	<u>-</u>	<u>2,531,786</u>	<u>2,531,786</u>
Total Revenues and Other Financing Sources	<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	<u>4,419,524</u>	<u>-</u>	<u>4,419,524</u>	<u>4,449,884</u>
Total Expenditures and Other Financing Uses	<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, 2019**

	<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	<u>6,578,116</u>	<u>-</u>	<u>6,578,116</u>	<u>6,578,116</u>
Total Revenues and Other Financing Sources	<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	<u>6,818,775</u>	<u>-</u>	<u>6,818,775</u>	<u>6,883,902</u>
Total Expenditures and Other Financing Uses	<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, 2019**

	<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, 2019**

	<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	<u>132,123</u>	<u>-</u>	<u>132,123</u>	<u>132,123</u>
Total Revenues and Other Financing Sources	<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	<u>152,158</u>	<u>-</u>	<u>152,158</u>	<u>220,000</u>
Total Expenditures and Other Financing Uses	<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, 2019**

	<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	142,411	-	142,411	142,411
	<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	159,900	-	159,900	243,000
	<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			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY CAMERAS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	\$ 216,157	\$ 216,157	\$ 216,157
Total Revenues and Other Financing Sources	-	216,157	216,157	216,157
Expenditures and Other Financing Uses				
Purchased Professional Services				
Construction Services	-	-	-	216,157
Total Expenditures and Other Financing Uses	-	-	-	216,157
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	\$ 216,157	\$ 216,157	\$ -

Additional project information:

Project Number	
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 216,157
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 216,157
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%
Percentage Completion	0.00%
Original Target Completion Date	2019/20
Revised Target Completion Date	2019/20

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
TURF FIELD
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	\$ 155,000	\$ 155,000	\$ 155,000
Total Revenues and Other Financing Sources	-	155,000	155,000	155,000
Expenditures and Other Financing Uses				
Purchased Professional Services		12,000	12,000	12,000
Construction Services	-	-	-	143,000
Total Expenditures and Other Financing Uses	-	12,000	12,000	155,000
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 143,000	\$ 143,000	\$ -

Additional project information:

Project Number	
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 143,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 143,000
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%
Percentage Completion	7.74%
Original Target Completion Date	2019/20
Revised Target Completion Date	2019/20

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LEASE PURCHASE - ACQUISITION OF TECHNOLOGY EQUIPMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ 451,849	\$ 205,695	\$ 657,544	\$ 657,544
Interest on Lease Purchase	-	201	201	201
	<u>451,849</u>	<u>205,896</u>	<u>657,745</u>	<u>657,745</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses				
Regular Instruction				
Supplies and Equipment	451,849	187,500	639,349	656,245
General Administration				
Bank Fee	-	500	500	1,500
	<u>451,849</u>	<u>188,000</u>	<u>639,849</u>	<u>657,745</u>
Total Expenditures and Other Financing Uses				
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ 17,896</u>	<u>\$ 17,896</u>	<u>\$ -</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 657,544			
Additional Authorized Cost	\$ 201			
Revised Authorized Cost	\$ 657,745			
Percentage Increase(Decrease) Over Original				
Authorized Cost		0.0%		
Percentage Completion		99.00%		
Original Target Completion Date		2019/20		
Revised Target Completion Date		2019/20		

ENTERPRISE FUND

**RAHWAY SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 246,667	\$ 1,873,098	\$ 2,119,765
Total Assets	<u>\$ 246,667</u>	<u>\$ 1,873,098</u>	<u>\$ 2,119,765</u>
LIABILITIES			
Due to Student Groups	\$ 246,667		\$ 246,667
Accrued Salaries & Wages		\$ (17,531)	(17,531)
Summer Savings		1,740,914	1,740,914
Payroll Deductions and Withholdings		45,765	45,765
Reserve for Flex Spending Account		18,201	18,201
Due to Other Funds	<u>-</u>	<u>85,749</u>	<u>85,749</u>
Total Liabilities	<u>\$ 246,667</u>	<u>\$ 1,873,098</u>	<u>\$ 2,119,765</u>

**RAHWAY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

<u>School</u>	<u>Balance, July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
ELEMENTARY SCHOOLS				
Madison	\$ 628	\$ 27,525	\$ 17,618	\$ 10,535
Grover Cleveland	4,195	11,135	7,370	7,960
Roosevelt School	7,207	83,498	70,308	20,397
Franklin	17,852	44,088	36,981	24,959
Total Elementary Schools	<u>29,882</u>	<u>166,246</u>	<u>132,277</u>	<u>63,851</u>
Rahway Middle School	<u>18,483</u>	<u>70,963</u>	<u>75,035</u>	<u>14,411</u>
Rahway High School	138,997	288,606	259,394	168,209
Athletics	<u>3,259</u>	<u>75,949</u>	<u>79,012</u>	<u>196</u>
Total High School	<u>142,256</u>	<u>364,555</u>	<u>338,406</u>	<u>168,405</u>
Total All Schools	<u>\$ 190,621</u>	<u>\$ 601,764</u>	<u>\$ 545,718</u>	<u>\$ 246,667</u>

**RAHWAY SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,898,504	\$ 47,696,372	\$ 47,721,778	\$ 1,873,098
Total Assets	<u>\$ 1,898,504</u>	<u>\$ 47,696,372</u>	<u>\$ 47,721,778</u>	<u>\$ 1,873,098</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 187,628	\$ 21,559,586	\$ 21,701,449	\$ 45,765
Accrued Salaries and Wages	18,900	24,256,677	24,293,108	(17,531)
Summer Savings	1,640,446	1,751,936	1,651,468	1,740,914
Reserve for Flex Spending Account	11,924	53,469	47,192	18,201
Due to Other Funds	<u>39,606</u>	<u>74,704</u>	<u>28,561</u>	<u>85,749</u>
Total Liabilities	<u>\$ 1,898,504</u>	<u>\$ 47,696,372</u>	<u>\$ 47,721,778</u>	<u>\$ 1,873,098</u>

LONG-TERM DEBT

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT GROUP
SCHEDULE OF PAYABLE BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
Taxable Refunding Bonds	04/01/03	\$ 3,025,000	04/01/20	255,000	5.93%	\$ 500,000	\$ 245,000	\$ 255,000
2011 School Bonds	2/15/2011	22,800,000				925,000	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%			
						<u>14,175,000</u>	<u>-</u>	<u>14,175,000</u>
						<u>\$ 15,600,000</u>	<u>\$ 1,170,000</u>	<u>\$ 14,430,000</u>
							Paid by Budget App: <u>\$ 1,170,000</u>	

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Maturities</u>	<u>Interest</u>	<u>Balance, July 1, 2018 (Restated)</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
		<u>Date</u>	<u>Rate</u>				
		<u>Amount</u>					
Private Placement Refunding of Certificates of Participation	\$ 6,050,000	02/15/19	3.97%				
		02/15/20	3.97%	\$ 1,365,000		\$ 670,000	\$ 695,000
Acquisition of Technology Equipment	657,544	7/30/2020					
		7/30/2021					
		7/30/2022					
				<u>451,849</u>	<u>\$ 205,695</u>	<u>-</u>	<u>657,544</u>
				<u>\$ 1,816,849</u>	<u>\$ 205,695</u>	<u>\$ 670,000</u>	<u>\$ 1,352,544</u>
						<u>\$ 670,000</u>	
				Paid by Budget Appropriation			

**RAHWAY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,336,278		\$ 2,336,278	\$ 2,336,278	
State Sources:					
Debt Service Aid	212,581	-	212,581	212,581	-
Total Revenues	<u>2,548,859</u>	<u>-</u>	<u>2,548,859</u>	<u>2,548,859</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Lease Purchases	670,000		670,000	670,000	
Interest - Lease Purchases	54,191		54,191	54,191	
Interest - Early Retirement Bonds	29,650		29,650	29,650	
Interest on Bonds	630,975		630,975	630,975	
Redemption of Principal	1,170,000	-	1,170,000	1,170,000	-
Total Regular Debt Service	<u>2,554,816</u>	<u>-</u>	<u>2,554,816</u>	<u>2,554,816</u>	<u>-</u>
Total Expenditures	<u>2,554,816</u>	<u>-</u>	<u>2,554,816</u>	<u>2,554,816</u>	<u>-</u>
Excess of Revenues Over					
Expenditures	(5,957)	-	(5,957)	(5,957)	-
Fund Balance, Beginning of Year	<u>5,957</u>	<u>-</u>	<u>5,957</u>	<u>5,957</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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)

	Fiscal Year Ended June 30,									
	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017	2018 (Restated)	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 29,646,771
Restricted	69,671	69,771	527,681	669,972	943,686	997,352	794,434	895,635	1,800,789	1,534,928
Unrestricted	(2,034,622)	1,127,184	1,190,788	28,717	(13,844,069)	(13,893,485)	(13,856,923)	(15,214,668)	(17,021,587)	(15,218,709)
Total Governmental Activities Net Position	\$ 13,619,694	\$ 19,984,542	\$ 27,150,420	\$ 28,352,798	\$ 15,476,300	\$ 17,311,050	\$ 17,000,576	\$ 15,462,874	\$ 16,325,773	\$ 15,962,990
Business-Type Activities										
Net Investment in Capital Assets	\$ 265,576	\$ 265,472	\$ 256,225	\$ 264,677	\$ 233,410	\$ 218,345	\$ 210,704	\$ 237,965	\$ 277,235	\$ 399,064
Unrestricted	154,235	184,596	231,009	195,444	228,535	262,250	327,426	378,393	408,276	301,064
Total Business-Type Activities Net Position	\$ 419,811	\$ 450,068	\$ 487,234	\$ 460,121	\$ 461,945	\$ 480,595	\$ 538,130	\$ 616,358	\$ 685,511	\$ 700,128
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 30,045,835
Restricted	69,671	69,771	527,681	669,972	943,686	997,352	794,434	895,635	1,800,789	1,534,928
Unrestricted	(1,880,387)	1,311,780	1,421,797	224,161	(13,615,534)	(13,631,235)	(13,529,497)	(14,836,275)	(16,613,311)	(14,917,645)
Total District Net Position	\$ 14,039,505	\$ 20,434,610	\$ 27,637,654	\$ 28,812,919	\$ 15,938,245	\$ 17,791,645	\$ 17,538,706	\$ 16,079,232	\$ 17,011,284	\$ 16,663,118

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".

Note 3 - Net Position at June 30, 2018 is restated to reflect unrecorded capital lease.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 37,077,468
Special Education	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	16,515,940
Other Instruction	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	6,551,102
School Sponsored Activities And Athletics	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	1,466,336
Support Services:										
Student & Instruction Related Services	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	12,466,445
School Administrative Services	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	3,900,152
General and Business Administration	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	2,525,423
Plant Operations And Maintenance	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	6,866,975
Pupil Transportation	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	3,257,638
Interest On Long-Term Debt	718,404	1,205,961	1,172,265	1,115,673	1,011,585	1,010,774	964,640	879,093	631,501	519,425
Unallocated Depreciation	851,731	849,664	849,755	841,318	854,153	829,339	2,088,171	2,082,760	2,084,193	2,072,590
Total Governmental Activities Expenses	63,360,201	61,528,071	64,689,883	68,733,454	69,299,213	77,647,955	82,888,378	91,014,944	92,915,547	93,219,494
Business-Type Activities:										
Food Service	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	2,163,227
Total Business-Type Activities Expense	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	2,163,227
Total District Expenses	\$ 65,051,340	\$ 63,139,265	\$ 66,352,046	\$ 70,522,827	\$ 71,097,005	\$ 79,471,970	\$ 84,735,843	\$ 92,936,048	\$ 94,914,849	\$ 95,382,721
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 31,577				\$ 134,282	\$ 236,132	\$ 331,789	\$ 350,879	\$ 184,918	\$ 97,632
Operating Grants And Contributions	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	29,260,113
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	111,105
Total Governmental Activities Program Revenues	15,172,846	13,036,417	17,237,784	13,660,657	11,563,722	19,850,271	22,190,394	28,190,847	31,339,458	29,468,850
Business-Type Activities:										
Charges For Services										
Food Service	\$ 680,700	\$ 638,708	\$ 633,039	\$ 600,301	\$ 619,787	\$ 607,632	\$ 641,764	\$ 692,435	\$ 767,537	\$ 827,039
Operating Grants And Contributions	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	1,350,805
Total Business Type Activities Program Revenues	1,670,248	1,641,451	1,699,329	1,762,260	1,799,616	1,842,665	1,905,000	1,999,332	2,068,455	2,177,844
Total District Program Revenues	\$ 16,843,094	\$ 14,677,868	\$ 18,937,113	\$ 15,422,917	\$ 13,363,338	\$ 21,692,936	\$ 24,095,394	\$ 30,190,179	\$ 33,407,913	\$ 31,646,694

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (63,750,644)
Business-Type Activities	(20,891)	30,257	37,166	(27,113)	1,824	18,650	57,535	78,228	69,153	14,617
Total District-Wide Net Expense	\$ (48,208,246)	\$ (48,461,397)	\$ (47,414,933)	\$ (55,099,910)	\$ (57,733,667)	\$ (57,779,034)	\$ (60,640,449)	\$ (62,745,869)	\$ (61,506,936)	\$ (63,736,027)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 42,229,149
Taxes Levied For Debt Service	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	2,336,278
Federal and State Aid - Unrestricted	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	18,273,727
State Aid Restricted for Debt Service				122,822	128,002	131,346	136,551	141,947	147,560	153,103
Investment Earnings	33,797	34,303	16,241	540	5,203	5,864	4,958	7,184	43,744	88,982
Miscellaneous Income	160,740	875,520	297,163	243,920	191,998	281,653	218,142	246,502	337,652	306,622
Total Governmental Activities	47,570,367	54,856,502	54,617,977	56,343,913	58,198,659	59,632,434	60,387,510	61,286,395	62,890,837	63,387,861
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total District-Wide	\$ 47,570,367	\$ 54,856,502	\$ 54,617,977	\$ 56,343,913	\$ 58,198,659	\$ 59,632,434	\$ 60,387,510	\$ 61,286,395	\$ 62,890,837	\$ 63,387,861
Change in Net Position										
Governmental Activities	\$ (616,988)	\$ 6,364,848	\$ 7,165,878	\$ 1,271,116	\$ 463,168	\$ 1,834,750	\$ (310,474)	\$ (1,537,702)	\$ 1,314,748	\$ (362,783)
Business-Type Activities	(20,891)	30,257	37,166	(27,113)	1,824	18,650	57,535	78,228	69,153	14,617
Total District	\$ (637,879)	\$ 6,395,105	\$ 7,203,044	\$ 1,244,003	\$ 464,992	\$ 1,853,400	\$ (252,939)	\$ (1,459,474)	\$ 1,383,901	\$ (348,166)

Source: District financial statements

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

	<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>	<u>2019</u>
General Fund										
Reserved	\$ 1,756,243									
Unreserved	(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	\$ 5,163,027
Assigned		885,307	435,446	953,457	1,182,358	1,561,419	1,313,967	1,633,539	1,364,585	692,591
Unassigned	-	(680,663)	(771,180)	(809,765)	(780,017)	(1,083,300)	(1,032,327)	(1,116,141)	(1,248,642)	(1,279,139)
Total General Fund	\$ 428,987	\$ 3,270,768	\$ 4,524,519	\$ 3,855,060	\$ 3,526,006	\$ 3,744,650	\$ 3,523,894	\$ 3,673,615	\$ 5,252,758	\$ 4,576,479
All Other Governmental Funds										
Reserved	\$ 4,385,266									
Unreserved	17,271,103									
Restricted		\$ 16,289,550	\$ 3,742,499	\$ 313,986	\$ 235,327	\$ 258,772	\$ 171,370	\$ 170,025	\$ 174,979	\$ 546,075
Unassigned	-	(11,674)	-	-	-	(8,931)	-	(927)	-	-
Total All Other Governmental Funds	\$ 21,656,369	\$ 16,277,876	\$ 3,742,499	\$ 313,986	\$ 235,327	\$ 249,841	\$ 171,370	\$ 169,098	\$ 174,979	\$ 546,075

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 44,565,427
Tuition Charges	31,577				134,282	236,132	331,789	350,879	184,918	97,632
Interest Earnings	33,797	34,303	16,241	29,196	5,203	5,864	4,958	7,184	43,744	88,982
Miscellaneous	447,744	1,092,664	345,290	277,833	229,026	1,015,179	310,280	351,387	362,585	359,755
State Sources	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	38,211,749
Federal Sources	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	1,930,452
Total Revenue	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	85,253,997
Expenditures										
Instruction										
Regular Instruction	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	33,319,376
Special Education Instruction	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	15,268,374
Other Instruction	6,548,041	5,125,244	5,169,059	5,868,806	6,110,335	6,529,226	6,764,472	7,057,419	8,004,534	7,202,082
Support Services:										
Student and Inst. Related Services	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	11,408,307
General Administration	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	1,201,899
School Administrative Services	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	3,564,583
Central Services	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	1,375,720
Plant Operations And Maintenance	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	6,420,522
Pupil Transportation	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	3,246,602
Capital Outlay		8,142,237	18,658,345	5,131,879	609,538	1,213,129	143,181	42,765	223,255	202,594
Debt Service:										
Principal	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	1,840,000
Refunding Escrow	379,158	-	-	-	-	-	-	-	-	-
Interest and Other Charges	2,298,160	1,176,615	1,147,165	1,096,236	1,031,219	1,002,525	962,269	882,900	706,084	714,816
Total Expenditures	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	85,764,875
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(2,344,803)	(3,062,924)	(11,281,626)	(4,776,788)	(847,713)	(665,515)	(299,227)	147,449	1,411,409	(510,878)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)		526,212		678,816	440,000	898,673				
Cancellation of State Grant Receivable										
Proceeds from Bond Sale	22,800,000								16,176,649	-
Proceeds From Refunding Lease									(16,003,034)	205,695
Payment to Refunding Escrow Agent										
Transfers In	118,714	19,040	5,176	440	1,549	505,872	1,126	3,246	8,753	386,361
Transfers Out	(118,714)	(19,040)	(5,176)	(440)	(1,549)	(505,872)	(1,126)	(3,246)	(8,753)	(386,361)
Total Other Financing Sources (Uses)	22,800,000	526,212	-	678,816	440,000	898,673	-	-	173,615	205,695
Net Change in Fund Balances	\$ 20,455,197	\$ (2,536,712)	\$ (11,281,626)	\$ (4,097,972)	\$ (407,713)	\$ 233,158	\$ (299,227)	\$ 147,449	\$ 1,585,024	\$ (305,183)
Debt Service as a Percentage of										
Noncapital Expenditures	5.33%	4.37%	4.27%	3.95%	4.08%	4.33%	4.25%	3.85%	3.69%	2.99%

* 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
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
2019	73,577	97,632	102,178	16,653	28,872	36,756	122,163	477,831

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
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
2019	12,726,700	971,631,900			129,481,300	249,712,000	67,738,500	1,431,290,400	51	1,431,290,451	2,565,496,417	3.140

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>
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
2019	6.837	3.140	2.679	1.018

Source: Tax Duplicate, City of Rahway

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

2019

Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 193,325,200	13.51%
Park Square TIC LLC	14,505,400	1.01%
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	0.37%
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>\$ 253,140,200</u>	<u>17.26%</u>

2010

Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 312,087,200	20.14%
Carriage City Properties, LLC	27,128,400	1.82%
Park Terrace at Rahway, LLC	6,684,500	0.46%
Giacobbe Investment Corp.	5,762,400	0.40%
Alard Realty Enterprises	5,477,900	0.38%
Woodbridge Plaza, LLC	4,329,500	0.30%
Rahway Industrial Site	4,296,900	0.29%
Ninette Group LP	3,659,600	0.25%
Verizon	3,577,916	0.25%
Rahway Savings Institution	3,441,400	0.24%
	<u>\$ 376,445,716</u>	<u>24.29%</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	
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
2019	44,565,427	44,565,427	100.00%	

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			
2010	\$ 24,845,000	\$ 5,875,000	\$ 14,077		\$ 30,734,077	27,364	\$ 1,123
2011	23,955,000	5,385,000	350,500		29,690,500	27,897	1,064
2012	23,035,000	4,875,000	176,000		28,086,000	28,118	999
2013	22,085,000	4,345,000	678,816		27,108,816	28,262	959
2014	21,100,000	3,795,000	829,477		25,724,477	28,833	892
2015	20,080,000	3,225,000	1,176,549		24,481,549	29,192	839
2016	19,025,000	2,630,000	642,386		22,297,386	29,310	761
2017	17,930,000	2,010,000	326,185		20,266,185	29,648	684
2018	15,600,000	1,365,000			16,965,000	29,880	568
2019	14,430,000	695,000			15,125,000	29,880 *	506

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			
2010	\$ 24,845,000		\$ 24,845,000	1.60%	\$ 908
2011	23,955,000		23,955,000	1.61%	859
2012	23,035,000		23,035,000	1.57%	819
2013	22,085,000		22,085,000	1.52%	781
2014	21,100,000		21,100,000	1.46%	732
2015	20,080,000		20,080,000	1.39%	688
2016	19,025,000		19,025,000	1.31%	649
2017	17,930,000		17,930,000	1.24%	605
2018	15,600,000		15,600,000	1.09%	522
2019	14,430,000		14,430,000	1.01%	483

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, 2018
(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>98,986,581</u>	<u>45,060,909</u>	<u>\$ 53,925,672</u>
 Total Direct Debt	 <u>114,586,581</u>	 <u>60,660,909</u>	 <u>53,925,672</u>
 Overlapping Debt Apportioned to the Municipality:			
Union County (2)			26,279,486
Rahway Valley Sewerage Authority (3)			<u>18,437,752</u>
 Total Overlapping Debt			 <u>44,717,238</u>
 Total Direct and Overlapping Debt			 <u>\$ 98,642,910</u>

(1) Rahway's Chief Financial Officer and Annual Debt Statement - December 31, 2018.

(2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2018 equalized value by the total 2018 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 2018 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 2019

Equalized Valuation Basis	
2018	\$ 2,781,350,555
2017	2,600,759,455
2016	2,525,907,401
	<u>\$ 7,908,017,411</u>
 Average Equalized Valuation Of Taxable Property	 <u>\$ 2,636,005,804</u>
Debt Limit (4% of Average Equalization)	\$ 105,440,232
Total Net Debt Applicable to Limit	14,430,000
Legal Debt Margin	<u>\$ 91,010,232</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 105,440,232
Total Net Debt Applicable To Limit	24,845,000	23,955,000	23,035,000	22,085,000	21,100,000	20,080,000	19,025,000	17,930,000	15,600,000	14,430,000
Legal Debt Margin	<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>	<u>\$ 91,010,232</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.13%	16.70%	16.89%	17.56%	18.14%	18.74%	18.56%	17.90%	15.36%	13.69%

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>
2010	\$ 50,990	10.1%	27,364
2011	52,990	10.8%	27,897
2012	54,873	10.6%	28,118
2013	55,681	9.0%	28,262
2014	58,571	7.5%	28,833
2015	60,584	6.6%	29,192
2016	61,624	5.6%	29,310
2017	64,413	5.3%	29,648
2018	Not available	4.5%	29,880
2019	Not available	Not available	29,880 (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>2019</u>		<u>2010</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>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>	<u>2019</u>
Instruction										
Regular	253	244	243	240	237	237	237	236	252	257
Special Education	113	110	107	101	103	103	103	103	103	107
Other Special Education	38	33	38	42	48	48	48	48	48	48
Support Services:										
Student and Instruction Related Services	27	29	29	27	28	28	28	27	31	32
General Administration	6	4	4	3	3	3	3	3	3	3
School Administrative Services	29	28	26	26	26	26	26	26	26	26
Central Services	5	5	5	5	6	6	6	6	6	6
Administrative Information Technology	4	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	37	34	34	34	37	37	37	36	36	36
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	67	54	53	54	65	65	65	65	65	65
Total	<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>	<u>585</u>

Source: District Personnel Records

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

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				
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%
2019	3,899	83,007,465	21,289	9.51%	319	1:13	1:12	1:11	3,944	3,699	3.44%	93.79%

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	644	661	648	719
Cleveland School										
Square Feet	46,375	46,375	46,375	46,375	46,375	68,825	68,825	68,825	68,825	68,825
Capacity (students)	340	340	340	340	340	532	540	540	540	540
Enrollment	336	336	336	336	336	528	538	543	551	544
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	365	355	350	351
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	627	605	612	611
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	557	555	651	694
High School										
Square Feet	165,833	165,833	165,833	165,833	165,833	176,133	176,135	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	1,072	1,070	1,116	1,092	1,025
Other										
Square Feet-Ace Building-St Mary's	6,893	6,893	6,893	15,000	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, 2019

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>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>	<u>2019</u>
School Facilities										
Madison	\$ 49,699	\$ 48,028	\$ 56,825	\$ 70,710	\$ 113,789	\$ 72,874	\$ 86,606	\$ 113,132	\$ 72,157	\$ 89,540
Grover Cleveland	105,171	57,798	115,863	75,279	104,084	105,466	69,824	122,773	83,854	104,054
Roosevelt	108,396	129,306	151,196	114,555	135,447	109,027	105,831	161,912	91,211	113,184
Franklin	108,899	46,689	96,203	89,737	121,072	137,626	140,108	135,041	94,141	116,819
Middle School	220,514	92,894	123,840	113,321	92,311	160,453	192,998	169,430	207,672	257,700
High School	<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>	<u>345,436</u>
Total School Facilities	776,997	557,835	739,961	754,403	926,149	847,855	828,635	898,584	827,411	1,026,733
Other Facilities	<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>	<u>122,199</u>
Grand Total	<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>	<u>\$ 1,148,932</u>

Source: District records

**RAHWAY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG		
Property - Blanket Building & Contents	\$ 150,142,661	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Comprehensive Crime Coverage	250,000	5,000
Flood/Earthquake:		
Aggregate Subject to FEMA deductible in Flood	10,000,000	per occurrence
Zone "A"; all others at \$10,000 deductible	10,000,000	aggregate
NJSBAIG		
Boiler and Machinery	100,000,000	1,000
Firemen's Fund		
Excess Liability	50,000,000	
N.J. School Boards Insurance Group:		
Worker's Compensation- Professional and Clerical	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
CHRIS SOHN, CPA

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

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, 2019 and the related notes to the financial statements, which collectively December 11, 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.

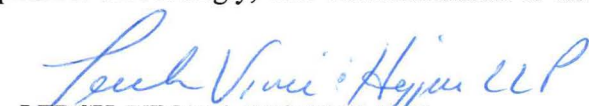
Compliance and Other Matters

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.

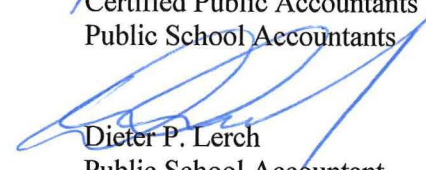
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Rahway School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 11, 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
December 11, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY 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, 2019. 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08, and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal and state program is not modified with respect to these matters.

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

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 Rahway School District, as of and for the fiscal year ended June 30, 2019 have issued our report thereon dated December 11, 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
December 11, 2019

RAHWAY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2018	Carryover Amount		Cash Received	Budgetary Expenditures	Carryover Funds Released		Balance, June 30, 2019		Due to Grantor at June 30, 2019	MEMO GAAP Receivable
						Unearned Revenue	Accounts Receivable			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	191NJ304N1099	7/1/18-6/30/19	\$ 146,223				\$ 146,223	\$ 144,078				\$ 2,145		
Non-Cash Assistance	10.550	181NJ304N1099	7/1/17-6/30/18	150,056	\$ 3,933				3,933						
Cash Assistance	10.555	191NJ304N1099	7/1/18-6/30/19	1,005,293				942,075	1,005,293			\$ (63,218)		\$ 63,218	
Cash Assistance	10.555	181NJ304N1099	7/1/17-6/30/18	961,008	(59,963)			59,963							
National School Breakfast Program	10.553	191NJ304N1099	7/1/18-6/30/19	174,120				160,959	174,120			(13,161)		13,161	
National School Breakfast Program	10.553	181NJ304N1099	7/1/17-6/30/18	164,834	(12,883)			12,883							
Total U.S. Department of Agriculture - Enterprise Fund					(68,913)			1,322,103	1,327,424			(76,379)	2,145		76,379
U.S. Department of Health and Human Services															
Passed-through State Department of Education:															
General Fund															
Medicaid Assistance	93.778	1905NJ5MAP	7/1/18-6/30/19	208,683				208,683	208,683						
Total U.S. Department of Health and Human Services								208,683	208,683						
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund															
IDEA Part B - Basic	84.027	H027A180100	7/1/18-6/30/19	998,936		\$ 28,984	\$ (28,984)	829,838	1,027,460			(198,082)	460		197,622
IDEA Part B - Basic	84.027	H027A170100	7/1/17-6/30/18	987,318	(257,244)	(28,984)	28,984	257,244							
IDEA Part B - Preschool	84.173	H173A180114	7/1/18-6/30/19	29,271				20,828	29,271			(8,443)		8,443	
IDEA Part B - Preschool	84.173	H173A170114	7/1/17-6/30/18	28,312	(1,654)			1,654							
Total Special Education Cluster					(258,898)			1,109,564	1,056,731			(206,525)	460		206,065
Title III	84.365	S365A180030	7/1/18-6/30/19	77,516		1,679	(1,679)	52,630	73,884			(26,565)	5,311		21,254
Title III	84.365	S365A170030	7/1/17-6/30/18	69,355	(28,134)	(1,679)	1,679	28,134							
Title III - Immigrant	84.365	S365A180030	7/1/18-6/30/19	11,282		6,817	(6,817)		8,240			(18,099)	9,859		8,240
Title III - Immigrant	84.365	S365A170030	7/1/17-6/30/18	10,927	(6,239)	(6,817)	6,817	6,239							
Total Title III Cluster					(34,373)			87,003	82,124			(44,664)	15,170		29,494
Title I	84.010	S010A180030	7/1/18-6/30/19	597,785		11,626	(11,626)	268,419	528,521			(340,992)	80,890		260,102
Title I	84.010	S010A170030	7/1/17-6/30/18	592,361	(323,982)	(11,626)	11,626	323,982							
Title I SIA	84.010	S010A180030	7/1/18-6/30/19	63,430		26,284	(26,284)	4,240	9,684	\$ (16,600)	\$ 16,600	(68,874)	63,430		5,444
Title I SIA	84.010	S010A170030	7/1/17-6/30/18	57,785	(31,502)	(26,284)	26,284	31,502							
Title IIA	84.367	S367A180029	7/1/18-6/30/19	129,463		56,245	(56,245)	29,253	57,146			(156,455)	128,562		27,893
Title IIA	84.367	S367A170029	7/1/17-6/30/18	127,805	(28,874)	(56,245)	56,245	28,874							
Title IV	84.424	S424A180029	7/1/18-6/30/19	22,637		10,000	(10,000)	1,220	1,960	(8,040)	8,040	(23,377)	22,637		740
Title IV	84.424	S424A170029	7/1/17-6/30/18	10,000		(10,000)	10,000								
Total U.S. Department of Education - Special Revenue Fund					(677,629)			1,884,057	1,736,166	(24,640)	24,640	(840,887)	311,149		529,738
Total Federal Awards					\$ (746,542)	\$ -	\$ -	\$ 3,414,843	\$ 3,272,273	\$ (24,640)	\$ 24,640	\$ (917,266)	\$ 313,294	\$ -	\$ 606,117

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2018		Carryover Amount	Cash Received	Budgetary Expenditures	Transfers/Adjustment	Refund Prior Years' Balances	(Accounts Receivable)	June 30, 2019		MEMO	
				Unearned Revenue/(Accs Rec.)	Due to Grantor							Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
General Fund:															
State Department of Education:															
Equalization Aid	19-495-034-5120-078	\$ 18,255,061	7/1/18-6/30/19				\$ 16,447,560	\$ 18,255,061			\$ (1,807,501)				\$ 18,255,061
Equalization Aid	18-495-034-5120-078	18,255,061	7/1/17-6/30/18	\$ (1,806,726)			1,806,726								
Security Aid	19-495-034-5120-084	1,032,364	7/1/18-6/30/19				930,146	1,032,364			(102,218)				1,032,364
Security Aid	18-495-034-5120-084	473,055	7/1/17-6/30/18	(46,819)			46,819								
Special Education Aid	19-495-034-5120-089	2,263,445	7/1/18-6/30/19				2,039,333	2,263,445			(224,112)				2,263,445
Special Education Aid	18-495-034-5120-089	2,263,445	7/1/17-6/30/18	(224,016)			224,016								
Under Adequacy Aid	18-495-034-5120-096	86,609	7/1/17-6/30/18	(8,572)			8,572								-
PARCC Readiness Aid	18-495-034-5120-098	36,460	7/1/17-6/30/18	(3,608)			3,608								-
Per Pupil Growth Aid	18-495-034-5120-097	36,460	7/1/17-6/30/18	(3,608)			3,608								-
Professional Learning Community Aid	18-495-034-5120-101	36,910	7/1/17-6/30/18	(3,653)	-	-	3,653								-
Total State Aid Public Cluster				(2,097,002)	-	-	21,514,041	21,550,870	-	-	(2,133,831)	-	-	-	21,550,870
Transportation Aid	19-495-034-5120-014	916,421	7/1/18-6/30/19				825,683	916,421			(90,738)				916,421
Transportation Aid	18-495-034-5120-014	209,420	7/1/17-6/30/18	(20,727)			20,727								
Nonpublic Transportation	not available	62,060	7/1/18-6/30/19					62,060			(62,060)			\$ 62,060	62,060
Nonpublic Transportation	not available	63,812	7/1/17-6/30/18	(63,812)	-	-	63,812								-
Total Transportation Aid Cluster				(84,539)	-	-	910,222	978,481	-	-	(152,798)	-	-	62,060	978,481
Extraordinary Aid	19-100-034-5120-044	766,945	7/1/18-6/30/19					766,945			(766,945)				766,945
Extraordinary Aid	18-100-034-5120-044	656,073	7/1/17-6/30/18	(656,073)			656,073								
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	2,217,139	7/1/18-6/30/19				2,217,139	2,217,139							2,217,139
On-Behalf TPAF Pension Contribution	19-495-034-5094-006	5,523,225	7/1/18-6/30/19				5,523,225	5,523,225							5,523,225
On Behalf TPAF Non-Contributory Group Insurance	19-495-034-5094-007	115,616	7/1/18-6/30/19				115,616	115,616							115,616
On Behalf TPAF Long Term Disability Insurance	19-495-034-5094-007	4,746	7/1/18-6/30/19				4,746	4,746							4,746
On Behalf TPAF Post Retirement Medical Benefits	19-495-034-5094-001	2,557,769	7/1/18-6/30/19				2,557,769	2,557,769							2,557,769
Total General Fund				(2,837,614)	-	-	33,498,831	33,714,791	-	-	(3,053,574)	-	-	62,060	33,714,791
Special Revenue Fund:															
State Department of Education:															
N.J. Nonpublic Aid:															
Textbook Aid	19-100-034-5120-064	374	7/1/18-6/30/19				374	326						\$ 48	326
Textbook Aid	18-100-034-5120-064	383	7/1/17-6/30/18		\$ 16					\$ 16					
Nursing Services	19-100-034-5120-070	679	7/1/18-6/30/19				679	679							679
Technology Initiative	19-100-034-5120-373	252	7/1/18-6/30/19				252	231						21	231
Technology Initiative	18-100-034-5120-373	259	7/1/17-6/30/18		7										
Security Aid	19-100-034-5120-509	1,050	7/1/18-6/30/19				1,050	456						594	456
Security Aid	18-100-034-5120-509	525	7/1/17-6/30/18		10										
Preschool Education Aid	19-495-034-5120-086	4,424,541	7/1/18-6/30/19			\$ 879,959	3,982,087	4,410,549	\$ 4,875		(442,454)	\$ 898,826			4,410,549
Preschool Education Aid	18-495-034-5120-086	3,415,718	7/1/17-6/30/18	507,941	-	(879,959)	372,018								
Total Special Revenue Fund				507,941	33	-	4,356,460	4,412,241	4,875	33	(442,454)	898,826	663	-	4,412,241

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2018			Cash Received	Budgetary Expenditures	Adjustment	Refund Prior Years' Balances	Balance, June 30, 2019			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	\$ 212,581	7/1/18-6/30/19	-	-	-	\$ 212,581	\$ 212,581	-	-	-	-	-	-	\$ 212,581
Total Debt Service Fund				-	-	-	212,581	212,581	-	-	-	-	-	-	212,581
Enterprise Fund:															
School Lunch Program	19-100-010-3350-023	23,381	7/1/18-6/30/19				21,922	23,381			\$ (1,459)				23,381
School Lunch Program	18-100-010-3350-023	22,476	7/1/17-6/30/18	(1,394)	-	-	1,394	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,394)	-	-	23,316	23,381	-	-	(1,459)	-	-	-	23,381
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 Window, HVAC and Electrical Upgrades	4290-050-09-02BK	618,341		(618,341)							(618,341)			618,341	618,341
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
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				\$ (6,014,500)	\$ 33	\$ -	\$ 38,091,188	\$ 38,362,994	\$ 4,875	\$ 33	\$ (7,289,161)	\$ 1,007,067	\$ 663	\$ 3,853,734	\$ 48,819,451
Less:															
State Assistance Not Subject to Single Audit:															
TPAF Pension											(5,523,225)				
TPAF NCGI Contribution											(115,616)				
TPAF LTDI Contribution											(4,746)				
TPAF Post-Retirement Medical Contribution											(2,557,769)				
State Assistance Subject to Major Program Determination															\$ 30,161,638

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$217,712 for the general fund and an increase of \$92,643 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	\$ 208,683	\$ 33,497,079	\$ 33,705,762
Special Revenue Fund	1,721,769	4,502,089	6,223,858
Debt Service Fund	-	212,581	212,581
Food Service Fund	<u>1,327,424</u>	<u>23,381</u>	<u>1,350,805</u>
Total Financial Assistance	<u>\$ 3,257,876</u>	<u>\$ 38,235,130</u>	<u>\$ 41,493,006</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$2,217,139 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$5,638,841, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,557,769 and TPAF Long-Term Disability Insurance in the amount of \$4,746 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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, 2019**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	S010A180030	Title I
84.027	H027A180100	IDEA Part B - Basic
84.173	H173A180114	IDEA Part B - Preschool

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? X yes _____ none

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>19-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>19-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>19-100-034-5120-044</u>	<u>Extraordinary Aid</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 904,849

Auditee qualified as low-risk auditee? X yes _____ no

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

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 2019-001

Our audit of district vendor contract awards indicated the following:

- The purchase of a trailer was made, the cost of which exceeded the quote threshold, without obtaining quotes.
- The purchase of pre-k non-instructional equipment was made, the cost of which exceeded the bid threshold, without solicitation of bids through public advertisement.
- A contract was awarded for Occupational Therapy Services without the solicitation of bids or the use of competitive contracting.
- Payments made for custodial supplies, 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
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

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, 2019**

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 2019-001 (Continued)

Context:

- A trailer was purchased for \$23,100 without quotes being obtained.
- Pre-K non-instructional equipment was purchased for \$68,862 without solicitation of bids through public advertisement.
- Payments for occupational therapy services in the amount of \$385,057 were made without the use of competitive contracting.
- Payments were made for the purchase of custodial supplies in the amount of \$68,710 without the solicitation of 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 or quote 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2019-002

Our audit of the District's Extraordinary Aid application indicated the following:

- Individual student costs claimed on the application were not in agreement with the respective tuition contract amount.
- The annual amount claimed for additional support costs on individual students was not able to be supported by adequate documentation.

State program information:

Extraordinary Aid

100-034-5120-044

Criteria or specific requirement:

State Grant Compliance Supplement – Extraordinary Aid – Eligibility

Condition:

Costs claimed on the application were not reflective of actual tuition costs and adequate documentation was not maintained to support additional support costs.

Questioned Costs:

Undeterminable.

Context:

Fifty-two (52) students were claimed on the extraordinary aid application with total costs of \$1,742,750. Ten (10) applications were tested. A total variance of \$14,926 was found when comparing costs claimed to actual tuition contract amounts. In addition, \$107,840 of additional support costs were tested which could not be supported by adequate documentation.

Effect:

The District may have overstated costs on the extraordinary aid application.

Cause:

Unknown.

Recommendation:

Internal controls over the preparation of the extraordinary aid application be reviewed and enhanced to ensure that the correct amount of costs are claimed and are supported by adequate documentation.

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, 2019**

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 2018-001

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

Current Status

See Finding 2019-001.